

Denying deductions for ATO interest

This fact sheet contains information for tax professionals about the law change to deny income tax deductions for the general interest charge (GIC) and shortfall interest charge (SIC).¹

Purpose of the law change

Taxpayers were previously able to claim an income tax deduction for GIC and SIC. Because of this law change, these ATO interest charges are no longer deductible.

Removing the deductibility of GIC and SIC is intended to:

- reinforce taxpayers' obligations to correctly self-assess their liabilities and pay their tax on time², and prevent these objectives from being undermined³
- level the playing field for taxpayers doing the right thing.⁴

Effect of the law change

The amendments to deny claims for deductions will apply in relation to assessments for income years starting on or after 1 July 2025.⁵ This refers to income tax assessments in which deductions for GIC and SIC are no longer allowable.

For most taxpayers, the application provision for this measure has the same effect as if it had been expressed as applying to GIC and SIC incurred on or after 1 July 2025. GIC and SIC incurred before this date will continue to be deductible.

For taxpayers with a substituted accounting period, the application provision applies in a different way (see [Taxpayers with a substituted accounting period](#)).

Taxpayers remain under an obligation to pay their debts when they are due and should consider paying any outstanding amounts as soon as possible to reduce exposure to GIC. Where appropriate, a payment plan may minimise interest charges and help manage obligations.

Liabilities not requiring an assessment

GIC relates to various kinds of tax liabilities and can apply even when an assessment is not needed to create a tax liability.⁶ The amendments to deny deductions for GIC or SIC still apply in such instances. For example, a liability to family trust distribution tax is not dependent on an assessment.

When general interest charge and shortfall interest charge is incurred

When GIC and SIC is deductible depends on when the interest is incurred.

GIC and SIC are incurred when there is a presently existing liability to pay an amount. This is irrespective of whether the amount has been paid or not.

General interest charge

The purpose of GIC is to compensate the community for the time value of money lost due to the late payment of taxes. GIC is calculated by increasing the 'base interest rate', which is the monthly average yield on 90-day bank accepted bills, by 7 percentage points. This annual rate is then converted to a daily rate, which compounds daily and is generally imposed on unpaid tax liabilities.⁷

For unpaid income tax debts, GIC is not incurred until a notice of assessment is served triggering the liability to pay the amount.⁸ This is because income tax is an *assessed tax*.

There are circumstances where the calculation of GIC is backdated for a period before service of the original notice of assessment. For example, when certain default original assessments are made or returns are lodged late, GIC is calculated from the historical statutory due date for payment.

For income tax, if we amend an assessment, the due date for payment of any associated liability is 21 days after the notice of amended assessment is given.⁹

¹ *Treasury Laws Amendment (Tax Incentives and Integrity) Act 2025* received Royal Assent on 27 March 2025.

² Paragraph 2.3 of the Explanatory Memorandum to the Treasury Laws Amendment (Tax Incentives and Integrity) Bill 2025 (EM).

³ Paragraph 2.7 of the EM.

⁴ Paragraph 2.8 of the EM.

⁵ Section 4 of Schedule 2 to the *Treasury Laws Amendment (Tax Incentives and Integrity) Act 2025*.

⁶ Section 8AAB of the *Taxation Administration Act 1953* (TAA).

⁷ Section 8AAD of the TAA.

⁸ *Commissioner of Taxation v Nash* [2013] FCA 336; Decision impact statement on *Commissioner of Taxation v Nash* [2013] FCA 336.

⁹ Subsection 5-5(7) of the *Income Tax Assessment Act 1997*.

GIC would accrue (and be incurred) only after this due date for payment has passed.

GIC can also accrue on running balance account (RBA) deficit debts¹⁰ – for example, business activity statement (BAS) accounts.

Both assessed debts and debts that are not the subject of an assessment can be allocated to an RBA. If there is an RBA deficit debt at the end of a day, GIC is payable on that debt. Therefore, GIC is incurred at the end of each day in the case of RBA deficit debts.

- ▶ For more information, see Attachment A in Law Administration Practice Statement [PS LA 2011/12](#) *Remission of General Interest Charge*.

Shortfall interest charge

The purpose of SIC is to neutralise benefits (for example, loan benefits) taxpayers would otherwise receive from tax shortfalls. SIC applies when assessed tax is increased by an amended assessment (for income tax, SIC applies for the 2004–05 and later income years). SIC is calculated by increasing the base interest rate by 3 percentage points¹¹ and on a daily compounding basis.

