


# ***TR 93/16A - Addendum - Income tax: application of the 'Rule of 78' or other methods in calculating the interest component of instalments paid under a fixed term loan or extended credit transaction***

 This cover sheet is provided for information only. It does not form part of *TR 93/16A - Addendum - Income tax: application of the 'Rule of 78' or other methods in calculating the interest component of instalments paid under a fixed term loan or extended credit transaction*

 View the [consolidated version](#) for this notice.



---

# Addendum

---

## Taxation Ruling

Income tax: application of the 'Rule of 78' or other methods in calculating the interest component of instalments paid under a fixed term loan or extended credit transaction

This Addendum amends Taxation Ruling TR 93/16 to clarify that the 'Rule of 78' method cannot be used for transactions to which Division 240 of the *Income Tax Assessment Act 1997* applies. Division 240 applies to arrangements entered into after 27 February 1998.

### Taxation Ruling TR 93/16 is amended as follows:

#### Paragraph 8

Delete full stop at the end of the fifth dash point and replace with '*;* and'.

Insert a sixth dash point:

- transactions to which Division 240 of the *Income Tax Assessment Act 1997* applies. (An example of a Division 240 calculation can be found in the Explanatory Memorandum to Taxation Laws Amendment Bill No.1 2001).

---

**Commissioner of Taxation**

7 July 2004

---

ATO references

NO: 2003/11684

ISSN: 1039-0731