

KNOTTY TAX POINTS

ANSWERED

Stamps To Be Cancelled Regularly

PROTECTION FROM LOSS

A taxpayer paying under the stamp system has not paid his tax until the stamps have been cancelled. If he loses his book he is still liable for the tax.

As a precaution, taxpayers should avail themselves of section 107 E of the Taxation Act. This provides for the regular cancellation of stamps, say, at periods of a month. Obviously, those who desire to guard against loss, by theft or otherwise, of their stamps, and who have no place of sufficient security in which to keep them, would be well advised to have them successively cancelled at regular intervals.

There seems to be a popular idea that a taxpayer's liability ends when his employer has deducted the 1/ in the pound from his salary. This is not so. His liability continues until he is able to produce to his employer a clearance showing that no more tax is due. To obtain that clearance he must produce to the department his stamps showing the value paid. When the total amount paid balances with the amount of his assessment, the department issues the clearance.

Very Busy Office

The new taxation scheme is making extraordinary demands on the staff at the Taxation Office. For several days every officer has been working at high pressure answering enquiries and issuing certificates of exemption where necessary. It is roughly estimated that more than 2,000 people were attended to yesterday. Six rooms were needed to handle the enquiries, instead of the customary one.

Interesting Enquiries

The enquiry bureau of "The Advertiser," which is proving a boon to many mystified taxpayers, again received some interesting enquiries yesterday. One correspondent ("Enquirer," Morgan) doubted whether he was liable to taxation, because he was a Czecho-Slovakian not naturalised in Australia. He also asked if he must put in a return from the time he landed in the Commonwealth, and if his employer was entitled to deduct the 1/ in the £.

As naturalisation does not affect the liability for taxation, this enquirer is responsible for tax. He should lodge a return for the year ended June 30, 1931. His employer must deduct the 1/ in the £, unless he produces a certificate of exemption. Application for this should be made in writing to the Taxation Office, Flinders-street, Adelaide.

Should a man receiving £2 per week superannuation furnish a return? This man worked up to January, receiving £2 weekly, in addition to his superannuation pay. Every person earning £100 a year or more must lodge a return.

Persons employing domestic servants and similar help, including companions, are concerned in the question of "Suburban" who pays 30/ per week to a companion. This employe has a

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THE ADVERTISER AND I

HOW WE WILL PAY OUR TAX

Stamps Plan Explained

STARTS IN SEPTEMBER

The new system of taxes will become operative on Tuesday, September 1. A special meeting of Executive Council was held yesterday afternoon at Government House, and assent was given to the Bill, which had passed Parliament early that morning.

The most important new feature of the Act is the provision for alternative methods of State taxes payments by employes:—

- 1—By stamps.
- 2—Through a group scheme.

Where an employe has not entered into a group scheme the law requires an employer to deduct from his salary, or wages, payable after September 1, a shilling for every £ or part of £ over 10/, and to issue to him tax stamps corresponding to the deduction.

Instead of paying an employe, say, £4, the employer will pay £3 16/, and issue stamps to the value of 4/. If the wage is £6 15/ he will pay £6 8/, and issue stamps worth 7/. If board and quarters are granted, the value should be regarded as £1. A person paid, say, £1 in wages, and supplied with board and quarters, will have 2/ deducted by the employer, and stamps to that value issued to him.

Exceptions Under Act

An employer is required to deduct the money, and supply stamps in every case excepting—

- 1—Where an employe works for fewer than two days in any week, or
- 2—For two or more days in any week, but is paid less than £1, or
- 3—Where the employe produces a certificate from the Commissioner of Taxes that no State income tax is owing, or
- 4—Where the employer has been notified that the employe is in a group scheme.

Issue of Stamps

Tax stamps, 1/, 5/, 10/, and £1, will be available for purchase by employes before September 1.

The employe is required to attach the stamps to a book, which must be submitted to the Commissioner when sufficient stamps have been obtained to pay the amount of tax assessed, and notified to the employe. If sufficient stamps have not been obtained by the end of May to pay the State income tax, the employe must produce the book of stamps to the Commissioner, and pay the difference in money by June 14, 1932. In the event of an employe possessing tax stamps of greater value than the tax chargeable on the assessment, he can obtain a refund of the excess from the Commissioner.

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STAMP TAX PENALTY

£20 For Failing To Deduct

MORE PROBLEMS

A penalty of up to £20 is provided in the Taxation Act for people who fail to observe the provisions of the stamp scheme. This fact is mentioned in reply to an enquirer at Unley, who seeks to know what the punishment is if an employer fails to deduct the 1/ in the £ from the wages of an employe who has not earned the taxable amount during the financial year covered by the scheme.

