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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

THE SENATE

INCOME TAX ASSESSMENT AMENDMENT BILL (NO. 6) 1980

ADDENDUM TO THE EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister
for Finance, Senator the Hon. Dame
Margaret Guilfoyle D.B.E.)

Introductory Note

This addendum, which is to be read in conjunction with the Explanatory Memorandum on the Income Tax Assessment Amendment Bill (No. 6) 1980, explains amendments to the Bill passed by The House of Representatives and incorporated in the Bill now before the Senate. One amendment extends the range of soil conservation measures - expenditure on which is to qualify for immediate deduction - in proposed section 75D by clause 9 to include drainage works on primary production land that are for the purpose of controlling salinity in the soil or for assisting in drainage control. The other main amendment authorizes taxation deductions for donations made towards the relief of victims of the earthquakes in Italy.

Clause 8 of the Bill

As mentioned in the notes on Clause 8 in the Explanatory Memorandum, that clause will remove from the scope of section 75A of the Principal Act items of expenditure that, by reason of new section 75D being inserted in the Principal Act by clause 9, are to be immediately deductible.

Amendments made to the Bill in the House of Representatives inserted a new paragraph (g) in proposed section 75D(1) which will allow an immediate deduction under section 75D for drainage works that are for the purpose of controlling salinity in the land or for assisting in drainage control. Accordingly, clause 8 of the Bill, in the form now before the Senate, excludes expenditure on drainage that will qualify for deduction under new section 75D from the scope of section 75A, by including a reference to new paragraph (g) of section 75D(1) in proposed new paragraph (f) of section 75A(1).

Notes on sub-section (1) of proposed section 75D

As amended in the House of Representatives, the Bill proposes that, in addition to the range of expenditure, specified in paragraphs (a) to (f) of proposed new section 75D(1), expenditure on surface or sub-surface drainage works that are for the purpose of controlling salinity in the land or for assisting in drainage control are also to qualify, subject to the other provisions of section 75D, for immediate deductibility. New paragraph (g) of section 75D(1) is to that effect.

Clause 9A : Gifts, calls on afforestation shares, pensions, etc.

The purpose of this clause - which was inserted in the Bill by amendment in the House of Representatives - is to provide an income tax deduction for gifts made to a fund established for the relief of Italian earthquake victims.

Section 78 of the Principal Act authorizes an income tax deduction for gifts of the value of \$2 and upwards of money, or of property other than money that was purchased by the taxpayer within the 12 months preceding the making of the gift, to a fund, authority or institution specified in paragraph (a) of section 78(1). The deduction in respect of gifts of property other than money is limited to the lesser of the value of the property at the time the gift was made and the amount paid by the donor for the property.

Paragraph (a) of clause 9A will insert a new subparagraph (lix) in paragraph (a) of section 78(1) to specify a public fund established and maintained exclusively for the relief of persons affected by earthquakes in Italy as a fund to which the income tax deduction authorized by paragraph (a) of section 78(1) applies.

Paragraph (b) of clause 9A will insert a new subsection (6AB) in section 78 to limit the income tax deduction being provided by this amendment to gifts made during the 12 months period from 1 July 1980 to 30 June 1981.

