TD 93/D213 - Income tax: Offshore Banking Units (OBU) - is an OBU required to maintain separate bank accounts and separate nostro accounts?

This cover sheet is provided for information only. It does not form part of TD 93/D213 - Income tax: Offshore Banking Units (OBU) - is an OBU required to maintain separate bank accounts and separate nostro accounts?

This document has been finalised by <u>TD 95/3</u>.



Taxation Determination TD 93/D213

FOI Status: draft only - for comment

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Draft Taxation Determination

Income tax: Offshore Banking Units (OBU) - is an OBU required to maintain separate bank accounts and separate nostro accounts?

- 1. Yes. As pointed out in the Explanatory Memorandum to *Taxation Laws Amendment Act* (No. 4) 1992, an OBU is required to maintain a separate pool of funds and to keep separate identifiable records in respect of the offshore banking activities. These records have to be maintained as though the OBU were a bank conducting banking activities with another person. Accordingly funds are required to move through separate bank accounts including nostro/vostro accounts.
- 2. The legislation envisages a complete separation of offshore and domestic banking if the revenue is to be protected. The aggregation of nostro accounts with reliance upon separate accounting records would not provide a satisfactory assurance against the blending of non-OBU and OBU monies. The use of a single nostro account to hold a particular foreign currency would create a serious risk that transactions with Australian residents might be included in the offshore banking part of the business.

Commissioner of Taxation

19/8/93

FOI INDEX DETAIL: Reference No.

Related Determinations: Related Rulings:

Subject Ref: Offshore banking; record keeping; nostro accounts

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