

HOUSE OF REPRESENTATIVES

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(As read a first time)

**INCOME TAX ASSESSMENT AMENDMENT BILL 1981**

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## SCHEDULE

1980-81

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

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Presented and read a first time, 27 May 1981

(*Treasurer*)

## A BILL

FOR

### **An Act to amend the law relating to income tax**

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

#### **Short title, &c.**

1. (1) This Act may be cited as the *Income Tax Assessment Amendment Act* 1981.

(2) The *Income Tax Assessment Act* 1936<sup>1</sup> is in this Act referred to as the Principal Act.

#### **Commencement**

2. This Act shall come into operation on the day on which it receives the Royal Assent.

3. After section 23G of the Principal Act the following section is inserted:

#### **Exemption of certain film income**

“23H. (1) Where the amount of the net assessable income of a taxpayer in relation to a film in relation to a year of income is equal to or less than the amount of the unrecouped capital expenditure of the taxpayer in relation to the

film as at the end of the year of income, so much of the amount that, but for this section, would be included in the assessable income of the taxpayer of the year of income in relation to the film by virtue of sub-section 26AG (2) as is equal to the amount of that net assessable income is exempt from tax.

“(2) Where the amount of the net assessable income of a taxpayer in relation to a film in relation to a year of income exceeds the amount of the unrecouped capital expenditure of the taxpayer in relation to the film as at the end of the year of income, so much of the amount that, but for this section, would be included in the assessable income of the taxpayer of the year of income in relation to the film by virtue of sub-section 26AG (2) as is equal to the amount of that unrecouped capital expenditure is exempt from tax.

“(3) For the purposes of this section, the net assessable income of a taxpayer in relation to a film in relation to a year of income is the amount, or the sum of the amounts, that, but for this section, would be included in the assessable income of the taxpayer of the year of income in relation to the film under sub-section 26AG (2) reduced by any deductions allowable to the taxpayer in respect of the year of income that are deductions to which section 124ZAO applies in relation to the taxpayer in relation to the film in relation to the year of income.

“(4) For the purposes of this section, the unrecouped capital expenditure of a taxpayer in relation to a film as at the end of a year of income (in this sub-section referred to as the ‘relevant year of income’) is an amount equal to one-half of the amount of capital moneys expended by the taxpayer, in the relevant year of income or a preceding year of income, in producing, or by way of contribution to the cost of producing, the film, being moneys in respect of which a deduction has been allowed or is allowable, or deductions have been allowed or are allowable, to the taxpayer under section 124ZAF, reduced by the amount, or the sum of the amounts, to which section 26AG applies in relation to the taxpayer in relation to the film in relation to any year of income preceding the relevant year of income, to the extent to which that amount or those amounts are exempt from tax by virtue of this section.

“(5) For the purposes of sub-section (4), where—

- (a) a deduction has been allowed or is allowable, or deductions have been allowed or are allowable, to a taxpayer under section 124ZAF in a year of income in respect of capital moneys expended by the taxpayer in producing, or by way of contribution to the cost of producing, a film; and
- (b) section 26AG first applied to an amount in relation to the taxpayer in relation to the film in relation to a year of income (in this sub-section referred to as the ‘preceding year of income’) preceding the year of income referred to in paragraph (a),

the capital moneys referred to in paragraph (a) shall be taken to be capital moneys expended by the taxpayer, in the preceding year of income, in respect of which a deduction has been allowed or deductions have been allowable to the taxpayer under section 124ZAF.

“(6) For the purposes of this Act, any expenditure (not being expenditure in respect of which a deduction is allowable under section 124ZAF) that would, but for this section, be taken to have been incurred by a taxpayer in gaining or producing assessable income shall, notwithstanding this section, be taken to have been incurred by the taxpayer in gaining or producing assessable income.

“(7) In this section, a reference to the expenditure of capital moneys is a reference to the expenditure of moneys that is expenditure of a capital nature.”.

4. After section 26AF of the Principal Act the following section is inserted:

**Certain film proceeds included in assessable income**

“26AG. (1) Where—

- (a) under a contract entered into on or after 1 October 1980, a taxpayer has expended, or is deemed by section 124ZAP to have expended, capital moneys in producing, or by way of contribution to the cost of producing, a film;
- (b) by reason of the moneys having been expended, the taxpayer became the owner of an interest in the copyright in the film; and
- (c) a deduction has been allowed, or is allowable, to the taxpayer under section 124ZAF in respect of some or all of those moneys,

this section applies, and shall be deemed always to have applied, in relation to the taxpayer in relation to a year of income (whether commencing before or after the commencement of this section), to—

- (d) any amount derived by the taxpayer in the year of income as consideration for the use of, or the right to use, the copyright or the film, to the extent to which the amount derived is attributable to the interest referred to in paragraph (b); and
- (e) any amount (other than an amount to which paragraph (d) applies) receivable by the taxpayer as consideration in respect of the disposal, in the year of income, of the whole or a part of the interest referred to in paragraph (b).

“(2) The assessable income of a taxpayer of a year of income shall include amounts to which this section applies in relation to the taxpayer in relation to the year of income.

