

Advanced Income Tax Law

Chapter 11

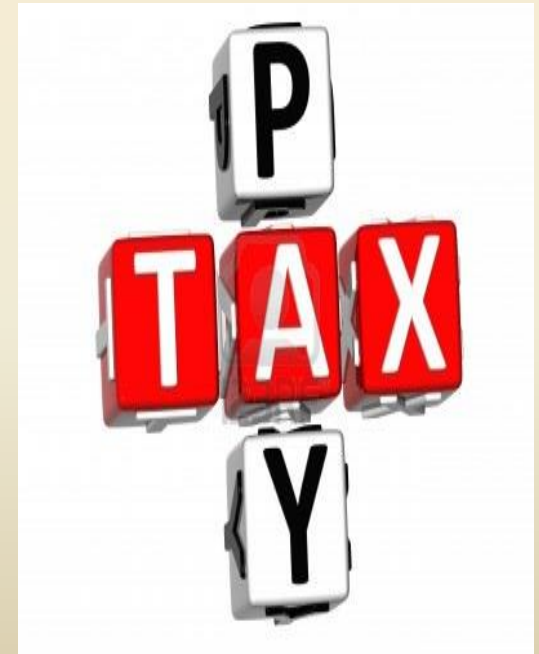
Payment and Recovery of Tax

Payment of Tax

An individual's income tax is due for payment:

- 21 days after the due date for lodgement of the taxpayer's income tax return
or
- 21 days after service of the Notice of Assessment, whichever is later.

The 21 days is the minimum period and the Commissioner often specifies a date for payment that is more than 21 days after the service of the Notice of Assessment.



Payment of Tax

Method of Payment

An income tax liability can be paid by mailing a cheque or money order with the payment slip to the ATO, by credit card using the Government EasyPay website, myGov or telephone service, at any Australia Post office by cheque, EFTPOS (subject to daily limits) or cash (up to \$3,000), by BPAY[®], or by direct credit or direct debit.

Payments **cannot** be made in person at any ATO site.

Payment of Tax

Interest on early payments

The ATO is required to pay interest where income tax is paid by the taxpayer more than 14 days *before* the actual due date.

Early payment interest is payable at the following rates:

Period	Interest rate (% pa)
1 July 2019 to 30 September 2019	1.54%
1 October 2019 to 31 December 2019	0.98%
1 January 2020 to 31 March 2020	0.91%
1 April 2020 to 30 June 2020	%*

*not released by the ATO at time of publication of this textbook

Payment of Tax

Extension of time for payment

The Commissioner may grant an extension of time for payment of income tax, and/or may permit the tax to be paid by instalments.

Even when an extension of time to pay is granted, the Commissioner may nevertheless impose a General Interest Charge (GIC).

Payment of Tax

Relief in Cases of Hardship

Where a tax payment would cause a taxpayer serious hardship, they may apply for release from payment of the liability.

The Commissioner has the discretionary authority to grant such a release.

Payment of Tax

Recovery of Tax

Income tax, when it becomes due and payable becomes a debt to the Commonwealth of Australia and unpaid tax after the due date attracts a penalty.

A taxpayer's liability to pay tax is a civil liability.

Payment of Tax

Rights of recovery

■ **Persons Holding Money for the Taxpayer**

Unpaid tax owing to the ATO may be recovered after written notice (“third party notice”) from the taxpayer or from any persons holding money on the taxpayer's behalf (e.g. financial institutions) or who owe or may become liable to owe money to the taxpayer.

Recovery of Tax

Rights of recovery

▪ Liquidators and Receivers

A liquidator of a company or receiver for debenture holders must notify the Commissioner within 14 days of the fact of:

- a) their appointment to the position, and,
- b) taking possession of the company's assets.

The ATO will then advise of the total amount of tax due and payable.

Recovery of Tax

Rights of recovery

- **Trustees of deceased taxpayers**

The Commissioner may recover unpaid tax owing at the time of the taxpayer's death from the trustees of the deceased's estate.

Therefore, death is not a means by which to escape tax liability!