

MORE ABOUT INCOME

TAXATION
5 SEP 1931

Department After "Slackers"

FINAL DATE FOR RETURNS

The habitual income tax dodger—the man who boasts that he never pays—will find himself in a cleft stick when he comes up against Sections 107A and 107I of the new Taxation Act.

As a matter of fact, there is reason to suppose these clauses were inserted with the intention of providing that no certificate of exemption should be issued before payment has been made in full of all State income tax due by an employe. The expression in the Act, "tax payable," is defined as meaning "any income tax due, or becoming due, by an employe on income derived during any financial year preceding the year in which a deduction is made." An analysis of the section shows that the department has the power to withhold an exemption certificate after the current year's liability has been met, if it considers the taxpayer owes tax from previous years.

The point was raised by a correspondent at Prospect, who claimed that Section 16 limits the application of the Act to tax paid on income accrued during the twelve months preceding July 1 last. As this correspondent questioned the accuracy of a reply on the point given through this column, a copy of his letter was submitted to the department for an official ruling. This bore out "The Advertiser's" interpretation. It was that a certificate of exemption would not be granted if there were arrears of income tax.

Position of Clergymen

Clergymen are not to be debarred from the privilege of paying income tax on the instalment plan. It is understood that in some cases ministers are paid at quarterly intervals. This, however, will not prevent them from making use of the lenient provisions of the scheme, provided they make arrangements with the department.

Those taxpayers who have not yet sent in a return, and who are now worrying about the penalty they will incur, will be relieved to learn that the department has extended the time for the receipt of all classes of returns to September 7. Returns received by that date will carry no fine.

Regarding Sailors

A knotty problem has arisen regarding the liability of crews of steamers for State tax. Their position is plain. Men on inter-State vessels are officially regarded as outside the scope of the State taxation scheme. As regards crews on intra-State ships, however, the position is different. They will have to submit to the deductions and receive stamps like other taxpayers, except, of course, where exemp-

MORE TAX PROBLEMS

Case of Inter-State

Employes
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NEW 3/ STAMP ISSUED

What is the position of employes working outside the borders of South Australia, but paid by offices within the State? This is one of the many difficult problems arising out of the new Taxation Act. Are they liable to the deduction of 1/ in the pound or not? The point affects firms such as pastoral companies with offices in Adelaide, employing men on stations beyond South Australia. It also affects border towns such as Mount Gambier or Pinna-
roo.

The law is that where an employe works in another State, but is paid from an office in South Australia, no deduction need be made. Under the general provisions of the South Australian Act an employe is not taxed in respect of remuneration payable to him for services performed outside the State.

In addition to the tax stamps of 1/, 5/, 10/ and £1, already announced by the Taxation Department, a stamp of the denomination of 3/ has now been made available. The stamps may be obtained from the Taxation Department, the Stamp Duty Department, or from any post office which is a money order office.

District Council Payments

One question raised is whether deductions under the stamp system should be made in paying the wages and salaries of district council employes. They should, unless an employe produces an exemption certificate. The case is different, however, where the payments are made to contractors, such payments not being regarded by the department as being in the nature of salaries and wages. These payments to contractors are outside the scope of the stamp scheme. Naturally, however, the contractor is required to deduct 1/ in the pound, and to issue stamps, regarding the wages of his employes, provided they have worked for him on two days or more in the week, and have been paid £1 or more.

Position of Missions

Another point on which there is some doubt concerns persons employed by philanthropic institutions, such as missions. The question is whether the sisters and helpers, who are not in receipt of £100 a year, should have the 1/ deduction made from their pay. They are exempt from the deduction, but should take an early opportunity to secure an exemption certificate from the department.

Another correspondent earned £60 as wages, but received over £100 from property. He wants to know if his employer should deduct the 1/ in the

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MORE INCOME TAX PROBLEMS

Deductions for Part-Time SCHEME EXPLAINED

Employers of casual labor have been much perturbed over the section of the Taxation Act which provides for a deduction of 1/ in the pound when an employe has worked on two days in any one week, and has earned £1 or more.

It should be explained that the whole interpretation of the section hinges on the word "ON." The section does not mean that the employe must work for two days. If he works on two days, although only for half an hour each day, he comes under the section, and the statutory deduction must be made.

A correspondent at Gawler, who is interested in district council work, asks—(A) Should 1/ in the pound be deducted from anyone supplying a lorry, team, and driver to the council at so much a day, the owner being the driver? (B) Should it be deducted from persons doing work under contract, such as sanitary work or stone-breaking at so much a yard? (C) Should it be deducted from part-time officials of councils where no definite hours are fixed? (D) Should it be deducted from officials of the council on part-time only, permitted to carry on other businesses, or who derive part income from property?

In dealing with these questions it is necessary to recognise that the scheme primarily is not one of the taxation of salaries and wages, but merely a mode of collection out of current earnings of the amount of State income tax payable in respect of incomes earned up to June 30, 1931. Where an employe produces a certificate of exemption the employer is not required to deduct. These certificates may be obtained by an employe if his income for the year was less than £100, provided there are no arrears of tax. The scheme is limited to the collection of State income tax at the source, out of salary or wages, bonuses, monetary allowances, or other payments in the nature of salary. Persons who are engaged as contractors are regarded by the department as being outside the scope of the stamp scheme, and such persons are obliged to pay their income tax in full within thirty days after the receipt of the assessment.

In the case of a part-time official who carries on other business activities, or who derives income from property, it is open for him to notify the department that he will pay his tax in full within a month after the issue of the demand. In that case he could obtain a certificate of exemption, authorising the council to refrain from making the prescribed deduction.

tion certificates are obtained.