“(3) Where—

- (a) for any reason, including—
  - (i) the formation or dissolution of a partnership; or
  - (ii) a variation in the constitution of a partnership or in the interests of the partners,

a change has occurred in the ownership of, or in the interests of persons in, a copyright in a film;

- (b) the person, or one or more of the persons, who owned the copyright before the change has or have an interest in the copyright after the change; and

- (c) any person (in this sub-section referred to as the 'relevant person') who had an interest in the copyright before the change—
- (i) did not have an interest in the copyright after the change; or
  - (ii) had a lesser interest in the copyright after the change,

the following provisions have effect:

- (d) if the relevant person did not have an interest in the copyright after the change, the relevant person shall be deemed, for the purposes of sub-section (1), to have disposed of the whole of his interest in the copyright at the time when the change occurred for an amount of consideration equal to—

- (i) if the change occurred in pursuance of an agreement and the agreement specified, as the value of the copyright for the purposes of the agreement, an amount greater than the value of the copyright at the time when the change occurred—so much of the amount specified in the agreement as bears to that amount the same proportion as the value, at the time when the change occurred, of the interest deemed to have been disposed of bears to the value of the copyright at the time when the change occurred; and

- (ii) in any other case—the value, at the time when the change occurred, of the interest disposed of;

- (e) if the relevant person had a lesser interest in the copyright after the change, the relevant person shall be deemed, for the purposes of sub-section (1), to have disposed of a part of his interest in the copyright at the time when the change occurred for an amount of consideration equal to—

- (i) if the change occurred in pursuance of an agreement and the agreement specified, as the value of the copyright for the purposes of the agreement, an amount greater than the value of the copyright at the time when the change occurred—so much of the amount specified in the agreement as bears to that amount the same proportion as the value, at the time when the change occurred, of the part of the interest deemed to have been disposed of bears to the value of the copyright at the time when the change occurred; and

- (ii) in any other case—the value, at the time when the change occurred, of the part of the interest disposed of.

“(4) For the purposes of this section, where, in pursuance of a judgment of a court or otherwise, an amount is paid to a taxpayer in respect of an infringement, or an alleged infringement, of a copyright in a film, the taxpayer shall be deemed to have disposed of a part of his interest in the copyright, at the time of payment, in consideration of the payment of that amount.

“(5) Subject to sub-sections (3) and (6), a reference in this section to the consideration receivable by a taxpayer in respect of the disposal of the whole or

a part of the taxpayer's interest in a copyright (which whole or part is in this sub-section referred to as the 'unit') is a reference to—

- (a) where the unit is disposed of for a specified price—that price less the expenses of the disposal; or
- (b) where the unit is disposed of together with other property and no separate price is allocated to the unit—such amount as the Commissioner determines.

“(6) Where—

- (a) a taxpayer disposes of the whole or a part of the taxpayer's interest in a copyright (which whole or part is in this sub-section referred to as the 'unit') to another person;
- (b) the Commissioner is satisfied, having regard to any connection between the taxpayer and that other person or to any other relevant circumstances, that the taxpayer and that other person were not dealing with each other at arm's length in relation to the disposal; and
- (c) there was no amount receivable by the taxpayer in respect of the disposal or the amount receivable by the taxpayer in respect of the disposal was less than the value of the unit at the time of the disposal,

the amount of the consideration receivable by the taxpayer in respect of the disposal shall be taken, for the purposes of this section, to be the amount that was the value of the unit at the time of the disposal.

“(7) Where, but for this sub-section, paragraph 23 (q) would apply to exempt from tax an amount of income derived by a taxpayer in respect of a film from sources out of Australia and Papua New Guinea, being an amount that would, but for that paragraph, be included in the assessable income of the taxpayer by the operation of sub-section (2) of this section, paragraph 23 (q) applies only to so much of that amount as, in the opinion of the Commissioner, is attributable to the exhibition of the film in the country from sources in which the income was derived.

“(8) Where, but for this sub-section, paragraph 23 (r) would apply to exempt from tax an amount of income derived by a taxpayer in respect of a film from sources wholly out of Australia, being an amount that would, but for that paragraph, be included in the assessable income of the taxpayer by the operation of sub-section (2) of this section, paragraph 23 (r) applies only to so much of the amount as—

- (a) is attributable to the exhibition of the film in the country from sources in which the income was derived; and
- (b) is not exempt from income tax in the country from sources in which the income was derived.

“(9) Where—

- (a) an amount (in this sub-section referred to as the 'relevant amount') is derived by a partnership in a year of income; and
- (b) if the relevant amount were derived by a partner in the partnership, the relevant amount, or a part of the relevant amount, would, by virtue

of paragraph (1) (d), be an amount to which this section applies in relation to that partner in relation to the year of income,

the following provisions have effect:

