



TD 96/14 - Income tax: the Social Security Act 1991 provides for a pension loans scheme. Are amounts received by pensioners under the pension loans scheme assessable income?

 This cover sheet is provided for information only. It does not form part of *TD 96/14 - Income tax: the Social Security Act 1991 provides for a pension loans scheme. Are amounts received by pensioners under the pension loans scheme assessable income?*

 This Ruling has been reviewed by the ATO and does not require any updates as at 31 March 2017.



This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Taxation Determination

Income tax: the *Social Security Act 1991* provides for a pension loans scheme. Are amounts received by pensioners under the pension loans scheme assessable income?



This Ruling has been reviewed by the ATO and does not require any updates as at 31 March 2017.

1. No. An amount received under the pension loans scheme is not assessable income.
2. The pension loans scheme is designed to assist people whose entitlement to a pension under the *Social Security Act 1991* is reduced because of their financial situation.
3. If a person participates in the pension loans scheme the pension otherwise payable is supplemented by additional payments.
4. Under the legislation, the additional payments together with a commercial rate of interest on the payments become a debt owed by the person to the Commonwealth.
5. We take the view that payments in the particular circumstances of the pension loans scheme, are in the nature of loans and do not constitute assessable income.
6. This Determination involves a change in our view outlined in Taxation Ruling IT 2413 which is now withdrawn.
7. Amendments to the *Social Security Act 1991* relating to the pension loans scheme have been outlined in the *Social Security and Veterans' Affairs Legislation Amendment Act 1995*. The views expressed in this Determination will apply to the scheme in operation under the amending provisions.

Commissioner of Taxation
20 March 1996

FOIINDEX DETAIL: Reference No. I 1014902

Related Determinations:

Related Rulings:

Subject Ref: assessable income; loans

Legislative Ref: Social Security Act 1991; Social Security and Veterans' Affairs Amendment Act 1995

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