Employers May Hold Stamp Books

There has been some uncertainty about the right of employers to hold the stamp books of employes for safe-keeping. The matter is one for mutual arrangement between employer and employe. The Act does not govern the point. The departmental view is that in such cases the employer is required by the Act to deliver to the employe the necessary tax stamps, the latter being required to attach the stamps to his book. But any arrangement by which the employer should keep the book for the employe is a matter between master and man.

No Discount

A curious point is raised by a correspondent at Norwood. He wants to know if the Government will allow 5 per cent. discount to taxpayers who pay within a fortnight of receiving their assessment. The Act makes no provision for discount, nor will any be allowed.

There appear to be a number of aliens in the State who are under the impression they are not liable to taxation. Taxation is not governed by nationality, but by receipt of income. Every person, no matter what his nationality, who receives income of £100 or more a year must pay tax.

Enquiries at Port Adelaide

There was another heavy rush of enquirers at the taxation offices in Flinders-street yesterday, but it was not so great as on the previous day, when the peak was reached. For the convenience of taxpayers in the Port Adelaide district, two officers have been installed for this week at the town hall at the seaport to answer enquiries, and deal with the issue of certificates of exemption.

M.P. Obtains Ruling

Mr. F. K. Nicass, M.P., writes:—
"Some Government departments gave instructions that income tax should be deducted at the rate of 1/ in the pound from an employe's last year's wages. As this was contrary to a reply given by the Premier in the House, I asked that a correct interpretation be made to all departments. The Treasurer has replied that definite instructions have been given to deduct the tax at the rate of 1/ in the pound on an employe's present earnings. If that will not cover his total tax he can arrange for a higher weekly deduction; otherwise any balance will have to be paid immediately after the 20th pay period."

...deduct the 1/ in the pound, seeing that the bulk of his income was from property. The best course for this enquirer is to ask the department for his assessment. He could then pay it and obtain a certificate exempting him from deductions at the source.

"Miss Betty" is puzzled as to her tax liability. She is working at a boarding house for 25/ a week, and sleeps at home. The amount of tax she will have to pay depends on the amount of her income for the year ended June 30, which is not disclosed by the question. If, within that period, she has not earned sufficient income to be taxable, she may obtain a certificate of exemption from the department. If she fails to obtain this certificate her employer must deduct the 1/ in the pound from her earnings. "Miss Betty" had better put her case before the department.

Support of Parent

A common case is that of "Nexos," who seeks relief because his brother and he pay £2 each per week to their invalid mother, whose incapacity necessitates the employment of a nurse-companion. The mother has a small pension. "Nexos" has evidently overlooked the provision in the Act—and on the income tax return form—allowing deductions for the support of a parent by an unmarried son or daughter. No deduction can be made respecting the wages of the nurse-companion, or such domestic outgoings. It is not likely that the mother will be called on to pay any tax, though the department may ask her to submit a return. The best course is for "Nexos" to see the department.

Juniors Not to Pay

Junior employes receiving less than £1 per week are not obliged to obtain exemption certificates, as they are outside the scope of tax collection. Employers should not deduct the 1/ in their cases.

Enquiries made at the department yesterday elicited the information that, where it was known employes from certain establishments were applying for certificates of exemption on the ground of non-liability to income tax, the employers were being given a general certificate exempting them from making deductions pending the production of the exemption certificates applied for by their employes.

As a result of the extension of the time for receiving income tax returns to September 7, the department yesterday received a large number of belated returns. The usual penalties will be imposed when this period of grace expires, unless, of course, a satisfactory explanation of the delay can be given.

Officers in the Country

So much success attended the action of the department in sending officers to Port Adelaide this week to answer enquiries and deal with applications for certificates of exemption, that it has been decided to send officers to Wallaroo and Port Pirie for a similar purpose. The Port Pirie man has been installed at the Courthouse, and the Wallaroo official at the offices of the Stevedore Company.

Sales on Commission

"Kismet" asks if men who run their own businesses and sell goods for others on commission are employes within the meaning of the Act? They are not. The scheme applies to persons on salary and commission, but in cases where the business relationship is not that of employer and employe it does not operate.

Wife as Assistant

Here is a case from the country where a man pays his assistant £1 a week, and his wife, also an assistant £1 15/. The wife has never sent in a return because she came under the exemption clause of the old Act. The law now requires both the assistant and the wife to send in returns, accompanied by a request for a certificate of exemption. Provided the exemptions are asked for without delay, it is understood the department will permit the employer to refrain from deducting pending the issue of the certificate.

Value of Domestic's Board

A domestic help, receiving 15/ a week and board, wants to know what wage tax she should pay, and when the tax starts. In this class of question the doubt is generally about the value of the board. The position is that unless the domestic lodges an income tax return, obtainable from the Taxation Office, in Flinders-street, and obtains a certificate of exemption, it will be necessary for her employer to deduct 1/ in the pound from wages paid after September 1 last. The value of board is regarded as equivalent to £1 a week.

A Mount Gambler enquirer wants to know if it is compulsory for a person in constant employment at less than £1 a week to obtain an exemption certificate. It is not, nor need the employer make any deduction.

New Quarters for Taxation Department

The Taxation Department will move their office from Flinders-street to the Adelaide Railway-Station towards the end of this month. It is believed that both officials and the public will find the new facilities more convenient.

There was another heavy rush of enquirers at the head office yesterday, but not so big as on the previous day. At Port Adelaide the pressure was so great that an additional officer was put on the staff there.