TD 93/D213 - Income tax: Offshore Banking Units (OBU) - is an OBU required to maintain separate bank accounts and separate nostro accounts?

Units cover sheet is provided for information only. It does not form part of *TD* 93/D213 - Income tax: Offshore Banking Units (OBU) - is an OBU required to maintain separate bank accounts and separate nostro accounts?

This document has been finalised by TD 95/3.



FOI Status: draft only - for comment

Page 1 of 1

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) - 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 19/8/93

FOI INDEX DETAIL: Reference No. Related Determinations: Related Rulings: Subject Ref: Offshore banking; record keeping; nostro accounts Legislative Ref: ITAA 262A Case Ref: ATO Ref: 93/3707-5

ISSN 1038 - 8982