SIC is imposed on certain tax shortfalls and is incurred on the same day the notice of amended assessment is given. This is the case even though SIC is calculated for a past period.

In some cases, the SIC liability is notified separately from the notice of amended assessment (for example, because the due date for payment of the SIC falls in the next income year).

- ▶ For more information, see Taxation Determination [TD 2012/2](#) *Income tax: when is shortfall interest charge incurred for the purposes of paragraph 25-5(1)(c) of the Income Tax Assessment Act 1997?*

Specific examples

The following examples illustrate when GIC and SIC are incurred, and thus whether the GIC or SIC is deductible, or not.

Example 1 – GIC on unpaid tax incurred daily

Zara has outstanding income tax liabilities totalling \$2,500. GIC accrues daily on the unpaid amount. Zara pays her liability in full on 15 June 2025.

Any GIC incurred up to and including 15 June 2025 is deductible to Zara. This is because Zara incurred the GIC before 1 July 2025.

As she paid the liabilities in full, there is no further GIC that accrues or is incurred.

The outcome would be different if Zara had not paid her tax debt and GIC continued to accrue daily. Any GIC incurred on her unpaid debt on or after 1 July 2025 would not be deductible.

Example 2 – GIC on unpaid tax debt straddles the 2024–25 and 2025–26 income years

Diego-Sanderson Co has a goods and services tax (GST) liability of \$5,000 for the December 2024 quarter that is due on 28 February 2025. It fails to pay the GST liability and incurs GIC as a result. Diego-Sanderson Co makes full payment on 20 July 2025.

Diego-Sanderson Co can claim a deduction for GIC incurred from 28 February 2025 up to and including 30 June 2025 in its 2024–25 tax return.

However, any amount of GIC Diego-Sanderson Co incurs in the period 1 July 2025 to 19 July 2025 is not deductible and Diego-Sanderson Co cannot claim this GIC as a deduction in its 2025–26 income tax return.

Example 3 – GIC on fringe benefits tax liability

In April 2025, Rosebud in Bloom Co lodges its fringe benefits tax (FBT) return for the FBT year (being 1 April 2024 to 31 March 2025).

As a result, Rosebud in Bloom Co has an FBT liability of \$5,000, which is due for payment on 21 May 2025.¹²

Rosebud in Bloom Co fails to pay the debt by the due date and GIC starts to accrue on the unpaid debt. GIC in this case is incurred as and when it accrues daily.¹³

Rosebud in Bloom Co pays the FBT liability and the GIC on 30 June 2025.

The GIC on the FBT liability of \$5,000 is deductible as it was incurred by Rosebud in Bloom Co before 1 July 2025.

Example 4 – GIC incurred where underlying liability (family trust distribution tax) is not dependent on an assessment

On 2 December 2024, the Eltham Family Trust makes a distribution outside the family group. The liability to family trust distribution tax (FTDT) crystallises by operation of law.¹⁴

Consequently, the trustee of the Eltham Family Trust also becomes liable to FTDT on 2 December 2024.

The FTDT liability does not become due and payable until 21 days from the date of conferral or distribution.¹⁵ In this case, 21 days from the

¹⁰ Section 8AAZF of the TAA.

¹¹ Section 280-105 of Schedule 1 to the TAA.

¹² Section 90 of the *Fringe Benefits Tax Assessment Act 1986* (FBT Act).

¹³ Section 93 of the FBT Act.

¹⁴ See sections 271-75 and 271-90 of Schedule 2F to the *Income Tax Assessment Act 1936* (ITAA 1936).

¹⁵ Section 271-75 of Schedule 2F to the ITAA 1936.

distribution means the FTDT will be due and payable on 23 December 2024.

Non-payment of the FTDT has GIC consequences. GIC begins to accrue 60 days after the FTDT liability becomes due and payable¹⁶ on 23 December 2024. Therefore, GIC will accrue from 21 February 2025 if it remains unpaid.

In this example, the Eltham Family Trust does not pay its FTDT until 20 March 2025. The GIC that was incurred between 21 February 2025 and 20 March 2025 is deductible.

The outcome would be different if the Eltham Family Trust failed to pay the FTDT liability until 11 August 2025. In that scenario, any GIC incurred between 21 February and 30 June 2025 is deductible. However, GIC incurred from 1 July to 10 August 2025 (inclusive) is not deductible.

