

SOUTH AUSTRALIA



RevenueSA

Taxation Administration

Circular No. 188

**TAXATION ADMINISTRATION ACT 1996
CHANGE OF INTEREST RATE - FROM 1 JULY 1999**

Section 26 of the *Taxation Administration Act 1996* provides for the interest rate to be applied in cases of a tax default or refund following a taxpayer's successful objection or appeal against an assessment by the Commissioner.

The interest rate comprises a "market rate" and, in respect of defaults, an additional 8% per annum. The "market rate" reflects the rate applicable from time to time under Section 214A(8) of the *Income Tax Assessment Act 1936* (Cth) or the rate specified by order of the Treasurer and published in The South Australian Government Gazette.

Effective 1 July 1999, the Commonwealth will no longer publish the "market rate" under the *Income Tax Assessment Act 1936* (Cth). Accordingly, pursuant to Section 26 of the *Taxation Administration Act 1996*, the Treasurer has specified by way of Notice in The South Australian Government Gazette, dated 17 June 1999 (page 3120), a "market rate" of 4.8% (effective 1 July 1999).

From this date, the interest rate in respect of tax defaults will be **12.8%** per annum (comprising the "market rate" of 4.8% and 8%). The interest rate in respect of successful taxpayer objections and appeals will be **4.8%** per annum.

The following interest rate table shows the effective interest rate for refunds and tax defaults since the commencement of the *Taxation Administration Act 1996*.

Period	Refunds	Defaults
1 January 1997 to 30 June 1997	10.5%	18.5%
1 July 1997 to 31 December 1997	9.8%	17.8%
1 January 1998 to 30 June 1998	8.8%	16.8%
1 July 1998 to 31 December 1998	8.8%	16.8%
1 January 1999 to 30 June 1999	8.8%	16.8%
1 July 1999 onwards	4.8%	12.8%

FURTHER INFORMATION

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21 June 1999

COMMISSIONER OF STATE TAXATION

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