

IT 123 - Drought bonds



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TAXATION RULING NO. IT 123

DROUGHT BONDS

F.O.I. EMBARGO: May be released

REF

H.O. REF: J.153/110/1 P4 F177

DATE OF EFFECT:

B.O. REF:

DATE ORIG. MEMO ISSUED: 08.07.71

F.O.I. INDEX DETAIL

REFERENCE NO:

SUBJECT REFS:

LEGISLAT. REFS:

I 1102676

DROUGHT BONDS

159

DROUGHT AREA -

159B

EFFECTIVE DATE

REDEMPTION DATE

FACTS

As a result of representations being received, consideration has been given to two aspects of the drought bond scheme.

2. The first matter concerns the effective date of declaration and revocation of a drought area. Section 18 of the Loan (Drought Bonds) Act 1969 provides for the Minister for Primary Industry to make these declarations and for the declarations to be published in the Gazette.

3. The second matter concerns the date of redemption of bonds where a request is lodged for redemption on account of drought, fire or flood, i.e. those cases where the proceeds of redemption are to be included in assessable income in accordance with section 159B(2) of the income tax law. Representations have been made seeking the back-dating of redemption declarations on account of drought, fire or flood in those cases where requests for redemption are lodged in one income year and are not dealt with by the Taxation Office until the following income year. The most obvious case is where a request is lodged with a Taxation Office in the last week of June and the declaration is not made until July. What is being sought, of course, is that the proceeds of redemption become assessable income of the income year in which the request is made rather than the following year.

RULING

4. In relation to the first matter, it has been decided that neither the declaration nor the revocation is an effective instrument until it is gazetted. Consequently, the declaration and revocation have effect on and from their respective gazettal dates and not before.

5. As to the second matter, it has been decided to accede to the request but it is stressed that the date of declaration of redemption cannot be a date earlier than the date of lodgment of the request at a Taxation Office.

COMMISSIONER OF TAXATION

