

Explanation and status of revenue rulings

Revenue Ruling GEN.001

Preamble

A revenue ruling system was introduced on 1 July 1992 as a method of publishing and disseminating decisions on the interpretation of the legislation administered by the State Revenue Office.

It is essential to note that rulings issued by the State Revenue Office are not a conclusive statement of the law in that particular area. They represent the interpretation of the law that the Office is applying over the period the ruling is effective.

The purpose of this ruling is to clarify the status and effect of revenue rulings issued by the State Revenue Office.

Ruling

A revenue ruling will be issued in respect of a decision which satisfies the following criteria.

- **It provides an interpretation, guideline, precedent, practice or procedure to be followed in making a decision that affects the rights or liabilities of persons or organisations paying taxes, duties or levies under the laws administered by the State Revenue Office.**
- **It is of general application and does not relate solely to an individual situation.**

A revenue ruling will replace existing rulings, memoranda and other forms of departmental advice on the subject matter of the ruling.

In using revenue rulings, it should be recognised that they cannot supplant the terms of the law.

Statements or declarations by the Commissioner of State Revenue do not have the effect of an estoppel against the operation of the law.

While revenue rulings are compiled with care and are intended to assist in the interpretation of revenue laws in given circumstances, they may be overruled by legislative amendments to the law, or by decisions of appellate tribunals or courts.

However, where the circumstances in an individual case accord with those circumstances outlined in a ruling, the Commissioner will give effect to the ruling until it is replaced, where to do otherwise would increase the tax or duty payable by a client.

Accordingly, where clients rely on a revenue ruling which applies to their circumstances, which is subsequently overruled by a decision of a court or tribunal or by a legislative amendment, and have underpaid tax or duty as a consequence, then no retrospective adjustment will be sought and a replacement revenue ruling will be issued with a prospective date of operation.

This will occur notwithstanding the fact that a ruling does not have the force of law. A client always retains the right to challenge an assessment that is based upon an application of a ruling.

The issue date on rulings merely indicates the date that the ruling was distributed to the public. Unless otherwise stated within the body of the ruling, the interpretation of the law outlined in the ruling will apply both retrospectively and prospectively.

Denzil Griffiths

Commissioner of State Revenue

1 June 1993