- (c) the relevant amount shall not be taken into account, for the purposes of any provision of this Act, in calculating the net income of the partnership, or the partnership loss, of any year of income in accordance with section 90; and 5
  - (d) for the purposes of the application of this Act in relation to a taxpayer being a partner in the partnership, an amount equal to—
    - (i) so much of the relevant amount as the partners have agreed is derived for the benefit of the taxpayer; or 10
    - (ii) if the partners have not agreed as mentioned in sub-paragraph (i)—so much of the relevant amount as bears to the relevant amount the same proportion as the individual interest of the taxpayer in the net income of the partnership of the year of income in which the relevant amount was derived by the partnership bears to that net income or, as the case requires, the individual interest of the taxpayer in the partnership loss for that year of income bears to that partnership loss, 15
- shall be taken to have been derived by the taxpayer. 20

“(10) Where—

- (a) a partnership has disposed of the whole or a part of the copyright or of an interest in the copyright in a film;
- (b) an amount (in this sub-section referred to as the ‘relevant amount’) is receivable by the partnership as consideration in respect of that disposal; and 25
- (c) if the relevant amount were receivable by a partner in the partnership, the relevant amount or a part of the relevant amount would, by virtue of paragraph (1) (e), be an amount to which this section applies in relation to that partner in relation to the year of income, 30

the following provisions have effect:

- (c) the relevant amount shall not be taken into account, for the purposes of any provision of this Act, in calculating the net income of the partnership, or the partnership loss, of any year of income in accordance with section 90; 35
  - (d) for the purposes of the application of this Act in relation to a taxpayer being a partner in the partnership, an amount equal to—
    - (i) so much of the relevant amount as the partners have agreed is receivable for the benefit of the taxpayer; or
    - (ii) if the partners have not agreed as mentioned in sub-paragraph (i)—so much of the relevant amount as bears to the relevant amount the same proportion as the individual interest of the taxpayer in the net income of the partnership of the year of income in which the disposal mentioned in paragraph (a) occurred bears to that net income, or, as the case requires, the 40
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individual interest of the taxpayer in the partnership loss for that year of income bears to that partnership loss, shall be taken to be receivable by the taxpayer;

5 (e) where the taxpayer had an interest in the copyright before the disposal and did not have an interest in the copyright after the disposal or had a lesser interest in the copyright after the disposal, the amount deemed to be receivable by the taxpayer shall be deemed to be receivable in respect of the disposal by the taxpayer of his interest in the copyright or of a part of his interest in the copyright, as the case may be;

10 (f) where the disposal is deemed to have occurred by virtue of sub-section (4) or is a disposal to which paragraph (13) (a) applies, the amount deemed to be receivable by the taxpayer shall be deemed to be receivable, in respect of the disposal by the taxpayer of a part of his interest in the copyright.

15 “(11) In determining for the purposes of sub-section (10) whether a partnership has disposed of the whole or part of a copyright or of an interest in a copyright and in determining the amount of consideration receivable by the partnership in respect of the disposal, sub-sections (4), (5), (6) and (13) apply as if the partnership were a taxpayer.

20 “(12) Where—

(a) a taxpayer has disposed of the whole or a part of the taxpayer’s interest in a copyright;

25 (b) by reason of that disposal, an amount would, but for sub-section 124T (3), be included in the assessable income of the taxpayer of a year of income under section 124P or would be applied, under section 124N or 124S, in reducing the residual value, for the purposes of Division 10B, of a unit of industrial property owned by the taxpayer; and

30 (c) but for this sub-section, this section would apply, in relation to a year of income, to the amount of the consideration receivable by the taxpayer in respect of the disposal,

the amount to which this section applies by virtue of the disposal is the amount of the consideration referred to in paragraph (c) reduced by the amount that would be included in the assessable income of the taxpayer, or would be applied under section 124N or 124S, as mentioned in paragraph (b).

35 “(13) In this section—

(a) a reference to a disposal by a taxpayer of the whole or a part of the taxpayer’s interest in a copyright in a film includes a reference to the assignment by the taxpayer of a right to receive amounts as consideration for the use of, or the right to use, the copyright or the film;

40 (b) a reference to an amount derived by a taxpayer as consideration for the use of, or the right to use, a copyright in a film includes a reference to an amount derived as consideration for the granting of a licence in respect of copyright in the film that is to come into existence at a future time or upon the happening of a future event;

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- (c) a reference to the value of property at a particular time shall, if there is insufficient evidence of the value of the property at that time, be read as a reference to such amount as, in the opinion of the Commissioner, is fair and reasonable;
- (d) a reference to the expenditure of capital moneys is a reference to the expenditure of moneys that is expenditure of a capital nature; 5
- (e) a reference to a taxpayer becoming the owner of an interest in copyright includes a reference to the taxpayer becoming the owner of the copyright; and
- (f) a reference to copyright, in relation to a film, is a reference to the copyright subsisting in the film by virtue of Part IV of the *Copyright Act* 1968 and includes a reference to copyright subsisting in, or in relation to, the film or in any work comprised in the film, under the law of a country other than Australia.” 10

**Divisible deductions** 15

- 5. Section 50G of the Principal Act is amended—
  - (a) by inserting in paragraph (1) (a) “, section 124ZAF” before “or Division 10C”;
  - (b) by omitting from paragraph (2) (x) “and” (last occurring); and
  - (c) by inserting after paragraph (2) (x) the following paragraph: 20
    - “(xa) where a divisible deduction is allowable to the company in relation to the year of income under section 124ZAF, so much of the amount of the divisible deduction as bears to the amount of the divisible deduction the same proportion as the number of whole days (if any) in the relevant period bears to 365 shall be deemed to be an allowable deduction in respect of the relevant period; and” 25

