

## Changing details in your tax return after it's lodged



Say for example that we have already lodged your 2017-18 tax return and forwarded your notice of assessment to you saying that everything is as discussed, but you then realise that something has been left out of your return, or you accidentally included an extra deduction or doubled one up. There's no need to panic — an agent from the ATO won't be pounding on your door demanding that you pay a penalty.

The Australian tax system is based on "self assessment", which means the ATO generally takes your word, under our guidance, and bases its assessment on the information it has been provided. But if it subsequently becomes apparent that something is wrong, there is an option to make it right.

It is not all that uncommon for taxpayers to make a change to a tax return they have already lodged — often there can be a deduction that simply slipped your mind, or you realise that you received, say, foreign income that you forgot about. And then there are the straight-out

mistakes that we all make from time to time, or you could have forgotten to tell us something about your tax affairs at our appointment.

If it involves an increase in the tax you should have paid, then it is highly advisable you take the bull by the horn and make a full confession. This will go a long way to prevent, or at least reduce, possible penalties that may apply if you realise that the oversight may actually have led to a "false" return (even if not intentionally lodged as such). The important thing is to make sure that as soon as you realise that the information you have reported to the ATO is incorrect or incomplete, that you ask us to take actions to correct it. And the way we can do this is to apply to make an amendment.

It is also possible that you or we simply disagree with an associated penalty issued in relation to timing of lodgement of your return or interest charged on a shortfall amount, or some other decision made about your tax affairs that you or we may want to take issue with.

In this case, we would start by making an approach to the ATO via a phone call to try and remedy the situation before it gets out of hand. However, if the ATO digs its heels in over any of these sorts of matters, we can also help by lodging an objection.

If the amendment we prepare for you decreases the tax you owe, you will generally receive a refund (unless you have other tax debts) and may get some bonus interest to boot. If it increases the tax you owe, the ATO will generally treat it as a voluntary disclosure of unpaid tax. This means you are likely to receive concessional treatment for any penalties and interest charges that apply (in which case you'll still have to pay any outstanding

tax, but we can ask on your behalf for concessional treatment of interest charges, or for a possible waiver altogether, depending on the amount).

There are time limits for making amendments to your tax return, generally two years for individuals and small businesses and four years for other taxpayers, including trust beneficiaries and members of partnerships.

For example, if you are a sole trader and receive a notice of assessment on September 7, 2018, your two-year amendment period will start the day after, and therefore end on September 8, 2020. A business that is not classified as a small business will have until September 8, 2022. We can submit on your behalf more than one amendment request within an amendment period.

(Note that if a shortfall of tax is due to fraud or evasion, the ATO has an unlimited time limit to amend.)

So if on current year discussions we identify something that we both didn't realise that we should have claimed in your previous year's tax return, then we can amend that year.

After the ATO processes our request for an amendment, a notice of amended assessment should be issued, showing the new amount payable or refundable. And if we submit a request for an amendment before your tax return has been processed, the ATO will generally process them together, so that a standard notice of assessment is issued, not a notice of amended assessment. Sometimes additional information is needed to properly re-assess a tax return, in which case the ATO should ask us for this information within 14 days of receiving the amendment request.

While ignoring an error may seem to be an easier option, the trouble with this is that future dealings with the ATO may be muddied. And as the process of asking for an amendment is fairly straightforward, and the fact that we are here to help, the better option is to make sure your tax affairs are in order sooner rather than later.

**Important:** Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore, it should be regarded as confidential and not be made available to any person without our prior approval.