

SOUTH AUSTRALIA



STATE TAXATION OFFICE

Financial Institutions Duty

Circular No. 167

**FINANCIAL INSTITUTIONS DUTY (DUTIABLE RECEIPTS)
AMENDMENT ACT 1998 - NO 4 OF 1998**

The *Financial Institutions Duty (Dutiable Receipts) Amendment Act 1998* was assented to on 26 March 1998 and came into operation on 2 April 1998.

Currently, a concessional rate (0.005%) of financial institutions duty (FID) is applied to short term money market transactions. Such transactions comprise amounts greater than \$50,000 invested for a term of less than 185 days, or at call. Transactions falling outside of this category attract the prime rate 0.065% (6.5 cents/\$100) of FID.

Where short term money market deposits mature and are rolled over, no duty at the prime rate would result provided no accounting entries have been made, nor any substantial changes made to the terms and conditions.

Where however, the character of those deposits changed on rollover so that they no longer reflected short term dealings, FID at the prime rate is applicable.

Instances have been identified where some financial institutions had avoided paying duty on their receipts.

The *Financial Institutions Duty (Dutiable Receipts) Amendment Act 1998* has been amended to ensure that where an amount involved in a short term dealing, which on completion of the dealing is rolled over into a deposit or investment in such a manner that it no longer constitutes a short term dealing, this rollover will be regarded as a receipt of money which is subject to prime rate FID.

FURTHER INFORMATION

Location

State Taxation Office
Revenue Services
Level 1
State Administration Centre
200 Victoria Square East
ADELAIDE SA 5000

Postal

Commissioner of State Taxation
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ADELAIDE SA 5001

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Website

<http://www.treasury.sa.gov.au/tax.html>

2 April 1998

COMMISSIONER OF STATE TAXATION

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