

TD 93/D201 - Income tax: Offshore Banking Units (OBU) - if an OBU carries on a business of trading in shares or debt instruments, such that the trading is an offshore banking (OB) activity for the purposes of subsection 121D(1), are dividends and interest derived from holding the shares or debt instruments assessable OB income?

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This document has been finalised by TD 93/206.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax: Offshore Banking Units (OBU) - if an OBU carries on a business of trading in shares or debt instruments, such that the trading is an offshore banking (OB) activity for the purposes of subsection 121D(1), are dividends and interest derived from holding the shares or debt instruments assessable OB income?

1. Yes. Subsection 121EE(2) of the *Income Tax Assessment Act 1936* defines the assessable OB income of an OBU as so much of the OBU's assessable income as is derived from OB activities, or included in assessable income because of such activities.
2. Dividends and interest accruing from instruments held in an OBU's trading portfolio clearly fall under the second limb of subsection 121EE(2) and, therefore, qualify as assessable OB income.

Commissioner of Taxation
19/8/93

FOI INDEX DETAIL: Reference No.

Related Determinations:

Related Rulings:

Subject Ref: Offshore banking, OBUs, assessable OB income

Legislative Ref: ITAA 121D(1); ITAA 121EE(2)

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