**Losses of previous years**

- 6. Section 80 of the Principal Act is amended—
  - (a) by omitting from sub-section (1) “or section 80AA” and substituting “or section 80AAA or 80AA”; 30
  - (b) by omitting sub-section (2A) and substituting the following sub-section:
    - “(2A) Where a taxpayer has incurred a loss in any of the 7 years next preceding the year of income and— 35
      - (a) the taxpayer is deemed, for the purposes of section 80AAA, to have incurred a film loss in that preceding year; or
      - (b) the taxpayer is deemed, for the purposes of section 80AA, to have incurred a loss in engaging in primary production in that preceding year, 40
- so much only of the first-mentioned loss as exceeds—
  - (c) in a case where the taxpayer is deemed to have incurred both a film loss for the purposes of section 80AAA and a loss in

engaging in primary production for the purposes of section 80AA—the sum of the amounts of those losses;

5 (d) in a case where the taxpayer is deemed to have incurred a film loss for the purposes of section 80AAA and is not deemed to have incurred a loss in engaging in primary production for the purposes of section 80AA—the amount of the loss deemed to have been incurred by the taxpayer for the purposes of section 80AAA; or

10 (e) in a case where the taxpayer is deemed to have incurred a loss in engaging in primary production for the purposes of section 80AA and is not deemed to have incurred a film loss for the purposes of section 80AAA—the amount of the loss deemed to have been incurred by the taxpayer for the purposes of section 80AA,

15 shall be taken into account for the purposes of sub-section (2).”; and

(c) by inserting after sub-section (3B) the following sub-section:

20 “(3C) For the purposes of paragraph (3) (b), exempt income to which sub-section 26AG (1) applies shall be deemed to be derived from sources in Australia and any taxes payable in respect of that income in any country or place outside Australia shall be deemed to be expenses incurred in deriving that income.”.

7. After section 80 of the Principal Act the following section is inserted:

**Film losses**

“80AAA. (1) In this section—

25 (a) a reference to the exempt film income of a taxpayer of a year of income is a reference to so much of the amount, or the sum of the amounts, to which section 26AG applies in relation to the taxpayer in relation to the year of income as is exempt income;

30 (b) a reference to the assessable film income of a taxpayer of a year of income is a reference to so much of the amount, or the sum of the amounts, to which section 26AG applies in relation to the taxpayer in relation to the year of income as is assessable income;

(c) a reference to the film deductions of a taxpayer of a year of income is a reference to—

35 (i) deductions allowable to the taxpayer in respect of the year of income under section 124ZAF; and

(ii) deductions allowable to the taxpayer in respect of the year of income that are deductions to which section 124ZAO applies in relation to the taxpayer in relation to the year of income;

40 (d) a reference to the net exempt film income of a taxpayer of a year of income is a reference to the amount of the exempt film income of the taxpayer of the year of income as reduced by the aggregate of—

- (i) any taxes payable in respect of that exempt film income in any country or place outside Australia; and
  - (ii) any expenses (not being expenses of a capital nature) to the extent to which they were incurred in the year of income in deriving that exempt film income; and
- (e) a reference to the net assessable film income of a taxpayer of a year of income is a reference to the amount of the assessable film income of the taxpayer of the year of income as reduced by the film deductions of the taxpayer of the year of income.

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“(2) In this section, ‘net exempt income’ has the same meaning as in section 80.

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“(3) For the purposes of this section, a taxpayer shall be deemed to have incurred a film loss in a year of income if—

- (a) the amount of the film deductions of the taxpayer of the year of income exceeds the sum of the assessable film income of the taxpayer of the year of income and the net exempt film income of the taxpayer of the year of income;
- (b) for the purposes of section 80, a loss is deemed to have been incurred by the taxpayer in the year of income; and
- (c) where the taxpayer is deemed to have incurred a loss in the year of income for the purposes of section 80AA, the amount of that loss is less than the amount of the loss referred to in paragraph (b),

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and the amount of the film loss that the taxpayer is deemed to have incurred in the year of income is—

- (d) if the taxpayer is not deemed to have incurred a loss in the year of income for the purposes of section 80AA and the amount of the excess referred to in paragraph (a) is equal to the amount of the loss referred to in paragraph (b)—the amount of the excess referred to in paragraph (a);
- (e) if the taxpayer is not deemed to have incurred a loss in the year of income for the purposes of section 80AA and paragraph (d) does not apply—the amount of the excess referred to in paragraph (a) or the amount of the loss referred to in paragraph (b), whichever is the less;
- (f) if the taxpayer is deemed to have incurred a loss in the year of income for the purposes of section 80AA and the amount of the excess referred to in paragraph (a) is equal to the amount by which the amount of the loss referred to in paragraph (b) exceeds the amount of the loss that the taxpayer is deemed to have incurred for the purposes of section 80AA—the amount of the excess referred to in paragraph (a); and
- (g) if the taxpayer is deemed to have incurred a loss in the year of income for the purposes of section 80AA and paragraph (f) does not apply—the amount of the excess referred to in paragraph (a) or the amount by which the amount of the loss referred to in paragraph (b) exceeds the amount of the loss that the taxpayer is deemed to have incurred for the purposes of section 80AA, whichever is the less.

