

ATO RECEIVABLES POLICY

PART F Interest Payable by the Commissioner

Chapter 81

INTRODUCTION TO PART F – INTEREST PAYABLE BY THE COMMISSIONER

The policy in this chapter is to be followed by Tax Office staff. We have made every effort to ensure it is technically accurate, but in the interests of clarity it has been written in 'plain English' and should not be read or interpreted like legislation. If you feel that something in the chapter is wrong or misleading, please advise the Tax Office.

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PURPOSE

1. This chapter introduces Part F of the ATO Receivables Policy which outlines the various types of interest payable by the Commissioner (credit interest).
2. Subsequent chapters detail the legislation and policy regarding the payment of credit interest.

INTEREST PAYABLE

3. Various tax laws provide for interest to be paid to taxpayers in certain circumstances. These interest entitlements are largely contained in the *Taxation (Interest on Overpayments and Early Payments) Act 1983* (T(IOEP)A). Generally, this Act provides for credit interest to be paid on certain refunded amounts where the amounts are not refunded within a specified time.
4. There are three general categories under the T(IOEP)A which create credit interest entitlements for taxpayers in certain circumstances:
 - interest on early payments
 - interest on overpayments, and
 - delayed refund interest.
5. **Interest on early payments** is payable to a taxpayer on applicable payments made more than 14 days before the due date for payment of the liability.
6. **Interest on overpayments** may be paid to a taxpayer as a result of:
 - a refund of an amount which was credited as part of an assessment process or the refunding of certain amounts credited after the assessment has been made
 - a refund of an amount following a remission of certain penalties or
 - a refund or crediting of certain other amounts, andthat remission, refund or crediting is made more than 30 days after the relevant day.

7. Interest on overpayments may also be payable following a successful objection or appeal.
8. **Delayed refund interest** is payable to a taxpayer where there has been a delay in refunding a running balance account (RBA) surplus or a credit (including a non-RBA credit) to an entity pertaining to a business activity statement (BAS) amount, and the entity has not materially contributed to that delay.
9. If these refunds are not paid to the taxpayer within 14 days then delayed refund interest is payable. It is calculated from the prescribed day until the day on which the refund is made.
10. There are circumstances in which certain refunds may be retained, including:
 - (i) where the taxpayer has not given notification that is required under any of the BAS provisions (for example where the taxpayer has outstanding earlier activity statements or where we request further or fuller GST returns)
 - (ii) where required disclosures have not been notified, or
 - (iii) where the taxpayer has not specified financial institution account details into which the refund should be paid (unless appropriate direction has been given that the payment be made in another way).
11. The existence of these circumstances may affect any interest payable. (Refer to Chapter 74 'Retained refunds - financial account details not provided' and Chapter 75 'Retained refunds - activity statements or other related information not provided & other restrictions on refunds').
12. Similarly, if a refund of certain voluntary payments or a refund arising from the remission of certain penalties relating to a BAS amount is not paid to a taxpayer within 14 days of the request for refund or remission then delayed refund interest is payable.
13. Any refund or credit, including an amount of credit interest that a taxpayer is entitled to under the relevant laws may be applied against their other taxation liabilities.
14. Interest on overpayments, interest on early payments and delayed refund interest do not apply to debts arising under the *Excise Act 1901*.

Chapter 81 - Archived version

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