


# ***TD 92/185 - Income tax: to which money market securities do the tax file number rules apply?***

 This cover sheet is provided for information only. It does not form part of *TD 92/185 - Income tax: to which money market securities do the tax file number rules apply?*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

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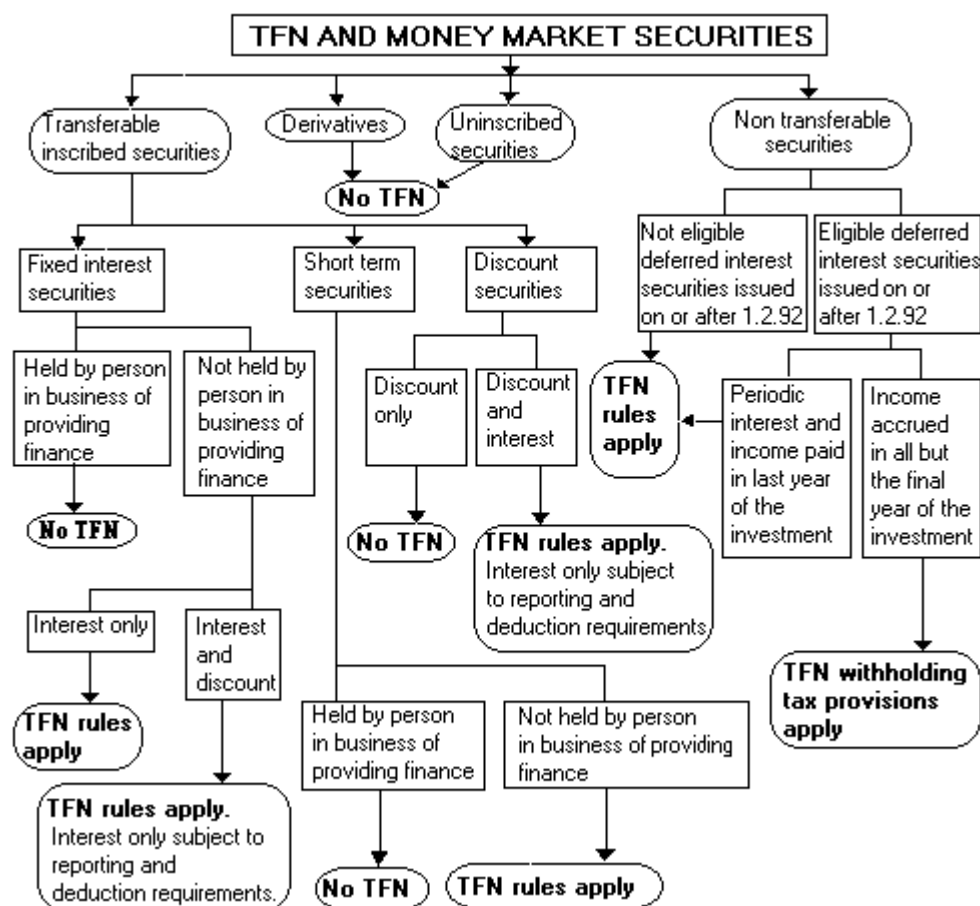
## Taxation Determination

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### Income tax : to which money market securities do the tax file number rules apply?

1. Uninscribed securities (i.e. where a register of investors is not maintained) and derivatives (such as interest rate futures contracts, forward rate agreements and repurchase agreements) are not subject to tax file number (TFN) arrangements. Inscribed securities (i.e. where a register of investors is maintained) are generally subject to TFN arrangements.
2. The TFN rules in Part VA and Division 3B of Part VI of the *Income Tax Assessment Act 1936* apply to the following three main types of **transferable** inscribed money market securities:
  - . **short term securities** (such as overnight loans), other than those held by a person in the business of providing business or consumer finance. Persons in the business of providing business or consumer finance should ensure that the investment body is aware that they are excluded from the TFN rules;
  - . **discount securities** (i.e. securities which derive income through the difference between the purchase price of the security and its redemption value), other than those which derive income solely on a discount basis. The TFN reporting and deduction requirements apply only to the interest component of the investment; and
  - . **fixed interest securities** (i.e. securities which are issued at face value or at a discount or premium to reflect the difference between the interest rate paid on the security and the current market rate), other than those held by a person in the business of providing business or consumer finance. As with discount securities, the TFN reporting and deduction requirements apply only to the interest component of the investment.
3. The TFN rules apply to **non-transferable** securities regardless of whether income is earned by way of interest or discount. Income accrued under an eligible deferred interest investment issued on or after 1 February 1992 is subject to the TFN withholding tax provisions of Subdivision C of Division 3B of Part VI in all but the final year of the investment.

4. The above is depicted in the following chart :



## Commissioner of Taxation

05/11/92

FOI INDEX DETAIL: Reference No. I 1213601

Previously issued as Draft TD 92/D116

Related Rulings: IT 2634

Subject Ref: tax file numbers and money market securities; investments; inscribed securities

Legislative Ref: ITAA Part VA ; ITAA Division 3B of Part VI

ATO Ref: 91/5640-2

ISSN 1038 - 8982