


TD 94/D6 - Income tax: what is an appropriate treatment for funds that have been raised under an infrastructure borrowing, but which are not immediately used?

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This document has been finalised by TD 94/53.

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Draft Taxation Determination

Income tax: what is an appropriate treatment for funds that have been raised under an infrastructure borrowing, but which are not immediately used?

1. Funds which are intended to be spent on the construction of one or more infrastructure facilities, or the construction or acquisition of one or more related facilities, might be raised before expenditure is contractually required to be made for the construction or acquisition of the facilities. Funds which are intended to be lent by way of a further infrastructure borrowing might be raised before the infrastructure borrowing is to be made. In such cases the funds may be placed on deposit before they are used.
2. Raising of funds is not of itself evidence that the funds are intended to be spent in a manner prescribed by section 159GZZZZA of the *Income Tax Assessment Act 1936* and the placement of funds on deposit does not constitute an expenditure of money for the purposes of section 159GZZZZA.
3. Interest received from the placement by the borrower of such funds on deposit before their use would be assessable income of the borrower; it is not due in relation to the infrastructure borrowing itself. Interest paid by the borrower is not deductible to the borrower: subsection 159GZZZZE(1). It is due in relation to the infrastructure borrowing.

Commissioner of Taxation

13/1/94

FOI INDEX DETAIL: Reference No.

Related Determinations:

Related Rulings:

Subject Ref: Infrastructure borrowings; public infrastructure projects.

Legislative Ref: ITAA 159GZZZZV, ITAA 159GZZZZA, ITAA 159GZZZZE(1).

Case Ref:

ATO Ref: Public Infrastructure Unit DTD/16

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