


# ***TR 93/16A - Addendum - Income tax: application of the 'Rule of 78' or other methods in calculating the interest component of instalments paid under a fixed term loan or extended credit transaction***

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# Addendum

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## Taxation Ruling

Income tax: application of the 'Rule of 78' or other methods in calculating the interest component of instalments paid under a fixed term loan or extended credit transaction

This Addendum amends Taxation Ruling TR 93/16 to clarify that the 'Rule of 78' method cannot be used for transactions to which Division 240 of the *Income Tax Assessment Act 1997* applies. Division 240 applies to arrangements entered into after 27 February 1998.

**Taxation Ruling TR 93/16 is amended as follows:**

### Paragraph 8

Delete full stop at the end of the fifth dash point and replace with '**; and**'.

Insert a sixth dash point:

- transactions to which Division 240 of the *Income Tax Assessment Act 1997* applies. (An example of a Division 240 calculation can be found in the Explanatory Memorandum to Taxation Laws Amendment Bill No.1 2001).

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**Commissioner of Taxation**

7 July 2004

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ATO references

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