Some employers are uncertain regarding a position in which, before the issue of a certificate of exemption, deductions have been made from the salaries of employes, and stamps issued. Subsequently, on the production of the certificate, the deductions have ceased. The procedure in such cases is for the employe to take his stamps and certificate to the Taxation Office in Flinders-street, where the amount deducted will be refunded and the stamps cancelled.

INSTALMENT TAXES

Scheme Limited to State

Impost

17 SEP 1931

FEDERAL DEMAND

The scheme of collection of income tax at the source by means of tax stamps is limited to State taxation. The Federal tax has to be paid in full within 60 days of the receipt of the demand. This information was supplied by the Taxation Department yesterday, in answer to an enquirer who wished to pay the Federal tax with stamps. People liable to pay both taxes will receive two demands as in former years. The State tax assessment is white, and the Federal pink.

Among the enquiries received by "The Advertiser" bureau yesterday was one asking what deductions were allowed on personal exertion income, and what was the general exemption. The statutory exemption is not a fixed one. It diminishes £1 for every £9 by which the net income of the taxpayer exceeds £100, so that a person who has

TAX INSTALMENTS

COMPULSORY

ADV

30 JUL 1931

New Payment Scheme

DEBATE IN ASSEMBLY

Payment by instalments, or by the issue of stamps, is compulsory for employes under the Taxation Bill now before the Assembly.

The new proposals were debated in the Assembly late into last night, and early this morning the Premier obtained the passage of the second reading.

Under the Bill there are three groups of taxpayers. One group embraces those who were in group schemes organised to meet last year's payments, and who may continue in them. Others may join new groups which, however, must have the approval of the Commissioner. The group payment dates are so arranged that the final contributions fall due about the end of May.

Issue of Stamps

Another group of taxpayers under the Bill is formed by those who will be required to pay by means of stamps issued to them by employers when salaries, or wages, are paid. Employers will obtain the stamps from the Taxation Department, or any post office, the range being 1/, 5/, 10/, and £1. Salaries and wages will be paid by them, less the value of the stamp.

The stamp will be issued to the employe, who will affix it in a book, which, subsequently, will be produced at the Taxation Department as evidence of payment.

Assessments will be sent out to taxpayers during the year, based on returns furnished by employers. On the receipt of his assessment notice, the employe will be able to ascertain how he stands in respect of his taxation liability.

If the whole amount due shall then have been met, the book containing the stamps must be produced at the Taxation Department, where a certificate will be issued of payment in full. The department will cancel the stamps; nobody else has authority to do so.

Adjusting Payments

If, on receipt of his assessment, an employe is shown to have exceeded the amount of his tax, on production of the book containing the stamps, the department will return the sum overpaid. In other cases, the balance is due not later than June 14, after which interest will be charged.

Professions and Businesses

The other group of taxpayers are those in professions and businesses, which include farmers and companies. These persons may make arrangements with the department up to November 30 for the payment of their taxes by periodical instalments. The final due date for this group is June 15, after which interest will be imposed.

After the Act is passed the date for starting these systems of payments will be fixed by the Commissioner of Taxes.

separate income. She sends in a return, which includes the cost of her board and lodging with her mistress. The enquirer is under the impression that this exempts the companion from "wages" tax. It does not. The proper procedure is for the mistress to deduct 1/ for every 30/ paid, and issue stamps. In this connection it is interesting to note that 30/ carries only 1/ tax, but 30/6 would carry 2/; the Act making provision for amounts "over" 10/. As soon as the employe has sufficient stamps to meet the tax on the assessment, which the department will send her in due course, a certificate of exemption may be obtained. The assessment will be based on the return lodged by the employe. A similar position arises with respect to a maid in the house receiving 25/ and board. In this case, if the value of the board, plus the wages, exceeds 30/ per week, and does not exceed £2 10/, the deduction should be 2/.

Another domestic servant receiving £1 2/6 per week sleeps at home. She has lunch where she works, and her total earnings for the 12 months were £65. In such a case an application should be made to the Taxation Commissioner for a certificate of exemption.

