IT 1A - Addendum - Taxation Ruling System: explanation and status

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TAXATION RULING NO. 1

(Note: This Ruling is sometimes referred to as Taxation Ruling IT 1)

ADDENDUM

1. This addendum deals with the changes needed to Taxation Ruling No. 1 as a result of the *Taxation Laws Amendment (Self Assessment) Act 1992* ('SAA').

2. The SAA introduced a new system of binding public rulings under the income tax law and the fringe benefits tax law. Taxation Ruling TR 92/1 explains the new system including the legal status and binding effect of public rulings.

3. Taxation Ruling No. 1 (first 2 sentences of the fourth paragraph) explains that a Taxation Ruling cannot supplant the terms of the law and that it does not have the effect of an estoppel against the operation of the law.

4. Taxation Ruling No. 1 does not apply in this respect to a Taxation Ruling or Taxation Determination to the extent that it is a favourable public ruling for the purposes of the SAA (Taxation Ruling TR 92/1 explains what is meant by a favourable public ruling). In essence, Taxation Ruling No. 1 does not apply to a Taxation Ruling or Taxation Determination made on or after 1 July 1992 to the extent that it:

> (a) expresses the Commissioner's view on the way in which an income tax law or a fringe benefits tax law applies to a person in relation to an 'arrangement' (as defined in section 14ZAAA of the *Taxation Administration Act 1953*); and
>
> (b) is, from that person's viewpoint, favourable,

except in relation to any arrangement begun to be carried out before 1 July 1992.

5. Taxation Ruling No. 1 applies to any Taxation Ruling or Taxation Determination to the extent that it does not meet the description in paragraph 4 above e.g. a Taxation Ruling on administrative or collection aspects of the law which do not affect a taxpayer's final liability to tax.

COMMISSIONER OF TAXATION
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