

Australian Capital Territory

Taxation Administration (Amounts Payable—Rates and Land Tax Interest) Determination 2016 (No 1)

Disallowable instrument DI2016–147

made under the

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

EXPLANATORY STATEMENT

This disallowable instrument commences on 1 July 2016.

The purpose of this instrument is to clarify the determination of the interest rate for unpaid rates or land tax as the rate calculated under the *Taxation Administration Act 1999* (TAA). The interest rate has so far applied under the general provisions of the TAA, rather than by the process described by the notes in the Land Tax Act and Rates Act.

Under section 139 of the TAA the Minister has the authority to determine the rate of interest payable under a tax law. The Land Tax Act and Rates Act each specify in notes the Minister *may* determine an interest rate applicable to unpaid overdue amounts under section 139 of the TAA, however a determination under these notes has never been made.

Section 3 of this instrument clarifies that the interest rate for section 21 of the Rates Act and sections 19 and 19A of the Land Tax Act is the interest rate under section 26 of the TAA.

This instrument will assist taxpayers in understanding the interest rate that applies to general rates and land tax, and reduce confusion over how the rate is determined.

This instrument does not change in any way the interest rates that currently apply to general rates and land tax. Section 26 of the TAA provides the interest rate is the sum of a market rate component (that is, the 90-day bank bill rate) and a fixed premium component of 8 per cent. Section 26 of the TAA has not been disapplied to the Land Tax Act or Rates Act: see section 19 (3) of the Land Tax Act and section 20 of the Rates Act respectively.

The interest rate under the Land Tax Act applies according to section 19 when land tax is overdue or section 19A when land tax has not been raised due to an owner's failure to notify the Commissioner of the rental of a property or its ownership by an individual as trustee.

The interest rate under the Rates Act applies according to section 21 when rates are overdue.

Authorised by the Treasurer
Andrew Barr MLA