

BUSINESS

COMPANIES

INSTRUCTIONS

NAT 3309-6.2008

SEGMENT

AUDIENCE

FORMAT

PRODUCT ID



Australian Government

Australian Taxation Office

Venture capital deficit tax return 2008

Return and explanatory notes



For more information
visit www.ato.gov.au

VENTURE CAPITAL DEFICIT TAX RETURN 2008 NOTES

The venture capital deficit tax return must be completed for all pooled development funds (PDFs) that have a liability to pay venture capital deficit tax (VCDT).

OVERVIEW

All PDFs have a venture capital sub-account as part of their franking account. Any PDF that keeps a record of its venture capital sub-account at a particular time is a participating PDF at that time.

VENTURE CAPITAL SUB-ACCOUNT

The venture capital sub-account records venture capital credits and venture capital debits.

Most commonly, a credit arises in the venture capital sub-account when the PDF pays income tax that is reasonably attributable to a capital gains tax (CGT) event in relation to an SME investment made in accordance with the *Pooled Development Funds Act 1992*. These credits are passed on to shareholders by allocating venture capital credits to distributions (venture capital franked distributions).

A venture capital debit generally arises if:

- the PDF makes a venture capital franked distribution (a debit equal to the amount of the venture capital credit allocated to the distribution arises)
- the PDF receives a refund of tax paid and the refund is attributable to a payment which gave rise to a venture capital credit
- the PDF's CGT limit is exceeded.

(**Note:** this is not an exhaustive list.)

The venture capital sub-account will be in deficit at the relevant time (that is, at the end of an income year or when it ceases to be a PDF) if there is an excess of venture capital debits over venture capital credits.

In determining whether there is a deficit at the relevant time, a refund of income tax paid within three months after that time is taken to have been received immediately before that time where the venture capital sub-account would have been in deficit (or in deficit to a greater extent) if the refund had been received before the relevant time.

VENTURE CAPITAL DEFICIT TAX (VCDT)

PDFs are liable to VCDT for an income year if at the end of that income year the sub-account is in deficit. A PDF is also liable to VCDT if it ceases to be a PDF when its sub-account is in deficit.

If a PDF has both a VCDT and franking deficit tax (FDT) liability, the liability to pay FDT is reduced by the liability to pay VCDT. If a PDF incurs a liability to pay VCDT, a credit arises in the franking account equal to the amount of the VCDT liability (reduced by the amount of any FDT liability also arising).

LODGMET OF RETURNS

The venture capital sub-account tax return must be completed for all PDFs that have a liability to pay VCDT. If no VCDT is payable, lodgment of this tax return is not required. The tax return should be lodged at the address provided below, by the last day of the month following the end of the income year.

THE SIMPLIFIED IMPUTATION SYSTEM, FRANKING DEFICIT TAX (FDT) AND OVER FRANKING TAX

More information on the simplified imputation system, FDT and over franking tax is contained in the franking account return instructions and on our website.

DATE DUE AND PAYABLE

The due date for payment of VCDT is the same date as for lodgment of the return (that is the last day of the month following the end of the income year).

SIGNING THIS TAX RETURN

The law requires that an authorised person sign this tax return. An authorised person for this purpose may be the public officer of the company or an agent duly authorised by the company.

Where an agent provides this tax return and accompanying information (where applicable), the company must prepare, and give to the agent, a signed declaration stating that the:

- company authorises the agent to give this tax return to the Commissioner, and
- information provided to the agent for preparation of the tax return is true and correct.

The company must retain such a declaration or a copy of it for a period of five years after it is made.

FAILURE TO LODGE ON TIME PENALTY AND GENERAL INTEREST CHARGE

The law imposes a penalty on a corporate tax entity that does not lodge this tax return by the due date. It also imposes a general interest charge on an entity that fails to pay VCDT by the due date.

The Commissioner has the discretion to remit any penalty in whole or in part. If the entity considers the penalty should be remitted, a statement should be attached to this tax return explaining why remission should be granted.

HOW TO LODGE AND PAY

The venture capital deficit tax return and payment should be **mailed** to:

**Australian Taxation Office
Locked Bag 1793
PENRITH NSW 1793**

The amount of the tax payable is the amount of the deficit in the venture capital sub-account at the relevant time (taking into account relevant refunds of tax received within three months after that time: see **Venture capital deficit tax** in the previous column).

Cheques or money orders should be made payable to the 'Deputy Commissioner of Taxation' and crossed 'Not negotiable'.

Do not send cash by mail.



Australian Government
Australian Taxation Office

Venture capital deficit tax return 2008

Day	Month	Year	to	Day	Month	Year

or specify period if part year or approved substitute period

This tax return is to be completed for all PDFs that have a liability to pay venture capital deficit tax. Please read the attached explanatory notes before completion. The *Company tax return instructions 2008* may also be of assistance regarding debits and/or credits to your venture capital sub-account.

Tax file number

Name of entity and Australian company number (ACN) or Australian business number (ABN)

	ACN or * ABN
* cross out whichever is not applicable	

Current postal address

If the address has not changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town	State	Postcode

Postal address on previous tax return

If the address has changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town	State	Postcode

Venture capital sub-account

Show the franking account balance at the end of the income year

\$

Show the amounts (if any) of franking deficit tax for the income year

\$

Show the amounts (if any) of over-franking tax for the income year

\$

Show the venture capital sub-account balance at the end of the income year or when the PDF ceased to be a PDF

\$

Show the venture capital deficit tax payable

\$

Declaration:

I declare that the information given on this tax return and in the accompanying documents (where applicable) is true and correct, and that I am authorised to make this declaration.

Authorised person's signature

Title

Authorised person's name

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Date

Day	Month	Year

Hours taken to prepare and complete this tax return

--

Daytime contact phone number

Area code

--

Phone number

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IN CONFIDENCE when completed

Australian Taxation Office

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Tax file number

Name of company

	ABN

\$

ATTACH PAYMENT TO THIS REMITTANCE ADVICE