

Public Ruling No. 4/2001

BASIS PERIOD FOR A NON-BUSINESS SOURCE (INDIVIDUALS & PERSONS OTHER THAN COMPANIES)

1.0 TAX LAW

This Ruling applies in respect of sections 20 and 21 of the **Income Tax Act 1967**. It is effective for the year of assessment 2001 and subsequent years of assessment. This Ruling supersedes Public Ruling No. 1/2000 dated 1 March 2000.

2.0 THE APPLICATION OF THIS RULING

This Ruling considers the determination of the basis period for a non-business source of income [*see paragraph 4.1*] in respect of individuals and persons other than companies [*see paragraph 4.2*].

3.0 HOW THE TAX LAW APPLIES

- 3.1 A person is chargeable to income tax in respect of all his sources of income for a year of assessment.
- 3.2 The income from a source is determined in relation to the basis period for a year of assessment
- 3.3 For a non-business source, the basis year for a year of assessment [*see paragraphs 4.3 and 4.4*] is the basis period for that year of assessment.

Example

An individual receives 2 dividends, dated 05.01.2001 and 28.12.2001, on 10.01.2001 and 02.01.2002, respectively.

The basis year for the year of assessment 2001 is the calendar year 2001. Both the dividends received in respect of the calendar year 2001 should therefore be taxed for the year of assessment 2001.

- 3.4 As a concession, a co-operative which has both business and non-business sources may choose that the basis period for its business source be the basis period for all of its non-business sources. If it does so, it should also apply that same treatment consistently thereafter for all its non-business sources.

Example

A co-operative closes its accounts on 30 June each year. It has income from 2 sources: business and rent.

The basis period for the year of assessment 2001 for the business source is the accounting year 01.07.2000 to 30.06.2001 [see Public Ruling No.

5/2001].

The basis period for the year of assessment 2001 for the non-business source (rent) is year ending 31.12.2001 [see paragraph 3.3 above].

However, the co-operative may choose the basis period of its business source, i.e. 01.07.2000 to 30.06.2001, as the basis period for its non-business source.

3. 5 In the case of a company, the basis period for a year of assessment for its non-business sources should be determined in accordance with section 21A of the Income Tax Act 1967 [see *Public Ruling No. 7/2001*].

4.0 **INTERPRETATION**

For the purpose of this Ruling:

- 4.1 "Non-business source" includes employment, pension, dividend, interest, rent and royalties which are not considered as part of a business source.
- 4.2 "Persons other than companies" include a co-operative, a Hindu joint family, a trust, an estate under administration, a club and an association.
- 4.3 "Basis year for a year of assessment" means the calendar year coinciding with the year of assessment.
- 4.4 "Year of assessment" means calendar year.

(Issue Date: 30 April 2001)