



Office of State Revenue
NSW TREASURY

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Revenue Ruling No. TAA 2

Arrangement for Payment of Tax under Section 47 of the Taxation Administration Act, 1996 (Deferred Payment Arrangement)

CPI-Adjusted Concessional Rate of Interest for Certain Premium Property Tax Liabilities

Ruling history

Ruling no.	Issued date	Dates of effect		Status
		From	To	
TAA 002	1 July 1999	1 January 1998		Current

Preamble

- The following guidelines relate to the exercise of the Chief Commissioner's discretion under s.47 of the Taxation Administration Act, 1996, to impose interest at an approved or concessional rate as a condition of an extension of time to pay a tax liability specifically, certain liabilities under the Premium Property Tax Act 1998 or the since repealed s.9(3) of the Land Tax Management Act, 1956.

The guidelines are effective as from 1 January, 1998.

Ruling

Qualification for Concessional Rate

- The 1998 NSW Budget provided for a commitment to assist taxpayers who are pensioners or self-funded retirees and who may have difficulty in meeting a state taxation liability under the Premium Property Tax Act, 1998.
- The Budget measures provided for a deferral of payment of a premium property tax liability at a concessional, inflation-adjusted rate of interest for holders of the following Commonwealth Concession Cards:
 - Commonwealth Pensioner Concession Card, and
 - Commonwealth Seniors Health Care Card
- The concession is only intended to apply from the date that the taxpayer becomes eligible for the relevant concession card. Prior to the period of qualification the market rate of interest under the Taxation Administration Act, 1996 will be applied.
- The taxpayer is required to confirm on an annual basis that he/she wishes the arrangement to continue.

Calculation of the Concessional Inflation-adjusted Rate of Interest or Indexation Factor: 1998 and 1999 Land Tax Years

- The concessional interest rates for the 1998 and 1999 land tax years¹ are:

1998: 0.2%

1999: 1.2%

(Reference: Australian Bureau of Statistics, (Sydney) Consumer Price Index - 6401.1 December Quarter 1998 Table 1, Page 5)

Periods through which each Concessional Rate or Indexation Factor will Apply

- The revised Indexation Factor will be applied from 1 March each year.

Application of the Indexation Factor as an Interest Rate

- The CPI Indexation Factor will be applied as a concessional rate of interest on the same basis as the interest rate under s.21 of the Taxation Administration Act, 1996, is applied - that is, as an annual rate calculated daily, from the original due date for payment of the liability until the date of payment.

Example of an Application of the Indexation Factor as a Concessional Rate of Interest

- 1998 Liability: Taxpayer entitled to Concessional Rate of Interest

Amount of Liability: \$2,000.00

Original due date: 10 August, 1998

Deferment to: 10 August, 1999

Calculation

(i) 11 August, 1998 to 28 February, 1999 (202 days) @ 0.2%

$\frac{202}{365} \times 0.2\% \times \$2,000 = \$2.21$

(ii) 1 March, 1999 to 10 August, 1999 (163 days) @ 1.2%

$\frac{163}{365} \times 1.2\% \times \$2,000 = \$10.72$

(iii) Total Debt 10 August 1998 - 10 August 1999

Land Tax liability \$2,000.00

Interest @ 0.2% 2.21

Interest @ 1.2% 10.72

Total \$2,012.93

J.W. Purcell

Chief Commissioner of State Revenue

1 July 1999

¹ For the 2000 land tax year rates and beyond, see the OSR website
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(Deferred Payment Arrangement) - CPI-Adjusted Concessional Rate of Interest for Certain
Premium Property Tax Liabilities