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“(4) Notwithstanding sub-section (3), if Subdivision B of Division 2A applies, in relation to a year of income, to a taxpayer which, but for this sub-section, would be deemed to have incurred a film loss in the year of income, a film loss shall, for the purposes of this section, be deemed to be incurred by the taxpayer in the year of income if, and only if—

- (a) for the purposes of section 80, a loss was incurred by the taxpayer in the year of income;
- (b) where the taxpayer is deemed to have incurred a loss in the year of income for the purposes of section 80AA, the amount of that loss is less than the amount of the loss referred to in paragraph (a); and
- (c) the sum of—
  - (i) if, for the purposes of that Subdivision, the taxpayer has a notional loss in respect of a relevant period, or notional losses in respect of relevant periods, in relation to the year of income and the amount of that notional loss or the sum of the amounts of those notional losses, as the case may be, exceeds the amount (if any) that is the eligible notional loss of the taxpayer in relation to the year of income—the amount of the excess; and
  - (ii) if, in the application of sub-section 50C (2) in relation to the taxpayer in relation to the year of income, the deductible amount referred to in that sub-section exceeds the income amount referred to in that sub-section—the amount of the excess,

exceeds the amount of any net exempt film income of the taxpayer of the year of income,

and the amount of the film loss that the taxpayer is to be deemed to have incurred in the year of income is—

- (d) if the taxpayer is not deemed to have incurred a loss in the year of income for the purposes of section 80AA and the notional film loss of the taxpayer is equal to the amount of the loss that the taxpayer is deemed to have incurred for the purposes of section 80—the amount of the notional film loss;
- (e) if the taxpayer is not deemed to have incurred a loss in the year of income for the purposes of section 80AA and paragraph (d) does not apply—the amount of the notional film loss of the taxpayer or the amount of the loss that the taxpayer is deemed to have incurred for the purposes of section 80, whichever is the less;
- (f) if the taxpayer is deemed to have incurred a loss in the year of income for the purposes of section 80AA and the amount of the notional film loss of the taxpayer is equal to the amount by which the amount of the loss that the taxpayer is deemed to have incurred for the purposes of section 80 exceeds the amount of the loss that the taxpayer is deemed to have incurred for the purposes of section 80AA—the amount of the notional film loss; and
- (g) if the taxpayer is deemed to have incurred a loss in the year of income for the purposes of section 80AA and paragraph (f) does not

apply—the amount of the notional film loss of the taxpayer or the amount by which the amount of the loss that the taxpayer is deemed to have incurred for the purposes of section 80 exceeds the amount of the loss that the taxpayer is deemed to have incurred for the purposes of section 80AA, whichever is the less.

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“(5) For the purposes of the application of sub-section (4) in relation to a taxpayer in relation to a year of income, ‘notional film loss’ means the amount by which the sum of the excess to which sub-paragraph (4) (c) (i) applies and the excess to which sub-paragraph (4) (c) (ii) applies exceeds the amount of any net exempt film income of the taxpayer of the year of income.

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“(6) In the application of Subdivision B of Division 2A in relation to a taxpayer in relation to a year of income in determining, for the purposes of sub-section (4)—

- (a) whether the taxpayer has a notional loss in respect of a relevant period for the purposes of that Subdivision and the amount of any such notional loss;
- (b) whether the taxpayer has an eligible notional loss in relation to the year of income for the purposes of that Subdivision and the amount of any such eligible notional loss; and
- (c) the amount that, for the purposes of sub-section 50C (2), is the deductible amount or the income amount in relation to the taxpayer in relation to the year of income,

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regard shall not be had to assessable income of the taxpayer other than assessable film income and regard shall not be had to allowable deductions other than film deductions.

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“(7) Subject to this section, so much of the film losses incurred by a taxpayer in any of the 7 years next preceding the year of income as has not been allowed as a deduction from his income of any of those years under this section is allowable as a deduction in accordance with the following provisions:

- (a) where the taxpayer has not in the year of income derived exempt income, the deduction shall be made from the assessable income;
- (b) where the taxpayer has in that year derived exempt income, the deduction shall be made successively from the net exempt income and from the assessable income;
- (c) where a deduction is allowable under this section in respect of 2 or more film losses, the losses shall be taken into account in the order in which they were incurred.

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“(8) For the purposes of the application of sub-section (7) in relation to a taxpayer in relation to a year of income—

- (a) the amount of the deduction to be made from the net exempt income of the taxpayer of the year of income shall not exceed the amount of the net exempt film income of the taxpayer of the year of income; and

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- (b) the amount of the deduction to be made from the assessable income of the taxpayer of the year of income shall not exceed the amount of the net assessable film income of the taxpayer of the year of income.

5 “(9) Notwithstanding any other provision of this section, where, before the year of income, a taxpayer has become a bankrupt, or, not having become a bankrupt, has been released from any debts by the operation of an Act relating to bankruptcy, no film loss that was incurred by him before the date on which he became a bankrupt or the date on which he was so released, as the case may be, is an allowable deduction.