Example 5 – late lodgment of return where GIC incurred upon service of notice of assessment

Anjali's tax return for the 2020–21 income year is overdue because it needed to be lodged on or before 31 October 2021. She lodges the return late on 8 July 2025.

We serve an original notice of assessment on Anjali on 18 July 2025. The statutory due date for payment of her income tax liability is still 21 November 2021. Anjali pays her income tax liability on 20 August 2025.

GIC is calculated from the statutory due date for payment, but it is not incurred until the day that the notice of assessment is served on Anjali. Given this was on 18 July 2025, the GIC that has accrued is not deductible.

GIC then continues to be incurred daily after the notice of assessment has been served on Anjali and only ceases to accrue when she pays her income tax liability on 20 August 2025.

All the GIC incurred by Anjali is not deductible.

Example 6 – late lodgment of return where some of the GIC is deductible

Carter's tax return for the 2021–22 income year was due on 31 October 2022 but is not lodged until 4 June 2025.

We issue an original notice of assessment for the 2021–22 income year on 16 June 2025. Despite the late lodgment, the statutory due date for payment remains 21 November 2022.

GIC is calculated from the statutory due date for payment, but it is not incurred until the day the notice of assessment is served on Carter. Since the notice was served on 16 June 2025, any GIC incurred from 21 November 2022 to 30 June 2025 is deductible.

Carter fails to pay his income tax liability and only makes payment on 27 August 2025. This means any GIC incurred on or after 1 July 2025 is not deductible.

Example 7 – GIC relating to unpaid GST is incurred from deemed GST assessment

Akio's December 2024 quarter BAS is due for lodgment and payment on 28 February 2025.¹⁷

Akio lodges this late on 15 July 2025. It results in a GST liability of \$7,000.

The assessment is treated as having been made when the BAS is lodged by Akio.¹⁸ GIC calculates from the due date for payment (being 28 February 2025).¹⁹ However, it is not incurred until the assessment is taken to be made on 15 July 2025. Therefore, the GIC is not deductible.

Example 8 – GIC relating to unpaid GST is incurred from deemed GST notice of amended assessment date

Amy's June 2023 quarter BAS is due for lodgment and payment on 28 July 2023. Amy reports a nil amount of GST payable. The Commissioner is treated as having made an assessment when Amy lodges her BAS.

Amy later applies for an amendment in the approved form to her assessment for the June 2023 quarter (that is, she applies for a revision to her BAS for this period).

On 18 February 2024, the application for the amendment is treated as a notice of amended assessment as this is the day that her RBA is adjusted because of the amendment.²⁰ It results in an assessed net amount of \$10,000.

The assessed net amount becomes due for payment in the past, on 28 July 2023 and GIC is calculated from that date. However, the GIC is not incurred until the amended assessment is deemed made on 18 February 2024. Amy pays the assessed net amount and GIC in full.

Amy can claim a deduction for the GIC incurred in her 2023–24 income tax return, as it was incurred on 18 February 2024.

The outcome would be different, and the GIC would not be deductible if the application for amendment was received after 1 July 2025 or Amy's RBA was not adjusted until after that date. This is because the GIC would have been incurred after 1 July 2025 (in the 2025–26 income year).

Example 9 – SIC incurred on service of the notice of assessment

Anthony requests an amendment within the period of review to his income tax assessment for the 2021–22

¹⁶ Section 271-80 of Schedule 2F to the ITAA 1936.

¹⁷ Section 31-8 of the A New Tax System (Goods and Services Tax) Act 1999.

¹⁸ Section 155-15 of Schedule 1 to the TAA.

¹⁹ Section 33-3 of the A New Tax System (Goods and Services Tax) Act 1999.

²⁰ Sections 155-40 and 155-45 of Schedule 1 to the TAA.

income year to include amounts of taxable income that were previously omitted. This results in a tax shortfall of \$10,000. We receive Anthony's request on 5 July 2025 and serve a notice of amended assessment on Anthony on 25 July 2025.

As SIC is incurred when the notice of amended assessment is served (which is after 1 July 2025), the SIC imposed on the shortfall amount of \$10,000 is not deductible.

Shortfall interest charge and when a notice of amended assessment is given

An amount of SIC is incurred when the notice of amended assessment is 'given'.²¹ This means when the notice of amended assessment is served.