Objects of Stamp Tax

There is some misconception among employes who have lodged returns, and now feel that they ought not to be called on for stamp tax. "N.C.," Port Lincoln, is a typical case. He has furnished his return for the year ended June 30, 1931. His point is whether he has to pay by the stamp system or pay in a lump sum on the receipt of his assessment. "N.C." and those who have similar doubts will be relieved to know that one of the objects of the stamp system is to relieve them of the necessity for paying a lump sum. They will pay the tax by stamps until they have sufficient to meet the liability shown on the assessment to be issued shortly.

The case of "Lasswade," who lives on an outback station, where it is common for men to let their wages run from year to year, seems complicated until one gets down to the legal position. Then it is very simple. He wants to know what happens when men let their wages run on; what the position is if a man overdraws his account, as he often does; what is the position of an employer if a shearer claims to be exempt; and what penalty the employer incurs if he does not issue stamps? The Taxation Act of 1931 lays the position down clearly. It places an obligation on the employer to deduct 1/ in the pound from all wages paid after September 1, 1931, unless the employe produces a certificate of exemption. This deduction must be made, provided the employe is paid £1 or more, and has worked for the same employer on two days or more per week. Persons who fail to observe these provisions are liable under the Act to a penalty not exceeding £20.

Exemption Certificates

If an employe earned less than £100 during the year ended June 30, 1931, he should fill in an income tax form and submit it to the Commissioner, and ask for a certificate of exemption. If an employe considers he is not liable to pay State income tax because of the allowance of wife, child, or dependant deductions, he must apply to the department for an exemption certificate, which will not be issued unless a return has been furnished for the year ended June 30, 1931. By submitting the certificate to the employer, the employe can obtain exemption from the deduction of 1/ in the £.

A group scheme, permitting payment of State income tax by periodical deductions from salary, or wages, may be arranged by written application to the Commissioner, or by interview with the accountant of the Taxation Department.

Deductions Explained

Every person receiving an income of £100, or more, a year must lodge a return, but is not subject to a tax until deductions have been allowed for wife and children, in case of a married man, and for dependants in case of a single person, who may get deductions for parents, and for brothers and sisters, under 16, providing he is supporting them.

A widower, with one, or more, children under 16, is now granted deductions as if his wife were still living. In addition to an allowance of £30 for each of the children, he will also have a deduction of £30. Widowers who have already lodged their returns may apply forthwith by letter to the Taxation Department, for these concessions.

Immediately a person becomes liable to pay State income tax, the minimum amount payable is £1. There is now no super-tax on the income of an individual taxpayer. No deduction can be made from State income of the amount paid in Federal income tax, but this provision is subject to review in 12 months.

Companies and Professions

Persons engaged in businesses, professions, and farming, and also companies, may apply to the Commissioner up to November 30, and obtain from him approval to pay State income tax by periodical instalments up to June 15, 1932.

The same rate for companies, and super-tax chargeable to them last year, are continued in the Act.

The rate of land tax has reverted to 3d. in the £, which was in force before the increase to one penny, which applied last year.

The super tax on land of 25 per cent. has been re-enacted.

an income of £1,000 would receive no exemption.

Another question is what deduction is allowed for a wife and child. This information appears on the taxation return form. A deduction of £30 is permitted for the wife, provided she has not an income in her own right of £50 or over a year. A deduction of £30 is allowed for each child under 16 years.

A point on which enlightenment is sought is the amount per cent. of tax chargeable after deductions allowed by law have been made. Such balances are taxed under different scales, for married and single persons, and for income from personal exertion and from property. On income from personal exertion the rate for a married person is 1/6 in the pound; in the case of a single person, 2/3 in the pound. On income from property the respective rates are 2/3 and 2/8. This correspondent is also advised that a refund of money overpaid under the stamp system may be obtained from the department.

Prosecution of Defaulters

Regarding the announcement in "The Advertiser" that prosecutions are pending against a number of known defaulters, the department stated yesterday that it will extend sympathetic treatment as regards penalties to persons who lodge outstanding returns by the end of this month.

For the benefit of firms who desire to use some mark of identification on their tax stamps, it is reiterated that, on application being made, the department will authorise the perforation of stamps with an approved mark. But in no case will the use of rubber stamps or similar contrivances be permitted.

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Fees are Not Salary

An enquirer wants to know whether a deduction has to be made when fees are being paid. In this connection, it is interesting to recall that, when the Bill was before Parliament, it provided that the same deduction should be made from fees as from salaries, but, during the debate, members pointed out that persons receiving fees would have other income. Thereupon the Government excluded fees from the scope of the tax deductions. As passed, the Act limits the deduction of 1/ in the pound to payments of salary, wages, bonuses, monetary allowances, and other payments in the nature of salary or wages.