


TD 94/51 - Income tax: when does the exemption period commence in relation to a direct or indirect infrastructure borrowing?

 This cover sheet is provided for information only. It does not form part of *TD 94/51 - Income tax: when does the exemption period commence in relation to a direct or indirect infrastructure borrowing?*

 This document has changed over time. This is a consolidated version of the ruling which was published on *16 June 1994*

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, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Taxation Determination

Income tax: when does the exemption period commence in relation to a direct or indirect infrastructure borrowing?

1. The exemption period commences at the time of the borrowing. The time of the borrowing is when the lender borrower relationship is created under an agreement in respect of an infrastructure borrowing, that is, the time when the indebtedness first arises under the agreement - not when the funds are expended on the infrastructure facility. In general, indebtedness arises when the funds are advanced by the lender or raised by the borrower.

Example

On 1 July a company enters into a loan agreement to obtain funds over a two year construction period. The borrowed funds are to be spent on a qualifying infrastructure facility. The agreement provides for the funds to be advanced immediately. The exemption period commences on 1 July.

Commissioner of Taxation

16/6/94

FOI INDEX DETAIL: Reference No. I 1217502

Previously issued as Draft TD 94/D4

Related Determinations: TD 94/49, TD 94/50, TD 94/52, TD 94/53

Subject Ref: exemption period; infrastructure borrowing

Legislative Ref: ITAA 159GZZZU

ATO Ref: Public Infrastructure Unit; PIU DTD 94/D4

ISSN 1038 - 8982