


IT 2054W - Interest withholding tax: Treasury Notes and Commonwealth Bonds

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Notice of Withdrawal

Taxation Ruling

Interest withholding tax: Treasury Notes and Commonwealth Bonds

Taxation Ruling IT 2054 is withdrawn with effect from today.

1. Taxation Ruling IT 2054 deals with the liability for interest withholding tax of non-resident investors (who are not engaged in the business of buying and selling securities) in respect of Commonwealth Government securities they purchased from the holder for a price less than the face or par value of the securities. In particular, IT 2054 discusses the definition of interest.
2. IT 2054 is being withdrawn because recent amendments to subsection 128F(7) of the *Income Tax Assessment Act 1936* (ITAA 1936) have rendered the ruling no longer relevant. For interest paid on or after 5 December 2009, *Tax Laws Amendment (2009 Measures No. 5) Act 2009* amends subsection 128F(7) of the ITAA 1936 to allow Commonwealth Government securities to be eligible for exemption from interest withholding tax in accordance with the public offer rules in section 128F of the ITAA 1936.
3. Accordingly, non-resident investors in Commonwealth Government securities whose issue satisfies the public offer rules in section 128F of the ITAA 1936 will have no interest withholding tax liability regardless of the definition of interest discussed in IT 2054.
4. No replacement product for the withdrawn IT 2054 is required. No areas of uncertainty have been raised in relation to the new subsection 128F(7) of the ITAA 1936.

Commissioner of Taxation
23 June 2010

ATO references

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