



PS LA 2003/1 - Petroleum excise duty - reporting for adjustments outside the current reporting period

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Petroleum Excise Duty - Reporting for adjustments outside the current reporting period

This Law Administration Practice Statement outlines the arrangements in place to allow petroleum excise payers to make adjustments for over or under payments that have occurred outside of the current reporting period.

This practice statement is an internal ATO document, and is an instruction to ATO staff.

Taxpayers can rely on this practice statement to provide them with protection from interest and penalties in the following way. If a statement turns out to be incorrect and taxpayers underpay their tax as a result, they will not have to pay a penalty. Nor will they have to pay interest on the underpayment provided they reasonably relied on this practice statement in good faith. However, even if they don't have to pay a penalty or interest, taxpayers will have to pay the correct amount of tax provided the time limits under the law allow it.

1. What this practice statement is about

This practice statement outlines the administrative arrangements in place to allow certain petroleum excise payers to make adjustments on an Excise return for overpayments or underpayments that have occurred outside the current reporting period. These arrangements remove the requirement to seek specific approval for each occasion.

2. When the administrative arrangements apply

Before we will apply the administrative arrangements, the client must be assessed as low risk and will need to formally agree to only make the adjustments where:

- there is minimal impact on the settlement payment for the period
- the client has an accounting system which is compliant with the requirements of the ATO.

The client will also need to confirm:

- that supporting documentation will be maintained and made available to ATO Officers on request.
- that any adjustments that are found to have been incorrectly claimed will be corrected by an adjustment to the next Excise return, and reported on the next Out of period adjustment report. -That may involve a set-on for an incorrect refund or drawback claim, or set-off for an incorrect underpayment.
- which method (see section 5) they will use when utilising the arrangement.

3. Accepting an agreement

When an agreement is accepted, the client should be advised in writing, along with advice of when the Out of period adjustment report (see section 4) is required to be provided.

The advice should inform the client that acceptance of the agreement does not diminish or remove the Commissioner's ability to prosecute, or take any other action.

4. The Out of period adjustment report

If adjustments apply, the client must supply an Out of period adjustment report at the time of lodging their Excise return (or at the alternative interval agreed to). The report should detail:

- ABN
- Client name
- Adjustment Reason Code*
 - Retr returns of physical product
 - Stor errors of fact in relation to bunkers
 - Erro errors of fact or misconception of law
 - Roth does not fit into the above
 - Draw drawbacks for duty paid product being exported
- Date of effect of duty
- Tariff classification
- Quantity**
- Excise Duty Rate
- \$ Amount**
- Comments (ie. vessel name for drawbacks)
- Net Adjustment Result**
- Signature***

* the adjustment reason code will only be required for each individual circumstance over 12 months old and for specific circumstances on request.

** the amount shown is taken as a credit unless specified with a minus sign to signify a debit.

*** of the person authorised to sign the Excise return

5. Utilising the arrangements

There are two ways in which clients can utilise the arrangements. Under either arrangement an Out of period adjustment report will detail all debit and credit adjustments identified during that period and will be netted off or on the final excise payment.

Adjustments are not made to the quantity for the same product reported in the Excise return

The net total of the Out of period adjustment report will appear in the *Less Approved Credit* field of the Excise return and will be added or deducted from the *Total Excise Payable* for that period.

The resultant figure will be the amount to be paid.

Adjustments are made at the line level to the quantity for the same product reported in the Excise Return

The *Less Approved Credit* field will only contain adjustment amounts relating to product for which there was insufficient quantities of that product concerned delivered during the current period.

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