When service is taken to be effective will depend on the method we use to serve the document.²²

Notices issued electronically

For notices of amended assessment that are issued electronically (for example, via online services for agents), the issue date will generally reflect when the notice of amended assessment is taken to be served.²³

Therefore, SIC will be incurred on the issue date.

Notices issued by post

However, if a notice of amended assessment is issued via post, the day it is taken to be served will depend on when it would be delivered in the ordinary course of post.²⁴

Any SIC associated with notices of amended assessment issued on or after 1 July 2025 will not be deductible.

Example 10 – SIC is no longer deductible

Little Collie Co self-assesses its taxable income for the 2023–24 income year which results in tax payable of \$37,000. The income tax liability under this deemed assessment is due and payable on 1 December 2024.

On 1 August 2025, the Commissioner gives (that is, serves) an electronic notice of amended assessment by sending it to Little Collie Co's tax agent via online services for agents.

The amended assessment increases the tax payable for Little Collie Co for the 2023–24 income year by \$20,000.

Little Collie Co is liable to pay SIC on the additional income tax payable (the shortfall amount) for each day in the period 1 December 2024 to 31 July 2025.²⁵

The total SIC calculated for the period is incurred by Little Collie Co on 1 August 2025 and therefore is not deductible.

Little Collie Co cannot apportion and deduct the SIC liability for the period 1 December 2024 to 30 June 2025 in the 2024–25 income year. This is because it is only incurred when the notice of amended assessment is given.

Taxpayers with a substituted accounting period

The way this measure applies to taxpayers with an approved substituted account period (SAP) is different to most taxpayers with a standard income year ending on 30 June.

If a taxpayer has an approved SAP, this law change operates to deny deductions for GIC and SIC in relation to assessments for SAPs starting after 1 July 2025.²⁶ The law change does not apply to a SAP that started before 1 July 2025. The SAP is itself considered an 'income year'.

Example 11 – December early balancer

For the 2025–26 income year, a tax return would normally cover the period 1 July 2025 to 30 June 2026. However, Hooper-Jones Co has been approved to adopt a SAP ending on 31 December. It is regarded as an early balancer – that is, the SAP balance date is in lieu of the following 30 June. Its tax return for the 2025–26 income year would cover the period from 1 January 2025 to 31 December 2025.

Hooper-Jones Co can continue to deduct any GIC and SIC it has incurred for the period starting on 1 January 2025 to 31 December 2025 in its 2025–26 tax return.

However, Hooper-Jones Co will no longer be able to claim a deduction from its next SAP starting on 1 January 2026 and ending on 31 December 2026.

Example 12 – November late balancer

Albatross Studios has been approved to adopt a SAP ending on 30 November and is regarded as a late balancer – that is, the SAP balance date is in lieu of the preceding 30 June. Its tax return for the 2024–25

²¹ See TD 2012/2, in particular paragraph 1 and Example 2 at paragraph 5.

²² Relevant provisions of reference include sections 14 and 15 of the *Taxation Administration Regulations 2017*, sections 28A and 29 of the *Acts Interpretation Act 1901*, section 14A of the *Electronic Transactions Act 1999* and section 109X of the *Corporations Act 2001*.

²³ Paragraph 14A(1)(a) of the *Electronic Transactions Act 1999* and subparagraph 14(1)(c)(ii) of the *Taxation Administration Regulations 2017*.

²⁴ Section 29 of the *Acts Interpretation Act 1901*.

²⁵ Subsection 280-100(2) of Schedule 1 to the TAA.

²⁶ The earliest a SAP can start is 2 July as it will otherwise be the same 12-month period as a standard income year.

income year would cover the period 1 December 2024 to 30 November 2025.

In Albatross Studios' 2024–25 income tax return, it can continue to deduct GIC and SIC incurred for the period from 1 December 2024 to 30 November 2025. However, Albatross Studios will no longer be able to claim these amounts from its next SAP that starts on 1 December 2025 and ends on 30 November 2026.

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- For more information, see Law Administration Practice Statement [PS LA 2007/21](#) *Substituted accounting periods (SAPs)*.

Remission of general interest charge and shortfall interest charge

There are no changes to the discretionary provisions that give the Commissioner the power to remit GIC and SIC as part of this law change.²⁷

Remission of interest charges can still be requested if circumstances warrant it.

