

AUSTRALIAN CAPITAL TERRITORY

TAXATION (ADMINISTRATION) ACT 1987

Instrument No. 91 of 1998

EXPLANATORY STATEMENT

The *Taxation (Administration) Act 1987* (the Act) deals with the administration of various tax laws relating to the imposition and collection of certain taxes, duties and fees. Paragraph 99 (1) (b) empowers the Minister to determine the rate at which an amount of tax, duty, a licence fee or interest payable under a tax law is to be calculated.

This instrument sets the rate of interest on overdue taxes, duties, late lodgement penalties and licence fees payable under section 31 of the Act. The determined rate will be 16.8% per annum.

The rate has been calculated using the methodology of the NSW *Taxation Administration Act 1996*, and, in line with the Australian Taxation Office (ATO) practice, comprises a premium component fixed at 8% by the legislation and a market component, which is the rate applicable for the time being under section 214A (8) of the *Commonwealth Income Tax Assessment Act 1936*, and which has been 8.8% from 1 January 1998.

The previous rate of 20% per annum of unpaid tax was set in the Act, but a recent amendment to section 31 means that the rate shall henceforth be set by determination.

The date of effect of this determination is 10 June 1998, the date of commencement of the amendment.

Authorised by the Treasurer