

Australian Capital Territory

# Taxation Administration (Interest Payable – Land Rent) Determination 2012 (No 1)

Disallowable instrument DI2012–176

made under the

*Taxation Administration Act 1999*, section 139 (Determination of amounts payable under tax laws)

## EXPLANATORY STATEMENT

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1. The purpose of this instrument is to enable the Minister, under section 139 of the *Taxation Administration Act 1999* (TAA), to determine the interest rate for unpaid land rent payable under a land rent lease under section 21 of the *Land Rent Act 2008* (Land Rent Act) as calculated in accordance with section 22 of the Land Rent Act.
2. Section 139 of the TAA authorises the Minister to determine a rate by which interest is payable under a tax law, including the Land Rent Act.
3. For the purposes of section 21 of the Land Rent Act, the interest rate is set at the sum of the market rate component (i.e. the 90-day bank bill rate) and the premium component. These are defined in section 26 of the TAA and are charged monthly on the outstanding amount of land rent.
4. The interest rate is calculated as simple interest, i.e. a lessee will not be paying interest on interest, as would apply to mortgage payments in default and is non-compounding.
5. This instrument revokes Disallowable Instrument DI2008-137. However, DI2008-137 continues to apply to applications for Discounted Land Rent for the period to 30 June 2012.
6. The change in this instrument is that the interest rate has been amended to include the premium component in addition to the market rate component on outstanding amounts of land rent. This is in line with other interest charges under the TAA. All other aspects of the instrument remain unchanged.

Authorised by the Treasurer  
Andrew Barr MLA