We have not made any changes to our existing remission policy because of this law change.

Cash flow issues alone resulting from an inability to claim a deduction will likely be insufficient grounds for us to grant remission. For instance, if a taxpayer's ability to pay on time is affected because available funds are used to buy assets or to pay other creditors, this will not usually qualify for remission.²⁸

- For more information, see PS LA 2011/12 and Law Administration Practice Statement [PS LA 2006/8](#) *Remission of shortfall interest charges and general interest charge for shortfall periods*.

Review rights

There are no changes to the ability and avenues to seek review of a decision not to remit GIC and SIC as part of this law change.

If we decide not to remit GIC, there are no objection rights under Part IVC of the *Taxation Administration Act 1953*.

If we decide not to remit SIC, there are objection rights under Part IVC of the *Taxation Administration Act 1953*, provided the amount not remitted is more than 20% of the shortfall.²⁹

Taxpayers can seek judicial review under the *Administrative Decisions (Judicial Review) Act 1977* of a decision not to remit either GIC or SIC.

- For more information, see [Remission of interest charges](#)

Assessability of amounts of general interest charge and shortfall interest charge remitted

The assessability of amounts of GIC or SIC that have been remitted depends on whether a deduction can (or has) been claimed. Remissions of GIC and SIC are assessable only if the original interest was deductible.

A remitted amount of GIC or SIC is considered an assessable recoupment if the deduction:

- can be claimed for the current income year, or
- was claimed, or could have been claimed, for an earlier income year.³⁰

The timing of the actual remission will determine the year the amount is to be reported. Any assessable recoupment must be declared in the income year when the remission is granted.

If a deduction for an amount of GIC and SIC cannot be claimed, any remission of that amount will no longer be assessable.

Other concepts relating to assessable income are not relevant to remitted amounts of GIC and SIC in this context.

Example 13 – SIC deductible and assessable recoupment following remission

On 1 December 2024, Robert incurs SIC in relation to an amended assessment for the 2022–23 income year. Robert can deduct the SIC he incurred in his 2024–25 tax return. This is because the SIC was incurred when the amended assessment was given in the 2024–25 year.

Robert later writes to the Commissioner to request remission of the SIC. On 2 July 2025, we agree to remit part of the SIC. Robert has to report that part of the SIC which was remitted in his 2025–26 tax return as an assessable recoupment because this is the year the remission occurred.

Example 14 – GIC incurred after 1 July 2025 – no deduction or assessable recoupment

Winnie Cat Co has an income year ending 30 June. On 6 August 2025, Winnie Cat Co is given a notice of amended assessment for the 2021–22 income year. The amended assessment has a payment due date

²⁷ Section 8AAG of the TAA and section 280-160 of Schedule 1 to the TAA, respectively.

²⁸ Section 4 of PS LA 2011/12.

²⁹ Section 280-170 of Schedule 1 to the TAA.

³⁰ Subsection 20-20(3) of the ITAA 1997.

of 27 August 2025.³¹ Winnie Cat Co does not pay the liability by the due date and incurs GIC daily on the unpaid amount.

Winnie Cat Co later pays the primary tax debt but requests a remission of the GIC from the Commissioner. We decide to remit the GIC in full. However, the GIC was incurred after 1 July 2025 and is no longer deductible. Therefore, any amount later remitted does not need to be reported by Winnie Cat Co as an assessable recoupment.

Delays in issuing a notice of amended assessment

We endeavour to complete audit activities within certain timeframes.

If an ongoing audit is not finalised and a notice of amended assessment is not issued until after 30 June 2025, any associated SIC will not be deductible. This includes where the delay was caused by the ATO.

Our policy in PS LA 2006/8 addresses circumstances where there has been a delay in our audits – for example, where the expected audit completion date was exceeded or if there is an unreasonable delay by us even where that expected completion date is not exceeded.

Our delays are a matter we can continue to consider when deciding whether to remit any associated SIC.

- For more information, see paragraphs 12 to 15 of [PS LA 2006/8](#).

Payment plans and general interest charge

GIC will continue to accrue if the ATO debt is being paid off through a payment plan. GIC incurred on or after 1 July 2025 will no longer be deductible.³²

Even though a taxpayer may have a payment plan in place, they can limit their exposure to GIC by paying as much as they can, as early as they can. If a taxpayer is in a payment plan, it does not preclude additional repayments being made.

