

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Presented and read a first time, 4 May 1989

(Minister Assisting the Treasurer)

A BILL

FOR

An Act to amend the *Income Tax Rates Act 1986*, and for related purposes

BE IT ENACTED by the Queen, and the Senate and the House of Representatives of the Commonwealth of Australia, as follows:

Short title etc.

5 **1.** (1) This Act may be cited as the *Income Tax Rates Amendment Act (No. 2) 1989*.

(2) In this Act, "Principal Act" means the *Income Tax Rates Act 1986*¹.

Commencement

10 **2.** (1) Subject to this section, this Act commences on the day on which it receives the Royal Assent.

(2) Sections 5, 6, 7 and 9 commence, or shall be taken to have commenced, as the case requires, immediately after the commencement of the *Income Tax Rates Amendment Act 1989*.

Interpretation

3. Section 3 of the Principal Act is amended by inserting in subsection (1) the following definitions:

“‘AD/RLA component’ has the same meaning as in Division 8 of Part III of the Assessment Act;

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‘CS/RA component’:

(a) in relation to a life assurance company—has the same meaning as in Division 8 of Part III of the Assessment Act; and

(b) in relation to a registered organization—has the same meaning as in Division 8A of Part III of the Assessment Act;

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‘EIB component’ has the same meaning as in Division 8A of Part III of the Assessment Act;

‘life assurance company’ has the same meaning as in Division 8 of Part III of the Assessment Act;

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‘NCS component’:

(a) in relation to a life assurance company—has the same meaning as in Division 8 of Part III of the Assessment Act; and

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(b) in relation to a registered organization—has the same meaning as in Division 8A of Part III of the Assessment Act;

‘non-fund component’ has the same meaning as in Division 8 of Part III of the Assessment Act;”.

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Rates of tax payable by companies

4. Section 23 of the Principal Act is amended:

(a) by omitting “or” from the end of paragraph (2) (a);

(b) by adding at the end of paragraph (2) (b) “or”;

(c) by inserting after paragraph (2) (b) the following paragraph:

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“(c) a life assurance company;”;

(d) by inserting in subsection (3) “and is not a life assurance company” after “private company”;

(e) by omitting subsection (4) and substituting the following subsections:

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“(4) The rates of tax in respect of the taxable income of a company that is a registered organization are:

(a) in respect of the CS/RA component—15%;

(b) in respect of the EIB component—30%; and

(c) in respect of the NCS component—47%.

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“(4A) The rates of tax in respect of the taxable income of a life assurance company are:

- (a) in respect of the CS/RA component—15%;
- (b) in respect of the AD/RLA component—39%;
- (c) in respect of the non-fund component—39%; and
- (d) in respect of the NCS component—47%.

5 “(4B) For a life assurance company that is a private company, the rate of tax in respect of the undistributed amount in respect of which the company is liable under section 104 of the Assessment Act to pay additional tax is 50%.”.

Rates of tax payable by trustees of superannuation funds

10 5. Section 26 of the Principal Act is amended by omitting from paragraph (1) (b) and subsection (2) “49%” and substituting “47%”.

Rates of tax payable by trustees of approved deposit funds

6. Section 27 of the Principal Act is amended by omitting from paragraph (1) (b) and subsection (2) “49%” and substituting “47%”.

15 **Rates of tax payable by trustees of pooled superannuation trusts**

7. Section 27A of the Principal Act is amended by omitting from paragraph (b) “49%” and substituting “47%”.

Application and transitional—life assurance companies and registered organizations

20 8. (1) In this section:

“amended Act” means the Principal Act as amended by this Act;

“1 July 1988 year” means the year of income in which 1 July 1988 occurred.

25 (2) The amendments made by section 4 apply for the 1 July 1988 year and for all subsequent years of income.

(3) If any part of the 1 July 1988 year of a taxpayer, being a company that is a registered organization, occurs before 1 July 1988:

30 (a) in a case where the 1 July 1988 year of the taxpayer is the year of income commencing on 1 July 1987—subsection 23 (4) of the amended Act applies for the 1 July 1988 year of the taxpayer as if the following paragraph were inserted before paragraph 23 (4) (a):

“*(aa)* in respect of the pre-1 July 1988 component—20%.”; or

35 (b) in a case where the 1 July 1988 year of the taxpayer is the year of income commencing on 1 July 1988—subsection 23(4) of the amended Act applies for the 1 July 1988 year of the taxpayer as if the following paragraph were inserted before paragraph 23 (4) (a):

“*(aa)* in respect of the pre-1 July 1988 component—30%.”.

(4) If any part of the 1 July 1988 year of a taxpayer, being a life assurance company, occurs before 1 July 1988:

- (a) in a case where the 1 July 1988 year of the taxpayer is the year of income commencing on 1 July 1987—subsection 23 (4A) of the amended Act applies for the 1 July 1988 year of the taxpayer as if the following paragraph were inserted before paragraph 23 (4A) (a):

“(aa) in respect of the pre-1 July 1988 component—49%,”; or 5

- (b) in a case where the 1 July 1988 year of the taxpayer is the year of income commencing on 1 July 1988—subsection 23 (4A) of the amended Act applies for the 1 July 1988 year of the taxpayer as if the following paragraph were inserted before paragraph 23 (4A) (a):

“(aa) in respect of the pre-1 July 1988 component—39%,”. 10

(5) In the application of subsection 23 (4) or (4A) of the amended Act for the year of income commencing on 1 July 1987 or the year of income commencing on 1 July 1988, the reference in the subsection concerned to 47% shall be read as a reference to 49%.

(6) In the application of subsection 23 (4) or (4A) of the amended Act for the year of income commencing on 1 July 1989, the reference in the subsection concerned to 47% shall be read as a reference to 48%. 15

(7) In the application of subsection 23 (4) of the amended Act for the year of income commencing on 1 July 1987, the reference in that subsection to 30% shall be read as a reference to 20%. 20

(8) In the application of subsection 23 (4A) of the amended Act for the year of income commencing on 1 July 1987, each reference in that subsection to 39% shall be read as a reference to 49%.

Application and transitional—superannuation funds, approved deposit funds and pooled superannuation trusts 25

9. (1) In this section:

“amended Act” means the Principal Act as amended by this Act.

(2) The amendments made by sections 5, 6 and 7 apply for the year of income commencing on 1 July 1989 and for all subsequent years of income.

(3) In the application of section 26, 27 or 27A of the amended Act for the year of income commencing on 1 July 1989, each reference in the section concerned to 47% shall be read as a reference to 48%. 30

NOTE

1. No. 107, 1986, as amended. For previous amendments, see Nos. 60 and 138, 1987; Nos. 11, 78 and 118, 1988; and No. 000, 1989.