10 “(10) Where—

- (a) in a year of income (in this sub-section referred to as the ‘relevant year of income’) a taxpayer pays an amount in respect of a debt;
- (b) the debt was incurred by the taxpayer in one of the 7 years next preceding the relevant year of income;
- 15 (c) the debt was incurred in the course of deriving or gaining amounts to which section 26AG applies in relation to the taxpayer in relation to any year of income; and
- (d) the year of income in which the debt was incurred by the taxpayer is a year in which he incurred a loss to which sub-section (9) applies,

20 the amount paid by the taxpayer in respect of the debt is, subject to sub-section (11), an allowable deduction from the assessable income of the taxpayer of the relevant year of income to the extent to which it does not exceed so much of the debt as the Commissioner is satisfied was taken into account in ascertaining the amount of the loss.

25 “(11) The aggregate of the deductions allowable under sub-section (10) from the income of the taxpayer of the year of income in relation to the payment of amounts in respect of debts incurred by the taxpayer in a year of income in which he incurred a film loss (in this sub-section referred to as ‘the year of loss’) shall not exceed the amount of that film loss less the sum of—

- 30 (a) the deduction (if any) allowed under sub-section (10) from his income of a year or years of income before the year of income in relation to the payment of other amounts in respect of debts incurred by the taxpayer in the year of loss;
- (b) so much (if any) of the film loss as has been allowed under sub-section 35 (7) as a deduction or deductions from his income (including his net exempt income) of a year or years of income before the year of income; and
- (c) so much (if any) of the film loss as, but for sub-section (9), would have 40 been allowed or allowable under sub-section (7) as a deduction or deductions from his net exempt income of the year of income or of a year or years of income before the year of income.

“(12) For the purposes of determining whether a deduction is allowable to a taxpayer under sub-section (7) and for the purposes of ascertaining the amount of any such deduction, there shall be disregarded so much of the

amount of any film loss deemed to have been incurred by the taxpayer as would not have been deemed, for the purposes of this section, to have been incurred by the taxpayer if the condition specified in sub-section 80 (6) were applicable for the purpose of determining whether the taxpayer is deemed, in any year of income, to have incurred a film loss and in determining the amount of any such loss.”.

5

8. Sections 80AB and 80AC of the Principal Act are repealed and the following sections are substituted:

**Order in which deductions allowable in respect of losses of previous years are to be taken into account**

10

“80AB. Where deductions are allowable from the income of a taxpayer of the year of income under any 2 or more of the following sub-sections:

- (a) sub-section 80 (2);
- (b) sub-section 80AAA (7);
- (c) sub-section 80AA (4),

15

the following provisions have effect:

- (d) any deductions allowable under sub-section 80AAA (7) shall be taken into account before any deductions allowable under sub-section 80 (2) or 80AA (4); and
- (e) any deductions allowable under sub-section 80 (2) shall be taken into account before any deductions allowable under sub-section 80AA (4).

20

**Limitations on net exempt income to be taken into account in respect of deductions under sections 80 and 80AA**

“80AC. (1) Where, but for this section, the net exempt income of a taxpayer of a year of income would be taken into account for the purposes of any 2 or more of the following paragraphs:

25

- (a) paragraph 80 (2) (b);
- (b) paragraph 80AAA (7) (b);
- (c) paragraph 80AA (4) (b),

the following provisions have effect:

30

- (d) the amount of the net exempt income to be taken into account for the purposes of paragraph 80 (2) (b) shall not exceed the amount (if any) of the net exempt income that remains after deducting from the net exempt income so much of the net exempt income as has been taken into account for the purposes of paragraph 80AAA (7) (b);
- (e) the amount of the net exempt income to be taken into account for the purposes of paragraph 80AA (4) (b) shall not exceed the amount (if any) of the net exempt income that remains after deducting from the net exempt income—

35

- (i) an amount equal to so much of the net exempt income as has been taken into account for the purposes of paragraph 80 (2) (b); and

40



- (ii) an amount equal to so much of the net exempt income as has been taken into account for the purposes of paragraph 80AAA (7) (b).

“(2) Where, but for this section, the net exempt income of a taxpayer of a year of income would be taken into account for the purposes of any 2 or more of the following paragraphs:

- (a) paragraph 80 (4B) (c);
- (b) paragraph 80AAA (11) (c);
- (c) paragraph 80AA (8) (c),

the following provisions have effect:

- (d) the amount of the net exempt income to be taken into account for the purposes of paragraph 80 (4B) (c) shall not exceed the amount (if any) of the net exempt income that remains after deducting from that net exempt income so much of that net exempt income as has been taken into account for the purposes of paragraph 80AAA (11) (c);

- (e) the amount of the net exempt income to be taken into account for the purposes of paragraph 80AA (8) (c) shall not exceed the amount (if any) of the net exempt income that remains after deducting from the net exempt income—

- (i) an amount equal to so much of the net exempt income as has been taken into account for the purposes of paragraph 80 (4B) (c); and

- (ii) an amount equal to so much of the net exempt income as has been taken into account for the purposes of paragraph 80AAA (11) (c).

