



***TD 92/193 - Income tax: is the interest component of Household Support repayments, under the States and Northern Territory Grants (Rural Adjustment) Act 1988 , an allowable deduction under subsection 51(1) of the Income Tax Assessment Act 1936 (ITAA)?***

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 This document has changed over time. This is a consolidated version of the ruling which was published on 26 November 1992

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVA 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: is the interest component of Household Support repayments, under the *States and Northern Territory Grants (Rural Adjustment) Act 1988*, an allowable deduction under subsection 51(1) of the *Income Tax Assessment Act 1936* (ITAA)?**

1. Household Support Assistance (HSA) is paid to farmers adjusting out of farming to provide for their immediate essential living requirements.
2. Where the farmer is required to repay the assistance received, any interest component of the repayments must draw its character from the use of the payments. Payments used for living requirements are characterised as of a private or domestic nature. Therefore the interest component of the repayments of HSA where the money was used for living requirements is not an allowable deduction under subsection 51(1) of the ITAA.

*Example:*

*Farmer X receives HSA payments which are used for essential living requirements. After 18 months he/she decides to stay in the industry and is required to repay the loan with interest. The interest is not an allowable income tax deduction because the HSA payments are used for private and or domestic purposes.*

**Commissioner of Taxation**

26/11/92

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