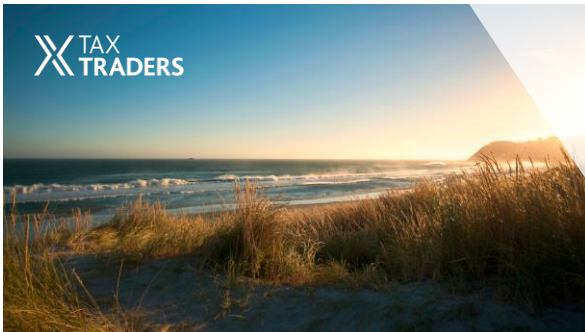
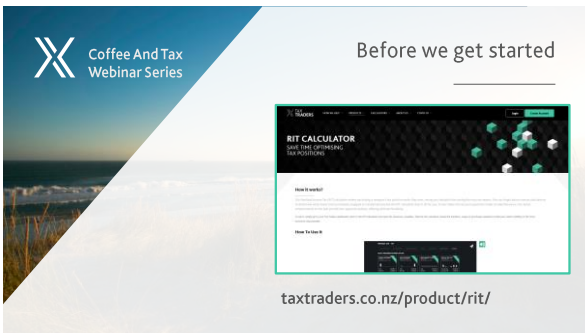




1



2




3



What we'll cover today

- >The standard method and the "lesser of lesser of" rule
- >Less than three instalments?
- >Various examples


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Standard (uplift) method

- >Default calculation method
- >Calculated on basis of 'uplift' of either:
105% of year -1
110% of year -2
- >Assumes income will increase year to year
- >Favourable to taxpayer following interest concession rule introduction

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Lesser of lesser of

- >Tax payable on instalment dates are the lesser of:
actual Residual Income Tax (RIT)
105% of year -1
110% of year -2
- >Depends on a combination of:
uplift/RIT amounts
when returns are filed

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Lesser of lesser of (example 1)

Lesser of 105% year -1 or actual RIT

P1	P2	P3	TTD
28 Aug	15 Jan	07 May	07 Apr

Year -1 Return Filed

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Lesser of lesser of (example 1)

>2020 RIT of \$30k
>2020 return filed before 2021 P1

Instalment (2021)	Uplift (105%)	\$24k RIT	\$72k RIT
P1	\$10.5k		
P2	\$10.5k		
P3	\$10.5k		

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Lesser of lesser of (example 1)

>2020 RIT of \$30k
>2020 return filed before 2021 P1

Instalment (2021)	Uplift (105%)	\$24k RIT	\$72k RIT
P1	\$10.5k	\$8k	
P2	\$10.5k	\$8k	
P3	\$10.5k	\$8k	

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Lesser of lesser of (example 1)

>2020 RIT of \$30k
>2020 return filed before 2021 P1

Instalment (2021)	Uplift (105%)	\$24k RIT	\$72k RIT
P1	\$10.5k	\$8k	\$10.5k
P2	\$10.5k	\$8k	\$10.5k
P3	\$10.5k	\$8k	\$51k

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Lesser of lesser of (example 2)

Lesser of 110% Year -2, 105% year -1 or actual RIT

Lesser of 105% year -1 or actual RIT

P1 28 Aug P2 15 Jan P3 07 May TTD 07 Apr

Year -1 Return Filed

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Lesser of lesser of (example 2)

>2019 RIT of \$18k, 2020 RIT of \$30k
>2021 return filed between P1 and P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	\$6.6k		
P2	\$14.4k		
P3	\$10.5k		

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Lesser of lesser of (example 2)

>2019 RIT of \$18k, 2020 RIT of \$30k
>2021 return filed between P1 and P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	\$6.6k	\$6.6k	
P2	\$14.4k	\$8k	
P3	\$10.5k	\$9.4k	

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Lesser of lesser of (example 2)

>2019 RIT of \$18k, 2020 RIT of \$30k
>2021 return filed between P1 and P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	\$6.6k	\$6.6k	\$6.6k
P2	\$14.4k	\$8k	\$14.4k
P3	\$10.5k	\$9.4k	\$51k

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Lesser of lesser of (example 3)

Lesser of 110% Year -2, 105% year -1 or actual RIT Lesser of 105% year -1 or actual RIT

P1 28 Aug P2 15 Jan P3 07 May TTD 07 Apr

Year -1 Return Filed

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Lesser of lesser of (example 3)

>2019 RIT of \$18k, 2020 RIT of \$30k
>2021 return filed after P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	\$6.6k		
P2	\$6.6k		
P3	\$18.3k		

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Lesser of lesser of (example 3)

>2019 RIT of \$18k, 2020 RIT of \$30k
>2021 return filed after P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	\$6.6k	\$6.6k	
P2	\$6.6k	\$6.6k	
P3	\$18.3k	\$10.8k	

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Lesser of lesser of (example 3)

>2019 RIT of \$18k, 2020 RIT of \$30k
>2021 return filed after P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	\$6.6k	\$6.6k	\$6.6k
P2	\$6.6k	\$6.6k	\$6.6k
P3	\$18.3k	\$10.8k	\$58.8k

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Lesser of lesser of (example 4)

