

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

Your Balance Date: 30 September

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 year starts.

An example for an September balance date taxpayer

Your first instalment in future will be due on 20 December each year and your final instalment will be due on 20 September. 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 September 2017	2017	20 December 2016	20 March 2017	20 June 2017	20 September 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, three quarters (20 March 2016, 20 June 2016 and 20 September 2016) will be credited to your 2016 income tax year and remaining one quarter (20 December 2016) will be credited to your 2017 income tax year.

2016 Income Tax Year

This means your provisional tax instalments that were due on:

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

will be credited to your 2016 income tax year.

These three instalments will be credited to your 2016 income tax year to reduce your end of year income tax payable. This is one less instalment than is normally credited.

2017 Income Tax Year

For the 2017 income tax year, you will be back to paying the standard four provisional tax instalments (as shown in the table on the previous page).

Questions

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