

IT 2500A - Addendum - Taxation Ruling System: policy governing issue of income tax rulings: status of rulings: advance opinions

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TAXATION RULING IT 2500

ADDENDUM

F.O.I. Embargo: may be released

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1. This addendum deals with the changes needed to *Taxation Ruling IT2500* as a result of the *Taxation Laws Amendment (Self Assessment) Act* ('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 IT 2500* (paragraphs 5, 6, 7, and 10) explains the status that was accorded to *Taxation rulings* before the new system. In essence, they do not have the force of law but the basic administrative policy of the ATO is to stand by what is said in a *Taxation Ruling* and to depart from a *Taxation Ruling* only where there are good and substantial reasons (spelt out in *IT 2500*).
4. *Taxation Ruling IT2599* 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 TR92/1* explains what is meant by a favourable public ruling). In essence, *IT 2500* 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 IT2500* still 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. We will still apply the basic administrative policy of the ATO as spelt out in *IT2500* to such a *Taxation Ruling* or *Taxation Determination* e.g. a *Taxation Ruling* on an arrangement begun to be carried out before 1 July 1992, a *Taxation Ruling* on the Pay-As-You-Earn (PAYE) system and a *Taxation Ruling* on the Prescribed Payments System.

COMMISSIONER OF TAXATION

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