



***TD 95/3 - Income tax: Offshore Banking Units (OBU):  
is an OBU required to maintain separate bank  
accounts and separate nostro accounts?***

 This cover sheet is provided for information only. It does not form part of *TD 95/3 - Income tax: Offshore Banking Units (OBU): is an OBU required to maintain separate bank accounts and separate nostro accounts?*

 This document has changed over time. This is a consolidated version of the ruling which was published on *27 January 1995*

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).

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## Taxation Determination

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### **Income tax: Offshore Banking Units (OBU): is an OBU required to maintain separate bank accounts and separate nostro accounts?**

1. Yes. As pointed out in the Explanatory Memorandum to *Taxation Laws Amendment Act (No 4) 1992*, an OBU is required to maintain a separate pool of funds and to keep separate identifiable records in respect of the offshore banking activities. These records have to be maintained as though the OBU were a bank conducting banking activities with another person. Accordingly funds are required to move through separate bank accounts including nostro/vostro accounts.

2. The legislation envisages a complete separation of offshore and domestic banking if the revenue is to be protected. The aggregation of nostro accounts with reliance upon separate accounting records would not provide a satisfactory assurance against the blending of non-OBU and OBU monies. The use of a single nostro account to hold a particular foreign currency would create a serious risk that transactions with Australian residents might be included in the offshore banking part of the business.

**Commissioner of Taxation**  
27/1/95

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Related Determinations:

Related Rulings:

Subject Ref: offshore banking; record keeping; nostro accounts

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