

**LODGEMENT ARRANGEMENTS FOR COMPANIES AND
SUPERANNUATION FUNDS**

As a result of extensive consultation between the ATO and representatives of major tax agent bodies, the Commissioner has announced changes to lodgement arrangements for companies and superannuation funds classified as 'small'.

The Commissioner has approved the following arrangements:

Non taxable companies:

1. lodge by 1 May 1996, and
 - no late lodgement penalty will apply if lodged by this date;
 - should the return not be lodged by 1 May, the late lodgement penalty will apply from 1 December 1995 to the date of actual Judgement, in which case the maximum penalty of \$500 will apply.

Taxable companies:

2. pay their 'likely tax', (that which was paid last year or an estimate made by the taxpayer) on their total liability on 1 December 1995
3. lodge their tax returns electronically and pay the balance of their liability (if there is any) by 23 February 1996; or
4. lodge their tax returns on a paper form and pay the balance of the liability (if there is any) by 1 February 1996;
5. payment of any balance must be made at the time of lodging the return;

Penalty and Interest Concessions:

6. no culpability component of the late payment penalty will apply to any amount provided the "likely tax" is paid on 1 December 1995, and the electronic return is lodged and the balance of tax payable is remitted by 23 February 1996, or in the case of paper returns, lodged and the balance of tax payable remitted by 1 February 1996.
7. the interest component of the late payment penalty will be remitted where:

the company concerned has had an income increase which is less than \$20,000 from the - 1994 to the 1995 year. This equates to a variation, between the "likely tax" amount paid on 1 December and the balance payable with the lodgement of the return, of less than \$6,600. It also equates to a calculated interest amount of \$163 accrued for the period 1 December 1995 to 23 February 1996. These penalties will be automatically calculated and applied.

8. no late lodgement penalty will apply provided that:
- the electronic returns are lodged with the ATO by 23 February 1996.
 - the paper returns are lodged with the ATO by 1 February 1996.

Default on this arrangement

9. The usual late payment culpability and interest will apply and be calculated from 1 December 1995 in the following circumstances,:
- the "likely tax" amount is not paid by 1 December 1995;
 - the paper return is lodged and full payment made after 1 February 1996; or
 - the electronic return is lodged and full payment made after 23 February 1996.
10. late lodgement penalty will be applied to the period 1 December 1995 until the actual date of lodgement where:
- the "likely tax" amount is not paid by 1 December 1995;
 - the paper return is lodged and full payment made after 1 February 1996; or
 - the electronic return is lodged and full payment made after 23 February 1996.

To whom do these arrangements apply?

June balancing companies classified as "small".

Substituted Accounting Period (SAP) Company Arrangements

The above arrangements are based on the relative workloads of return preparers where the 1 December due date clashes with other lodgement priorities and traditional holiday periods.

This workload problem is not considered to exist to the same extent for SAPS, given the number of companies involved and the timing of lodgement (1 June 1995 for early December balancers).

At this stage, Assistant Treasurer George Gear has written to the Corporate Tax Association providing relief for small companies which allows for payment in full on the first day of the eighteenth month of the year of income (1 June 1995 for early December balancers) followed by the lodgement of the return on the first day of the twentieth month of the year of income (1 August 1995 for early December balancers). This will enable the preparation of the "small" classified company returns closer to the lodgement date of their parent company "large" classification returns which are due on 15 September.

It is proposed that this arrangement (which does not include penalty concessions) will apply for SAP Companies.