

Taxation Administration

Circular No. 313
(Replaces Circular No 293)

TAXATION ADMINISTRATION ACT 1996
CHANGE OF INTEREST RATE - FROM 1 JULY 2009

Section 26 of the *Taxation Administration Act 1996* (the "Act") 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 of State Taxation.

The interest rate comprises a "Market Rate" and, in respect of defaults, an additional 8.00% per annum.

The market rate has previously been set by Ministerial Order published in the Gazette.

On 1 January 2009, the Act was amended (section 26(2)(a)) to base the market rate of interest on the average rate of the 90-day Bank Accepted Bill rate prescribed by the Reserve Bank of Australia for the month of May preceding a financial year, unless a Ministerial order setting the rate is in force.

By Notice published in the Gazette on 25 June 2009, the Treasurer revoked the previous Ministerial Order determining the market rate for the purposes of section 26 of the Act that was published in the Gazette on the 26 June 2008.

As a consequence, effective from 1 July 2009, the interest rate, set pursuant to section 26(2)(a) of the Act, in respect of tax defaults will be 11.13% per annum (comprising the Market Rate of 3.13% and 8.00%). The interest rate in respect of successful taxpayer objections and appeals will be 3.13% per annum.

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

Period	Refunds	Defaults
1 January 1997 to 30 June 1997	10.50%	18.50%
1 July 1997 to 31 December 1997	9.80%	17.80%
1 January 1998 to 30 June 1998	8.80%	16.80%
1 July 1998 to 31 December 1998	8.80%	16.80%
1 January 1999 to 30 June 1999	8.80%	16.80%
1 July 1999 to 30 June 2000	4.80%	12.80%
1 July 2000 to 30 June 2001	5.95%	13.95%
1 July 2001 to 7 July 2004	4.89%	12.89%
8 July 2004 to 6 July 2005	5.51%	13.51%

Period	Refunds	Defaults
7 July 2005 to 30 June 2006	5.68%	13.68%
1 July 2006 to 30 June 2007	5.87%	13.87%
1 July 2007 to 30 June 2008	6.37%	14.37%
1 July 2008 to 30 June 2009	7.75%	15.75%
1 July 2009 onwards	3.13%	11.13%

FURTHER INFORMATION

Further information regarding these amendments may be obtained from RevenueSA.

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COMMISSIONER OF STATE TAXATION

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