

**SOUTH AUSTRALIA**



**STATE TAXATION OFFICE**

**Financial Institution Duty**

**Circular No. 43  
(formerly FID Circular No. 5)**

**SHORT-TERM DEALING ACCOUNT  
RECEIPT OF MONEY FROM OUTSIDE SOUTH AUSTRALIA**

Your attention is drawn to **Section 6** of the Financial institutions Duty Act, 1983 ("the Act") which states:-

"(1) Except as otherwise provided, this Act applies to-

(a) a receipt of money in the State,"

One such exception is provided through the operation of the provisions of **Section 7 (2) (a)** and **Section 32 (4) (b)** of the Act. These provisions ensure that certain receipts of money credited to a short-term dealing account (as prescribed by **Section 32 (4) (b)**) are not subjected to financial institutions duty.

Receipts prescribed by **Section 32 (4) (b)** are amounts paid to the credit of a short-term dealings account kept by a bank in the name of a short-term money market operator in this State or Territory by that bank or by another bank that is a registered financial institution, in the name of **that** operator.

(All States and territories other than Queensland have been prescribed for the purposes of this Section).

**ISSUE**

Concerns have been expressed about the interpretation of the words "..... in the name of that operator", appearing at **Section 32 (4) (b)**.

**DISCUSSION**

The exception described above was provided to deal with the situation where funds flow to the credit of a short-term dealing account when short-term money market operator transfers funds from his/her account situated either in this State or in another prescribed State or Territory. The philosophy is that moneys that flow into short-term money markets generate very small profits to the market operators and hence it would be an unbearable burden if duty at normal rates are levied on such receipts.

**RULING**

Section 32 (1) of the Act permits a registered short-term money market operator, after application to and approval by the Commissioner, to keep an account in a bank in this State as a short-term dealing account. Section 32 (4) limits the amounts which may be paid to the credit of a short term dealing account kept in the name of a registered operator.

The words “..... in the name of the operator ....” therefore mean the person who made the application pursuant to Section 32 (1). Consequently the accounts (from which funds flow to the short-term dealing account) should have been held in the sole name of the operator to be eligible for the concession provided by Section 32 (4) (b).

26 May, 1992

COMMISSIONER OF STAMPS

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