

EXPLANATORY STATEMENT

The *Taxation Administration Act 1999* (the Act) deals with the administration of various tax laws relating to the imposition and collection of certain taxes, duties and fees. Section 25 imposes interest on tax defaults, while section 26 provides specific details of the interest rate and how the market rate component may be set. Subsection 26 (2) empowers the Minister to specify the market rate component by order published in the Gazette.

This instrument revokes the rate previously specified as the market rate component of interest payable and sets the new rate by order under paragraph 26 (2) (b). The specified rate will be 5.08% per annum. This represents a 0.36% per annum increase on the current rate of 4.72% per annum.

The rate is calculated utilising the method used by the Commonwealth under the *Income Tax Assessment Act 1936* to set its quarterly interest rate. The new rate is the weighted average yield set at the last weekly tender for the 13 week Treasury Note before the end of November 1999 rounded to the second decimal place (rounding 0.005 upwards).

The date of effect of this order is 1 January 2000.

Authorised by the Treasurer