

# Taxation Administration (Amounts Payable - Interest) Determination 2015 (No 1)

## Disallowable instrument DI2015-3

made under the

***Taxation Administration Act 1999*, s 139 (Determination of amounts payable under tax laws)**

## EXPLANATORY STATEMENT

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1. This instrument is taken to have commenced on 26 October 2007.
2. The purpose of this instrument is to determine the interest rate for duty payable under a deferred duty arrangement for section 75AD the *Duties Act 1999* (the Duties Act) by specifying:
  - (i) the rate of interest; and
  - (ii) the method by which the interest is to be calculated.
3. Section 139 of the *Taxation Administration Act 1999* (the Taxation Administration Act) allows the Minister to determine a rate and method by which interest is payable under a tax law, including the Duties Act.
4. The method and rate of calculation of interest to be applied to deferred duty is reflective of the way in which interest is charged on deferred rates amounts. This is designed to reflect the cost of that money to Government, and in no way resembles either a commercial lending rate or a disincentive.
5. Interest at the 90-day bank bill rate, which is defined in section 26 (2) of the Taxation Administration Act as the market rate component, is to be charged on the outstanding amount of duty.
6. This is a calculation of simple interest, which means that the taxpayer is not paying interest on interest as they would be were they to borrow the money as part of their mortgage. The combination of an interest rate lower than would be commercially available, and the simple, non-compounding application of that interest potentially offers significant savings to those people who are most in need of assistance when buying their first home.
7. This instrument revokes DI2007-247. The previous instrument did not reflect the administrative practice of how interest is calculated and applied to outstanding deferred duty amounts. With this new instrument, there is no change to the current application of interest to deferred accounts, and taxpayers are not disadvantaged.

Authorised by Treasurer  
Andrew Barr MLA