“(3) In this section, ‘net exempt income’ has the same meaning as in section 80.”.

### **Interpretation**

9. Section 82KH of the Principal Act is amended by inserting after sub-section (1R) the following sub-sections:

“(1S) For the purposes of the application of this section in determining the amount of any additional benefit obtained by a taxpayer in relation to an amount of relevant expenditure to which paragraph (h) of the definition of ‘relevant expenditure’ in sub-section (1) applies being incurred, being expenditure that, by virtue of the expenditure of moneys (in this sub-section referred to as the ‘partnership moneys’) by a partnership, is deemed by section 124KA to have been incurred by the taxpayer—

- (a) the partnership shall be taken to be an associate of the taxpayer;
- (b) a reference to the relevant expenditure being incurred by the taxpayer shall be read as including a reference to the partnership moneys being expended by the partnership; and
- (c) any benefit obtained by the partnership in relation to the partnership moneys being expended by the partnership shall be taken to have been obtained by the taxpayer in relation to the relevant expenditure being

incurred by the taxpayer to such extent only as the Commissioner considers fair and reasonable.

“(1T) Where—

- (a) a taxpayer expends moneys (in this sub-section referred to as the ‘film moneys’) in producing, or by way of contribution to the cost of producing, a film; and 5
- (b) by virtue of the operation of sub-section 124K (2), a part only of the film moneys is taken to be an amount of relevant expenditure to which paragraph (h) of the definition of ‘relevant expenditure’ in sub-section (1) applies, 10

for the purposes of the application of this section in determining the amount of any additional benefit obtained by the taxpayer in relation to the relevant expenditure being incurred—

- (c) a reference to the relevant expenditure being incurred by the taxpayer shall read as including a reference to the film moneys being expended by the taxpayer; and 15
- (d) any benefit obtained by the taxpayer in relation to the film moneys being expended by the taxpayer shall be taken to have been obtained by the taxpayer in relation to the relevant expenditure being incurred by the taxpayer to such extent only as the Commissioner considers fair and reasonable.”. 20

### **Interpretation**

**10.** Section 124K of the Principal Act is amended by omitting sub-section (2) and substituting the following sub-sections:

“(2) Subject to sub-section (2A), a reference in this Division to expenditure of a capital nature does not include a reference to— 25

- (a) expenditure in respect of which a deduction has been allowed or is allowable under a provision of the previous Act or of this Act, other than a provision of this Division, or which has been or is taken into account in ascertaining the amount of an allowable deduction under such a provision; or 30
- (b) the expenditure of moneys by a taxpayer, under a contract entered into on or after 1 October 1980, in producing, or by way of contribution to the cost of producing, a film where—
  - (i) the expenditure of the moneys was expenditure of a capital nature; 35
  - (ii) at the time when the moneys were expended, the taxpayer was a resident;
  - (iii) at the time when the moneys were expended, a certificate under section 124ZAB or 124ZAC was in force in relation to the film; 40
  - (iv) the Commissioner is satisfied, in relation to the expenditure of those moneys by the taxpayer, as mentioned in paragraph 124ZAF (1) (c); and

(v) the taxpayer has not made an election under section 124ZAE in relation to that film.

5 “(2A) Where a taxpayer has expended moneys as mentioned in paragraph (2) (b) and, by reason of the operation of section 124ZAM, the taxpayer is deemed, for the purposes of Division 10BA, not to have expended those moneys or not to have expended part of those moneys, paragraph (2) (b) does not apply in respect of the expenditure of those moneys or of that part of those moneys, as the case may be.”.

10 **11.** After section 124K of the Principal Act the following section is inserted:

**Application of Division where deductions allowable under section 124ZAF**

“124KA. (1) Where—

- (a) a partnership has expended capital moneys in producing, or by way of contribution to the cost of producing, a film;
- 15 (b) by virtue of the expenditure of those moneys by the partnership, a deduction has been allowed, or is allowable, under section 124ZAF to a taxpayer being a partner in the partnership,

the following provisions have effect:

20 (c) for the purposes of this Division other than this section, the partnership shall not be taken to have incurred any expenditure of a capital nature directly in relation to producing the film; and

(d) where an amount (in this paragraph referred to as the ‘relevant amount’) of moneys expended by the partnership under a contract (in this sub-section referred to as the ‘relevant contract’)—

25 (i) is taken, for the purposes of sub-section 124ZAP (2), to have been expended by the partnership in producing, or by way of contribution to the cost of producing, the film; or

30 (ii) would be taken, for the purposes of that sub-section, to have been expended by the partnership in producing, or by way of contribution to the cost of producing, the film if that sub-section and Subdivision B of Division 10BA extended to the expenditure of moneys under contracts entered into before 1 October 1980,

35 a taxpayer, being a partner in the partnership, shall, subject to sub-section 124K (2), be taken for the purposes of this Division to have expended capital moneys in producing the film of an amount equal to—

(iii) so much of the relevant amount as the partners have agreed is to be borne by the taxpayer; or

40 (iv) if the partners have not agreed as to the part of the relevant amount that is to be borne by the taxpayer—so much of the relevant amount as bears to the relevant amount the same proportion as the individual interest of the taxpayer in the net income of the partnership of the year of income in which the

relevant amount was expended by the partnership bears to that net income or, as the case requires, the individual interest of the taxpayer in the partnership loss for that year of income bears to that partnership loss,

and the amount deemed to be expended by the taxpayer shall be deemed to have been expended under a contract entered into at the time when the relevant contract was entered into by the partnership. 5

“(2) In this section, a reference to the expenditure of capital moneys is a reference to the expenditure of moneys that is expenditure of a capital nature.”.

