

## TREASURER'S DIRECTIONS

### CORPORATE TAX

#### Section T2.1 : Commonwealth Taxes

#### STATEMENT OF INTENT

*The Territory is liable for certain Commonwealth taxes in substantially the same way as the private sector. This Section provides an overview of these taxes and clarifies responsibility for corporate tax policy with respect to these Commonwealth taxes.*

#### MAIN FEATURES

Section 38 of the *Financial Management Act* requires every Accountable Officer and every employee of an Agency to comply with the Treasurer's Directions.

##### **Obligations**

- The Northern Territory Government is a corporate taxpaying entity and is required to meet its tax obligations under Commonwealth legislation.

##### **Roles and Responsibilities**

- The Department of Business and Employment is responsible for policy development, communication and the coordination of advice to ensure consistency and compliance across the Territory Government on Commonwealth tax obligations under the Commonwealth's Goods and Services Tax, Fringe Benefits Tax, Pay As You Go legislation and the Fuel Tax Credits scheme.
- To ensure that it meets its Commonwealth Tax obligations an Agency is to ensure compliance with the requirements of all Treasury Tax Circulars and Department of Business and Employment Corporate Taxation Policy Advices.

For authoritative instruction and guidance reference should be made to related Treasurer's Directions and associated commentary.

**CONTENTS**

Corporate Tax Obligations	T2.1.1
Roles and Responsibilities	T2.1.2

**AUTHORITIES**

*Financial Management Act (NT)*

*A New Tax System (Goods and Services Tax) Act 1999 (Cth)*

*Fringe Benefits Tax Act 1986 (Cth)*

*Taxation Administration Act 1953 (Cth)*

*Fuel Tax Act 2006 (Cth)*

**REFERENCES**

*Related Treasurer's Directions:*

Part 3 Tax Equivalents Regimes  
Section 8

**CORPORATE TAX OBLIGATIONS**

**T2.1.1**

**The Northern Territory Government is a corporate taxpaying entity and is to meet obligations under the Commonwealth's Goods and Services Tax, Fringe Benefits Tax, Pay As You Go legislation, National Tax Equivalent Regime and the Fuel Tax Credits scheme.**

- (i) The Northern Territory Government has a number of obligations under the Commonwealth's taxation legislation. These obligations include the reporting and remittance of Goods and Services Tax (GST), Fringe Benefits Tax (FBT), Pay As You Go (PAYG) and National Tax Equivalents.
- (ii) GST is an indirect, broad-based consumption tax applied to the supply of goods, services and activities consumed in Australia
- (iii) FBT is a tax payable by employers on the value of certain benefits provided in respect of the employment of employees. Broadly, a fringe benefit is a benefit other than salary or wages and includes any right, privilege, service or facility.
- (iv) PAYG is a withholding requirement that applies to salary or wage type payments made to employees, including office holders. The withholding requirement also applies to payments made on invoices where a supplier's Australian Business Number (ABN) is not quoted.
- (v) The National Tax Equivalent Regime (NTER) is an administrative arrangement between the Commonwealth and States and Territories under which Commonwealth income tax laws are applied notionally to certain Government Business Divisions and Government Owned Corporations as if they were subject to those laws. It aims to promote competitive neutrality between public and private sector entities.
- (vi) The Territory also has obligations to fulfil when making claims under the Commonwealth's Fuel Tax Credits scheme.

## ROLES AND RESPONSIBILITIES

T2.1.2

**The Department of Business and Employment is responsible for policy development, communication and the coordination of advice to ensure consistency and compliance across the Territory Government on tax obligations under the Commonwealth's Goods and Services Tax, Fringe Benefits Tax, Pay As You Go legislation and the Fuel Tax Credits scheme.**

- (i) The Department of Business and Employment's (DBE) Corporate Tax Unit is the primary contact for entities seeking policy advice in relation to GST, FBT, PAYG and Fuel Tax Credits.
- (ii) The Corporate Tax Unit is responsible for the preparation and issuing of Corporate Taxation Policy Advices to Agencies and Government Business Divisions.

T2.1.3

**The Territory Revenue Office manages policy concerning the Northern Territory Tax Equivalents Regimes, which includes the National Tax Equivalent Regime.**

- (i) The Territory Revenue Office is the primary contact for entities seeking information on Tax Equivalents Regimes. In addition, Treasurer's Directions Part 3 Section 8 Tax Equivalents Regimes provides instruction and guidance on the issue.

T2.1.4

**To ensure that it meets its Commonwealth Tax obligations an Agency is to ensure compliance with the requirements of all Treasury Tax Circulars and Department of Business and Employment Corporate Taxation Policy Advices.**

- (i) Currently the Tax Circulars are in the form of Treasury Circulars and will remain current until incorporated into DBE Corporate Taxation Policy Advices. Treasury Tax Circulars will be withdrawn at the time they are replaced by DBE Corporate Taxation Policy Advices or when they are no longer applicable.