



Estimate Assessments

This Commissioner's practice sets out the circumstances in which an estimate assessment of tax will be made and the methodology used in making the assessment.

Background

Section 19 of the *Taxation Administration Act 2003* (TAA) provides that the Commissioner can estimate the amount of a liability, and make an assessment based on that estimation, where the Commissioner:

- suspects on reasonable grounds that a tax liability exists or
- is not satisfied with the adequacy or reliability of information available to make an assessment.

In accordance with section 19(3) of the TAA, the Commissioner cannot make an estimate assessment as an interim assessment, but can make an estimate assessment following an interim assessment.

Commissioner's Practice

Commissioner's assessments

1. The Commissioner may make an estimate of a duty liability, based on the Commissioner's opinion of the likely duty payable, where the taxpayer or their representative has not supplied sufficient or appropriate information:
 - 1.1 in response to a requisition or notice issued by the Commissioner under section 94 of the TAA¹ or
 - 1.2 to support the allocation of the consideration to dutiable and non-dutiable amounts in relation to a lodged instrument or
 - 1.3 where the Commissioner believes it is appropriate to do so.

Returns-based assessments

2. An estimate assessment may be raised when a registered taxpayer has failed to lodge a return by the due date or failed to register.
3. An assessable amount may include, but is not limited to:
 - 3.1 wages² under the *Pay-roll Tax Assessment Act 2002* and
 - 3.2 insurance duty under the *Duties Act 2008* and
 - 3.3 betting revenue under the *Betting Tax Assessment Act 2018*.

¹ Section 94 of the TAA permits the Commissioner to require taxpayers to provide oral or written answers to specified questions or to produce relevant material in the taxpayer's possession or control.

² Wages are defined in section 9AA of the Pay-roll Tax Assessment Act.

4. Where the taxpayer has lodged a return or returns relating to assessable amounts declared in the six months prior to the outstanding return(s), the estimate assessment will be calculated:
 - 4.1 for taxpayers lodging returns on a monthly basis (monthly taxpayers) – using the highest assessable amount declared in that time plus 25 per cent of that amount
 - 4.2 for taxpayers lodging returns on an annual basis (annual taxpayers) – using the latest annual assessable amount declared in that time plus 100 per cent of that amount or
 - 4.3 on any other amount the Commissioner believes appropriate in the circumstances of the case.
5. Where the taxpayer has not lodged a return in the six months prior to the outstanding return(s) or has not registered as required, the estimate assessment will be calculated by reference to any of the following methods considered appropriate in the circumstances:
 - 5.1 for monthly taxpayers – using the highest assessable amount declared in any period plus 50 per cent of that amount or
 - 5.2 for annual taxpayers – using the highest assessable amount declared plus 100 per cent of that amount or
 - 5.3 using information obtained from other jurisdictions, industry groups or the review of taxpayers operating in the same or similar industries or
 - 5.4 on any other amount the Commissioner believes appropriate in the circumstances of the case.

Reassessments

6. Unless the taxpayer has lodged a formal objection, any subsequent lodgment of information by the taxpayer that was not available to the Commissioner at the time the estimate assessment was made will be considered to be a request for reassessment.

Date of effect

This Commissioner's practice takes effect from 1 January 2019.

Nicki Godecke
COMMISSIONER OF STATE REVENUE

1 January 2019

Document history

Commissioner's Practice	Issued	Dates of effect	
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