



## **Provisional tax return due 31 July 2016**

**17 June 2016 - The provisional tax return for the tax year ending 31 December 2016 is due for submission by 31 July 2016.**

The provisional tax return requires the estimation of the provisional taxable profit for the current year and the payment of the respective provisional tax liability in two equal instalments on 31 July 2016 and 31 December 2016.

A provisional tax return may be revised by a taxpayer at any time before 31 December of the year of assessment to which it relates.

Downward revision of the provisional taxable profit can be done only up to an amount that would create a provisional tax liability equal to the sum of payment already made up to the date of revision. This in effect would create a zero payable installment on the following due date of the year of assessment.

Upward revision of the provisional profit creates an increased provisional tax liability. This in effect results in underpayment relating to the instalment previously paid, up to the date of revision. The underpayment needs to be settled by the following due date and it will carry interest at 4% p.a. and a fixed penalty of 5%.

If the provisional taxable profit for 2016 is less than 75% of the final taxable profit computed based on the audited financial statements, then a 10% additional tax is added to the tax liability payable. For this reason it may be more tax effective to execute payments through the provisional tax assessment system rather than submitting a nil return and pay the final tax together with a 10% additional tax in 2017.

An overpayment of provisional tax resulting from an overestimate of the provisional taxable profit is refundable and carries interest on a completed month basis. This refund will be effected by the Commissioner of Taxation upon submission, examination and agreement of the computation for the relevant year of assessment. It is noted that any refund cannot be netted off with any past or future tax liabilities without the Commissioner's approval.

Click [here](#) to download a specimen of the Provisional Tax Return for 2016, which you should complete and return to us by 15 July 2016, at the latest.

We will advise you of the funds necessary to be transferred for the payment of the first instalment as soon as we receive your response.

Please do not hesitate to contact us for any questions or assistance. If we do not hear from you by 15 July, we will assume that you do not expect any taxable profit or you do not need our assistance in calculating the 2016 provisional tax and, therefore, no return will be filed.