

MT 2006 - Bank account debits tax : Australian Resources Development Bank Limited



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TAXATION RULING NO. MT 2006

BANK ACCOUNT DEBITS TAX : AUSTRALIAN RESOURCES
DEVELOPMENT BANK LIMITED

F.O.I. EMBARGO: May be released

REF

H.O. REF: J49/283

DATE OF EFFECT:

B.O. REF: Melb 6/BA/SCB1/1 DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:

SUBJECT REFS:

LEGISLAT. REFS:

I 1082653

BANK ACCOUNT DEBITS TAX
AUSTRALIAN RESOURCES
DEVELOPMENT BANK

BANK ACCOUNT DEBITS
TAX ADMINISTRATION
ACT 1982
SUB-SECTION 3(1)

FACTS

The Australian Resources Development Bank Limited provides finance for projects in which Australian interests are participating in the development of Australian resources. It has banking status under the Banking Act. However, the bank does not maintain accounts which may be debited with cheques drawn by account holders. The bank maintains accounts in its own name with other banks.

2. Under sub-section 3(1) of the Bank Account Debits Tax Administration Act 1982 (the Act) a bank is defined as:

"... a person carrying on banking business that includes the keeping of accounts that may be drawn on by cheque."

3. The "excluded debit" definition in sub-section 3(1) of the Act exempts debits to accounts kept by, inter alia, a bank with another bank that carries on banking business in Australia.

RULING

4. Because the Australian Resources Development Bank Limited does not maintain accounts which may be debited with cheques drawn by account holders, it is not a "bank" as defined in the Act. It does not have a liability, therefore to pay the tax in terms of section 8 of the Act. It also follows that debits to accounts it maintains with other banks which carry on banking business in Australia are not "excluded debits" as defined and tax is payable on such debits.

COMMISSIONER OF TAXATION
4 April 1984

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