


IT 259 - Special areas for zone allowance purposes

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TAXATION RULING NO. IT 259

SPECIAL AREAS FOR ZONE ALLOWANCE PURPOSES

F.O.I. EMBARGO: May be released

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ZONE REBATES

79A

SHORTEST PRACTICABLE

79A(3D)

SURFACE ROUTE

79A(3E)

NEAR NEIGHBOUR DISCRETION

79A(4)

DEFINITION - SURFACE

ROUTE

OTHER RULINGS ON TOPIC

IT 343

FACTS

From 1 November 1981 a special basic rebate of \$750, in lieu of the ordinary basic rebate of \$216 and \$36 for Zone A and Zone B respectively, is available for people residing or spending the required period of time in particularly isolated areas (the special area) within either zone, ie, at places in excess of 250 kilometres by the shortest practicable surface route from the centre of the nearest population centre of 2,500 or more (based on 1976 census data).

2. The following guidelines are issued to assist in determining special areas for zone allowance purposes.

RULING

Shortest Practicable Surface Route
General

3. The test to determine special areas for zone allowance purposes is in similar terms to that used to determine "remoteness" for the purpose of taxing subsidised housing benefits of employees. The guidelines set out in paragraphs 8 and 9 of IT67 concerning housing benefits are generally applicable for establishing the shortest practicable surface route for zone allowance purposes also. The following additional comments may be of assistance.

Road Routes

4. In the vast majority of cases, road routes will be the shortest practicable surface routes to and from population centres. Where the road is reasonably well-defined, whether it is a sealed highway or a major or minor access road (public or private), and is normally used by zone residents to travel between a point in a zone area and the relevant population centre, the distance by that road will determine eligibility for the special basic zone rebate.

5. The fact that the road in question may be occasionally impassable as a result of floods, etc, will not mean that it is not a practicable route. However, a road that is regularly impassable for a significant part of the year will not be a practicable route.

Water Routes

6. Where a water route is wholly or partly the generally adopted method of travelling to and from a population centre, that route would, to that extent, form the practicable route. It would not be reasonable, however, to treat a water route as being practicable if it was not readily negotiable, in terms of water conditions or distance, unless there was a regular passenger service available.

7. For example, in the case of Groote Eylandt (in the Gulf of Carpentaria), it is understood that there is no passenger boat service between the island and the nearest population centre of 2,500 or more (Nhulunbuy - which is about 200 kilometres away by water) and that the generally adopted means of travel to and from the island is by air to more distant centres. In these circumstances, it is considered that the water route from the island to Nhulunbuy is not a practicable route. Indeed, it is accepted that there is no practicable surface route, (which does not include an air route) between the two places, and Groote Eylandt has, on that basis, been accepted as being in the special area.

8. Where there is a practicable water route, the fact that one or more of the residents of a particular area choose to fly rather than use the water route, will not make that area a special area.

Train Routes

9. It would seem that only in exceptional cases would a train route be a practicable route in remote zone areas. In view of their infrequency, train services would not normally be the means by which zone residents would travel to and from a population centre - they could generally be expected to travel by road. Accordingly, if the distance by rail from a point in a zone area to the nearest population centre of 2,500 or more is less than 250 kilometres, while by road it is more than 250 kilometres, the point should not be excluded from the special zone area without prior reference to Head Office.

Summary

10. The question to be decided is whether the particular route is the generally accepted and reasonably available means of travel for the relevant zone residents as a whole. The circumstances of a particular individual, for example whether or not he or she actually owns a car or boat, is not the determining factor.

11. Where, on applying the above guidelines, it is established that there is no practicable surface route from a point in a zone to the nearest population centre, that point should be accepted as being in the special zone area.

Near Neighbours

12. The new zone allowance arrangements, like the taxation of employee housing benefits legislation, also introduce the concept of a near-neighbour test. Sub-section 79A(3E) is designed to reduce anomalies that could arise through a strict interpretation of the 250 kilometre shortest practicable surface route test. Where near neighbours reside on either side of the 250 kilometre dividing line, this test should be used to provide consistent treatment between the neighbours.

13. Operation of this sub-section is not intended to be used to allow the special rebate to cases other than "borderline" cases as outlined above.

COMMISSIONER OF TAXATION