

TD 93/D214 - Income tax: Offshore Banking Units (OBU) - is an OBU entitled to concessional tax treatment for income derived from successful completion of offshore banking (OB) advisory activities which were entered into prior to the entity being registered as an OBU?

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This document has been finalised by TD 93/216.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax: Offshore Banking Units (OBU) - is an OBU entitled to concessional tax treatment for income derived from successful completion of offshore banking (OB) advisory activities which were entered into prior to the entity being registered as an OBU?

1. Yes, where the fee income is derived after the entity has been registered as an OBU.
2. When an entity earns fee income for completing an assignment on a success only basis, the OB income is derived on the date that the assignment was completed and the entity becomes entitled to its fee. Accordingly, income derived after the date of registration of the OBU upon successful completion of an assignment that otherwise qualifies as an OB activity will constitute OB income. This is the case notwithstanding that some work may have been done prior to registration provided that this work itself did not give rise to an entitlement to income.

Commissioner of Taxation
19/8/93

FOI INDEX DETAIL: Reference No.

Related Determinations: TD 93/131 OB activities entered into by an OBU prior to 1 July 1992

Related Rulings:

Subject Ref: Offshore banking, OBUs, advisory activity

Legislative Ref: ITAA Pt III Div 9A

Case Ref:

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