


TD 2006/1ER - Erratum - Income tax: for the purposes of Division 974 of the Income Tax Assessment Act 1997, if the issuer of an interest bearing instrument can change the rate of interest that will become payable to any rate (including zero) that it chooses at its sole discretion, does the issuer have an 'effectively non-contingent obligation' to provide 'financial benefits' as interest payments from the time that a change in the interest rate could take effect?

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Erratum

Taxation Determination

Income tax: for the purposes of Division 974 of the *Income Tax Assessment Act 1997*, if the issuer of an interest bearing instrument can change the rate of interest that will become payable to any rate (including zero) that it chooses at its sole discretion, does the issuer have an 'effectively non-contingent obligation' to provide 'financial benefits' as interest payments from the time that a change in the interest rate could take effect?

This Erratum corrects Taxation Determination TD 2006/1 to rectify some internal paragraph referencing.

TD 2006/1 is corrected as follows:

1. Paragraph 18

At line 2 replace the words '8 and 9' with '9 and 10'. The sentence should now read:

It has been suggested that any prospect that an issuer of an instrument that is subject to the terms and conditions described in paragraphs 9 and 10 might choose to reset the interest rate to a zero rate, or even another rate that is below market rates, should be ignored as being immaterially remote, because the issuer would suffer substantial adverse commercial consequences if it were to set rates at those levels.

This Erratum applies on and from 25 January 2006.

TD 2006/1

Commissioner of Taxation

8 February 2006

ATO references

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ATOlaw topic: Income Tax ~~ Tax integrity measures ~~ debt and equity interests