

# Passenger Service Levy – Estimated Assessment Purpose

While a taxpayer's passenger service levy liability (levy liability) is usually based on the actual number of passenger service transactions carried out, there are circumstances in which levy liability can be otherwise assessed.

This policy sets out the circumstances and manner in which the Point to Point Transport Commissioner (the Commissioner) can make an estimate assessment of levy liability.

## 1. Mandatory requirements

### 2.1 When to use an estimated assessment

Section 11(2) of the *Taxation Administration Act 1996* (Administration Act) in conjunction with clause 9(3) of Schedule 4 of the *Point to Point Transport (Taxis and Hire Vehicles) Act 2016* (the Act), enables the Commissioner to make an assessment of levy liability by way of estimate.

Schedule 3 clause 13(1) of the *Point to Point Transport (Taxis and Hire Vehicles) Regulation 2017* (the Regulation) provides that a taxpayer cannot object to a decision to make, or not make, an assessment on an estimated basis.

The following circumstances are appropriate for the issue of an estimated assessment:

- when a service provider has failed to register as a taxpayer
- when a passenger service transactions return is not received
- when a service provider fails to maintain adequate records from which to determine the number of passenger service transactions carried out
- when it is difficult or impractical to determine levy liability without undue delay or expense and the service provider does not consent to a compromise assessment.

The Notice of Assessment is an approved form: section 14 of the Administration Act.

### 2.2 Calculating the estimated assessment

The method of calculating the estimated assessment of levy liability will depend on whether or not a service provider has registered as a taxpayer, whether a return has been lodged, and whether a service provider is conducting fewer or more than 600 passenger service transactions.

#### 2.2.1 When a registered taxpayer fails to submit a return, but has previously lodged returns

In situations where a taxpayer has lodged at least three returns in the previous six months, but has failed to lodge a return for the current assessment period, their levy liability will be determined by calculating the average of their last three returns from within the preceding six months. This method is to be used when past returns are available so as to provide for a more accurate estimate for the taxpayer.

#### 2.2.2 When a registered taxpayer has never, or has infrequently, lodged a return

At the time of registration as a taxpayer, service providers are required to nominate from a list of

predetermined ranges, an estimated range of passenger service transactions that they expect to carry out in a 12 month period.

The monthly estimate based on the figure at the mid-range of the range they nominated at registration will be used to estimate the service provider's levy liability when a return has never been received or has been infrequently received. An infrequently lodged return is taken to mean that a taxpayer has submitted less than three returns in the preceding six months.

The table below sets out the annual passenger service transaction ranges and the associated monthly estimate values based on the mid-range figure for each range. This method is only to be used for 601 or greater annual passenger service transaction ranges. For registered taxpayers that estimated 600 or fewer passenger service transactions at registration, and who have failed to provide evidence to rely on a rebate, refer to section 2.2.3.

	Passenger Service Transaction Range		Monthly estimate based on the mid-range
1.	601	1000	67
2.	1001	2000	125
3.	2001	5,000	292
4.	5,001	10,000	625
5.	10,001	50,000	2,500
6.	50,001	100,000	6,250
7.	100,001	500,000	25,000
8.	500,001	1,000,000	62,500
9.	1,000,001	2,000,000	125,000
10.	2,000,001	5,000,000	291,667
11.	5,000,000	10,000,000	625,000
12.	10,000,001	20,000,000	1,250,000
13.	20,000,001	30,000,000	2,083,333
14.	30,000,000+		2,500,000

For example, if at the time of registration the taxpayer estimated that their annual passenger

service transaction range would be from 500,001 up to 1,000,000, then using the above table, the estimated number of passenger service transactions they carry out in any one month is 62,500.

A Notice of Assessment will be issued to that taxpayer for a levy amount of \$62,500.

### **2.2.3 Registered taxpayers estimating 600 or fewer annual passenger service transactions without supporting evidence to rely on an exemption or rebate**

In situations where a taxpayer has, at registration, estimated that they will fall into the:

- 150 or fewer annual passenger service transactions range;
- more than 150, but not more than 400 annual passenger service transaction range; or
- more than 400, but not more than 600 annual passenger service transaction range,

and have not provided supporting evidence to rely on an exemption or rebate, an estimate assessment will be issued. The levy liability for a month in these cases will:

- \$13 for taxpayers estimating 150 or fewer annual passenger service transactions; and
- \$31 for taxpayers estimating more than 150, but not more than 600 annual passenger service transactions.

While a taxpayer in this range would not normally be required to pay their levy liability monthly, as they have not provided evidence, an estimate assessment will be issued to encourage the tax payer to provide evidence, or amend their registration to a higher passenger service transaction range.

### **2.2.4 If a service provider is not registered as a taxpayer**

If the service provider has not registered as a taxpayer, an estimated assessment will need to be issued for an assessment period. This estimate is based on a median range of all returns lodged in that assessment period for taxpayers estimating more than 600 annual passenger service transaction.

The median of actual passenger service transactions for the month will be used unless there is sufficient evidence to ground a reasonable belief that the number of passenger service transactions carried out by a particular service provider would be substantially larger than the default range.

### **2.2.5 Failure to agree to a compromise assessment**

In circumstances where it is difficult or impractical to determine levy liability without undue delay or expense and the taxpayer does not consent to a compromise assessment, an estimated assessment will be issued in accordance with paragraph 2.2.2 if the service provider is a registered taxpayer or paragraph 2.2.4 if the service provider is not a registered taxpayer.

## **2.3 Objections to estimated assessments**

Once a Notice of Assessment has been issued, a taxpayer can lodge an objection to the amount of the levy payable for an specific assessment period, on the basis that the assessed liability was higher than would have been assessed if the assessment had been determined on the basis of the taxpayer's actual passenger service transactions for that assessment period: Schedule 3 clause 10(1)(b) of the Regulation.

An objection on this ground must be lodged within 30 days of the date of the Notice of Assessment unless special circumstances as defined in Schedule 3 clause 9(3) have been established.

In determining an objection to an estimated assessment, the Commissioner can require the taxpayer to lodge a return for the assessment period in question: Schedule 3 clause 10(2) of the Regulation.

A taxpayer cannot lodge an objection to the decision to make an estimated assessment for a specific assessment period: Schedule 3 clause 13(1) of the Regulation.

## 2. Accountabilities

Functions relating to estimated assessments are generally performed by staff in the Operations branch of the Commission under delegation from the Commissioner.

Functions relating to compliance action are performed under direction from staff in the Compliance branch of the Commission under delegation from the Commissioner.

## 3. Breaches of this policy

TfNSW may commence applicable disciplinary action if a person to whom this Policy (and any related Procedure) applies, breaches this Policy, including termination of employment and if fraudulent, criminal charges.

## 4. Document history

Date & Policy No	Approved by	Amendment Notes
10 Apr 2018 OP18008	Point to Point Transport Commissioner	Approved
12 October 2018 OP18008	Point to Point Transport Commissioner	Approved for website publication