

SOUTH AUSTRALIA



RevenueSA

Taxation Administration

Circular No. 217
(Replaces Circular 203)

TAXATION ADMINISTRATION ACT 1996
CHANGE OF INTEREST RATE - FROM 1 JULY 2001

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*.

From 1 July 1999, the Commonwealth ceased publication of a market rate under the *Income Tax Assessment Act 1936* (Cth). Accordingly, pursuant to section 26 of the *Taxation Administration Act 1996*, the Treasurer specified a market rate of 5.95% (effective 1 July 2000), that was equivalent to the May 13 Week Note rate set by the Commonwealth.

On 26 June 2000, the Reserve Bank of Australia announced that the Australian Office of Financial Management would replace its fixed-term maturity Notes of 5, 13 and 26 weeks, with Notes of variable-term maturity dates early in the year 2001.

The Treasurer has specified by way of notice in the *South Australian Government Gazette* dated 28 June 2001 (page 2414), a market rate of 4.89%. This rate is based on the Reserve Bank of Australia May 2001, published 90-day Bank Accepted Bill rate which provides an equivalent benchmark to the now defunct 13 week Treasury Note rate.

From 1 July 2001, the interest rate in respect of tax defaults will be 12.89% per annum (comprising the Market Rate of 4.89% and 8%). The interest rate in respect of successful taxpayer objections and appeals will be 4.89% 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 to 30 June 2000	4.8%	12.8%
1 July 2000 to 30 June 2001	5.95%	13.95%
1 July 2001 onwards.	4.89%	12.89%

FURTHER INFORMATION

Location:

RevenueSA
Ground Floor
State Administration Centre
200 Victoria Square East
ADELAIDE SA 5000

Postal:

Commissioner of State Taxation
RevenueSA
GPO Box 1353
ADELAIDE SA 5001

Telephone:

(08) 8226 3750

Facsimile:

(08) 8226 3734

Website

<http://www.treasury.sa.gov.au/revenuesa>

E-mail

revenuesa@saugov.sa.gov.au

29 June 2001

COMMISSIONER OF STATE TAXATION