>2019 RIT of \$18k, 2020 RIT of \$10k
>2021 return filed before P1

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	\$3.5k	\$3.5k	\$3.5k
P2	\$3.5k	\$3.5k	\$3.5k
P3	\$3.5k	\$3.5k	\$65k
Terminal	Nil	\$13.5k	

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Lesser of lesser of (example 4)

>2019 RIT of \$18k, 2020 RIT of \$10k
>2021 return filed between P1 and P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	\$3.5k	\$3.5k	\$3.5k
P2	\$3.5k	\$3.5k	\$3.5k
P3	\$3.5k	\$3.5k	\$65k
Terminal	Nil	\$13.5k	

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Lesser of lesser of (example 4)

>2019 RIT of \$18k, 2020 RIT of \$10k
>2021 return filed after P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	\$3.5k	\$3.5k	\$3.5k
P2	\$3.5k	\$3.5k	\$3.5k
P3	\$3.5k	\$3.5k	\$65k
Terminal	Nil	\$13.5k	


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Lesser of lesser of

- >Filing date is important!
- >If tax return filed before P1, do not get much flexibility
- >If tax return filed between P1 and P2, only get flexibility for P1
- >If tax return filed after P2, get maximum flexibility for P1 and P2

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Less than three instalments?

- >Provisional tax not always due in three instalments
- >New provisional taxpayers
- >Where:
 - taxpayer's RIT year -2 < \$5k
 - taxpayer files prior year after P1

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New prov taxpayer

- >Three instalments if taxable activity starts at some time in the period that starts at the beginning of the period and ends 30 days before P1
- >Two instalments if first day of business occurs in the period that starts 30 days before P1 and ends 30 days before P2
- >One instalment if first day of business occurs in the period that starts 30 days before P2

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New prov taxpayer (example 1)

>New prov taxpayer, 2021 RIT of 90k
(a) starts business at least 30 days before P1

Instalment (2021)	(a)	(b)	(c)
P1	\$30k		
P2	\$30k		
P3	\$30k		

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New prov taxpayer (example 1)

>New prov taxpayer, 2021 RIT of 90k
(b) starts business after P1 but at least 30 days before P2

Instalment (2021)	(a)	(b)	(c)
P1	\$30k	nil	
P2	\$30k	\$45k	
P3	\$30k	\$45k	

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New prov taxpayer (example 1)

>New prov taxpayer, 2021 RIT of 90k
(c) starts business after P2 but before end of the period

Instalment (2021)	(a)	(b)	(c)
P1	\$30k	nil	nil
P2	\$30k	\$45k	nil
P3	\$30k	\$45k	\$90k

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New prov taxpayer (example 2)

- >New prov taxpayer, 2021 RIT of 45k
- >Irrespective of when they start business, due at terminal (safe harbour < \$60k)

Instalment (2021)	(a)	(b)	(c)
P1 / P2 / P3	nil	nil	nil
Terminal	\$45k	\$45k	\$45k

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Inconsistent RIT

- >Where taxpayer's RIT year -2 < \$5k and taxpayer files prior year return after P1:
 - prov tax payable in two equal instalments if taxpayer files prior year return between P1 and P2
 - prov tax payable in one instalment if taxpayer files between after P2

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Inconsistent RIT (example 1)

- >2019 RIT < \$5k, 2020 RIT of \$30k
- >2021 return filed between P1 and P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	nil		
P2	\$15.75k		
P3	\$15.75k		

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Inconsistent RIT (example 1)

- >2019 RIT < \$5k, 2020 RIT of \$30k
- >2021 return filed between P1 and P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	nil	nil	
P2	\$15.75k	\$12k	
P3	\$15.75k	\$12k	

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Inconsistent RIT (example 1)

- >2019 RIT < \$5k, 2020 RIT of \$30k
- >2021 return filed between P1 and P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	nil	nil	nil
P2	\$15.75k	\$12k	\$15.75k
P3	\$15.75k	\$12k	\$56.25k

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Inconsistent RIT (example 2)

- >2019 RIT < \$5k, 2020 RIT of \$30k
- >2021 return filed after P2

Instalment (2021)	Uplift	\$24k RIT	\$72k RIT
P1	nil	nil	nil
P2	nil	nil	nil
P3	\$31.5k	\$24k	\$72k

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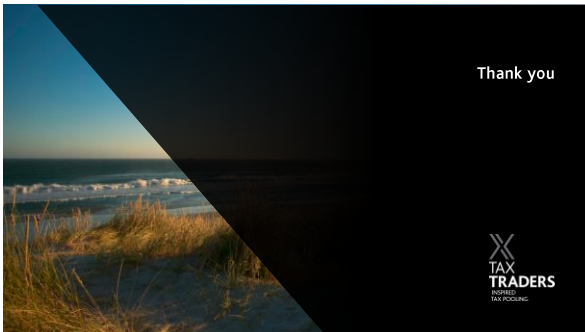


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Tax Pooling

- >More flexible way of managing provisional tax obligations
- >Taxpayers pay when it suits cashflow, not when provisional rules demand
- >Available up to 75 days after terminal tax date

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Thank you

TAX TRADERS
RUMBLE TAX POOLING

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