

A Guide: Provisional Tax Changes for Non-Standard Balance Dates

Your Balance Date: 30 April

What is happening?

On 1 September 2016 we made some changes to how non-standard balance date taxpayers pay provisional tax. Previously, your provisional tax assessment was paid over four quarters within a calendar year. For example – first instalment due 20 March, second instalment due 20 June, third instalment due 20 September and fourth instalment due 20 December.

This has now changed. Your provisional tax instalments line up with your income tax year. The standard quarterly due dates remain the same (e.g. 20 March, 20 June, 20 September and 20 December) but their order has changed. Instead of your first instalment being due 20 March, it will be due on the first quarterly instalment due date after your income tax year starts.

An example for an April balance date taxpayer

Your first instalment in future will be due on 20 June each year and your final instalment will be due on 20 March. An example of this is demonstrated in the table below for the 2016 Income Tax Year:

Balance Date	Income Tax Year	Instalment 1	Instalment 2	Instalment 3	Instalment 4
30 April 2017	2016	20 June 2016	20 September 2016	20 December 2016	20 March 2017

What happens in the transitional year?

The 2016 calendar year is a transitional year. This is the year the changes will take place. You will still pay the same number of provisional tax instalments in the 2016 calendar year, however, one quarter (20 March 2016) will be credited to the 2015 income tax year and the remaining three quarters (20 June 2016 and 20 September 2016 and 20 December 2016) will be credited to the 2016 income tax year.

2015 Income Tax Year

This change means your provisional tax instalments that were due on:

- 20 March 2015,
- 20 June 2015,
- 20 September 2015,
- 20 December 2015, and
- 20 March 2016

will be credited to your 2015 income tax year.

All five of these instalments will be credited to your 2015 income tax year to reduce your end of year income tax payable. This is one instalment more than is normally transferred.

2016 Income Tax Year

For the 2016 income tax year, you will be back to paying the standard four provisional tax instalments (as shown in the table above).

Questions

If you have any questions please call us on 28307 or 28506. We are very happy to help.