



Taxation Administration Act 1953

Notice of exemption from providing payment summaries to passbook account holders

Explanatory Statement

General Outline of Instrument

1. This instrument exempts entities from the requirement of providing payment summaries to passbook account holders.
2. This instrument is made by the Commissioner of Taxation (the Commissioner) pursuant to section 16-180 of Schedule 1 to the *Taxation Administration Act 1953*.
3. This is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

Date of effect

4. The instrument commences on the day after it is registered on the Federal Register of Legislative Instruments.

What is this instrument about?

5. This instrument exempts entities from the requirement to provide payment summaries to passbook account holders.
6. The exemption only relates to payments made to passbook account holders where a TFN or ABN has not been quoted.
7. The absence of this exemption would place an unnecessary burden on financial institutions.

What is the effect of this instrument?

8. As a result of this instrument, payers are not required to give payment summaries to passbook account holders where they have withheld amounts from payments in accordance with Subdivision 12-E or 12-F. They are however required to provide payment summaries when specifically requested by the recipient/payee.
9. An assessment of the compliance cost impact indicates that the impact will be minor for both implementation and on-going compliance costs. The new instrument is of a minor or machinery nature.

Background:

10. Financial institutions are able to provide payment summaries to their investors detailing amounts subject to withholding, using the statements which they periodically issue to those investors. That method is not available in relation to passbook accounts. Holders of passbook accounts generally have simple affairs and withholding is very rarely required for these account holders. The requirement for payment summaries to be separately issued when withholding occurs places an unnecessary burden on the entity making the payment.

Consultation:

11. This exemption has been sought by financial institutions. This instrument replaces a previous exemption which lapsed in 2002. The impact on investors is not significant.

Erin Holland
Deputy Commissioner of Taxation
Date 30 November 2012

Legislative references:

Taxation Administration Act 1953

Legislative Instruments Act 2003

Human Rights (Parliamentary Scrutiny) Act 2011

Statement of Compatibility with Human Rights

This Statement is prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

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This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview

This Legislative Instrument exempts entities from the requirement to provide payment summaries to passbook account holders.

The exemption only relates to payments made to passbook account holders where a TFN or ABN has not been quoted.

Human rights implications

This legislative instrument does not engage any of the applicable rights or freedoms because the new instrument is of a minor or machinery nature.

Conclusion

This legislative instrument is compatible with human rights as it does not raise any human rights issues.

Erin Holland
Deputy Commissioner of Taxation
Date 30 November 2012