Assessability of credit interest we pay

This law change has no impact on the assessability of interest we pay, such as interest on early

payments. The credit interest that we pay must still be returned as assessable income.³³

- For more information, see Law Administration Practice Statement PS LA 2011/23 *Credit interest* and [Interest we pay](#)

Managing tax affairs

Paying off an ATO debt as soon possible will reduce the amount of interest payable.³⁴

If paying in full is not an option, setting up a payment plan can help. However, it is best to have a payment plan set up over the shortest possible timeframe to minimise the amount of interest charged. Even if a payment plan is not possible, taxpayers can still limit their exposure to interest charges by paying as much as they can, as early as possible.

Additionally, for business taxpayers, adopting good payment habits can help prevent a tax debt. Habits such as:

- keeping GST, pay as you go withholding and superannuation separate from business cashflow, to ensure funds are available when payments are due
- using digital tools to automate and streamline operations, and
- choosing software designed for specific needs.

Deductibility of interest on borrowings used to pay tax liabilities

If a taxpayer obtains finance to pay a tax debt, you may need to consider what this will mean for your client.

Taxpayers can generally deduct expenses relating to their tax affairs³⁵, but deductions for expenses incurred in borrowing money, including interest, are specifically excluded.³⁶ That said, interest on borrowings to pay tax may still be deductible for business taxpayers under the general deduction provision.³⁷

Business taxpayers

Taxpayers carrying on a business may be able to claim a deduction for interest incurred on borrowings used to pay a tax related liability³⁸ under the general deduction provisions but only if that interest is necessarily incurred in carrying on the business for

³¹ In this example, Winnie Cat Co is liable for SIC as well as primary tax.

³² Under subsection 255-15(2) of Schedule 1 to the TAA, payment arrangements do not vary the time at which the amount becomes due and payable.

³³ Section 15-35 of the ITAA 1997.

³⁴ Note: payment of a tax debt is not taken to be made until it is received by us pursuant to section 8AAZM of the TAA.

³⁵ Subsection 25-5(1) of the ITAA 1997.

³⁶ Paragraph 25-5(2)(c) of the ITAA 1997.

³⁷ Section 8-1 of the ITAA 1997.

³⁸ This may include interest on borrowings used to pay income tax, GST, or other non-income tax liabilities. See section 250-10 of Schedule 1 to the TAA for further examples of tax-related liabilities which may be relevant in this context.

the purpose of gaining or producing assessable income.³⁹

The outgoing must have the character of a working or operating expense of the taxpayer's business or be an essential part of the cost of its business operations.

Whether the investment activities of a company amount to carrying on a business is a question of fact which must be assessed on a case-by-case basis.⁴⁰

Individuals not in business

Individual taxpayers who are not carrying on a business **cannot claim** a deduction for interest on borrowings used to pay tax related liabilities under the general deduction provisions.

This is because these expenses are not incurred in gaining or producing assessable income as tax is paid after the income has been derived or earned.

Individual partners in a partnership

Individual partners in a partnership **cannot claim** a deduction for interest on borrowings used to pay tax-related liabilities under the general deduction provisions.

Personal expenses of an individual partner, including interest on borrowings to pay a tax debt relating to a

distribution from the partnership, are not incurred in the carrying on of a partnership business and are not incurred in gaining or producing assessable income as tax is paid after the income has been derived or earned by the partnership.⁴¹

Pre-fill information

For Tax Time 2025 and earlier years, the interest that an individual taxpayer may claim as a deduction or report as interest income, will be pre-filled in their tax returns if they lodge online using myTax.

Any pre-fill amounts should be checked against the taxpayer's own records.

The pre-fill reports will change for Tax Time 2026. We will update tax return instructions, processes and our web content, to reflect this law change.

► For more information, see [Calculate and report ATO interest](#).

More information

For more information, see [Denying deductions for ATO interest charges](#).

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

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³⁹ Paragraph 8-1(1)(b) of the ITAA 1997 and consistent with Taxation Ruling IT 2582 *Income tax: deductibility of interest incurred on moneys borrowed to pay income tax*.

⁴⁰ See Taxation Ruling TR 2019/1 *Income tax: when does a company carry on a business?*

⁴¹ See Taxation Determination TD 2000/24 *Income tax: are partners entitled to a deduction under section 8-1 for interest on borrowings to pay personal income tax?*