



# ***MT 2009 - Bank account debits tax: excluded debit: whether government auditors-general carry on activities in the nature of a business***

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TAXATION RULING NO. MT 2009

BANK ACCOUNT DEBITS TAX: EXCLUDED DEBIT: WHETHER  
GOVERNMENT AUDITORS-GENERAL CARRY ON ACTIVITIES IN THE  
NATURE OF A BUSINESS

F.O.I. EMBARGO: May be released

REF

H.O. REF: 83/5380

DATE OF EFFECT:

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BANK ACCOUNT DEBITS  
TAX: AUDITORS-  
GENERAL

BANK ACCOUNT DEBITS  
TAX ADMINISTRATION ACT  
1982 SECTION 3

OTHER RULINGS ON TOPIC MT 2002

PREAMBLE

Sub-paragraph (a)(vii) of the definition of "excluded debit" in sub-section 3(1) of the Bank Account Debits Tax Administration Act categorises as an "excluded debit" a debit made to an account kept with a bank in the name of a Department of the Commonwealth or of a State or Territory, other than a department the sole or principal function of which is to carry on an activity in the nature of a business (whether or not for profit), not being a debit made in relation to a transaction entered into by or on behalf of the department in connection with the carrying on of an activity in the nature of a business (whether or not for profit) other than an activity that forms a minor or insignificant part of the functions of the department.

2. Taxation Ruling No. MT 2002 advised that, as a general rule, a government activity is regarded as being in the nature of a business if that activity is one which is also carried on by non-government bodies or by individuals for profit.

FACTS

3. The duties and responsibilities of the Auditors-General principally relate to the audit of State or Federal (as the case may be) Departments and organizations entrusted with the responsibility for the receipt or collection and/or disbursement of public monies.

4. The organizations include Commonwealth and State owned and/or promoted authorities, instrumentalities, trusts, corporations and companies, local government councils, school councils. Reports on the audits are prepared and submitted to the relevant parliaments.

5. Generally fees are not charged by Auditors-General for audits of Government departments. However, in some cases legislation may authorise the charging of fees for audits of other bodies such as statutory corporations. The fee may be

based on the recovery of the cost of performing the audit.

RULING      6.            The audit function carried on by Auditors-General is not in direct competition with the activities of private enterprise firms and entities. Just as Government departments generally perform the functions of government activity, the Auditors-General in auditing the public account as required by relevant legislation are performing governmental activities rather than activities in the nature of a business.

7.            It is accepted that debits made to an account kept in the name of a State Auditor-General or the Commonwealth Auditor-General are excluded debits within the meaning of sub-paragraph (a)(vii) and are eligible for exemption from Bank Account Debits Tax.

COMMISSIONER OF TAXATION  
18 June 1985

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