12. After section 124W of the Principal Act the following section is inserted: 10

**Disposal of unit of industrial property where deductions allowable under section 124ZAF**

“124WA. (1) Where—

(a) for any reason, including— 15

(i) the formation or dissolution of a partnership; or

(ii) a variation in the constitution of a partnership or in the interests of the partners,

a change has occurred in the ownership of, or in the interests of persons in, a unit of industrial property being a copyright, or an interest in a copyright, subsisting in a film; 20

(b) the person, or one or more of the persons, who owned the unit before the change has or have an interest in the unit after the change;

(c) a deduction has been allowed or is allowable under section 124ZAF to the person or to any of the persons who owned the unit before the change in respect of moneys expended in producing, or by way of contribution to the cost of producing, the film, being expenditure that relates to the unit; and 25

(d) a person to whom a deduction has been allowed or is allowable as mentioned in paragraph (c) has an interest in the unit after the change, 30

section 124W does not apply to that change but sub-sections (2), (3) and (7) of this section have effect.

“(2) Where a person (in this sub-section referred to as the ‘relevant person’) who had an interest in the unit before the change—

(a) did not have an interest in the unit after the change; or 35

(b) had a lesser interest in the unit after the change,

the following provisions have effect:

(c) if the relevant person did not have an interest in the unit after the change, the relevant person shall be deemed, for the purposes of this Division, to have disposed of the whole of his interest in the unit at the time when the change occurred for an amount of consideration equal to— 40

- 5 (i) if the change occurred in pursuance of an agreement and the agreement specified, as the value of the unit for the purposes of the agreement, an amount greater than the value of the unit at the time when the change occurred—so much of the amount specified in the agreement as bears to that amount the same proportion as the value, at the time when the change occurred, of the interest disposed of bears to the value of the unit at the time when the change occurred; and
- 10 (ii) in any other case—the value, at the time when the change occurred, of the interest disposed of;
- (d) if the relevant person had a lessser interest in the unit after the change, the relevant person shall be deemed, for the purposes of this Division, to have disposed of part of his interest in the unit at the time when the change occurred for an amount of consideration equal to—
  - 15 (i) if the change occurred in pursuance of an agreement and the agreement specified, as the value of the unit for the purposes of the agreement, an amount greater than the value of the unit at the time when the change occurred—so much of the amount specified in the agreement as bears to that amount the same proportion as the value, at the time when the change occurred, of the part of the interest disposed of bears to the value of the unit at the time when the change occurred; and
  - 20 (ii) in any other case—the value, at the time when the change occurred, of the part of the interest disposed of.

25 “(3) Where a person (in this sub-section referred to as the ‘relevant person’)—

- 30 (a) did not have an interest in the unit before the change but had an interest in the unit after the change; or
- (b) had an interest in the unit before the change and had an additional interest in the unit after the change,

the following provisions have effect:

- 35 (c) if the relevant person did not have an interest in the unit before the change, the relevant person shall be deemed, for the purposes of this Division, to have incurred expenditure of a capital nature, on the purchase of the interest that the relevant person had after the change, of an amount equal to—
  - 40 (i) if the change occurred in pursuance of an agreement and the agreement specified, as the value of the unit for the purposes of the agreement, an amount less than the value of the unit at the time when the change occurred—
    - (A) so much of the amount specified in the agreement as bears to that amount the same proportion as the value, at the time when the change occurred, of the interest that the relevant person had after the change bears to

the value of the unit at the time when the change occurred; or

- (B) so much of the cost of the unit as bears to that cost the same proportion as the value, at the time when the change occurred, of the interest that the relevant person had after the change bears to the value of the unit at the time when the change occurred, 5

whichever is the less; and

(ii) in any other case—

- (A) the value, at the time when the change occurred, of the interest that the relevant person had after the change; or 10

- (B) so much of the cost of the unit as bears to that cost the same proportion as the value, at the time when the change occurred, of the interest that the relevant person had after the change bears to the value of the unit at the time when the change occurred, 15

whichever is the less;

(d) if the relevant person had an interest in the unit before the change and had an additional interest in the unit after the change, the relevant person shall be deemed, for the purposes of this Division, to have incurred expenditure of a capital nature on the purchase of that additional interest of an amount equal to— 20

(i) if the change occurred in pursuance of an agreement and the agreement specified, as the value of the unit for the purposes of the agreement, an amount less than the value of the unit at the time when the change occurred— 25

- (A) so much of the amount specified in the agreement as bears to that amount the same proportion as the value of the additional interest, at the time when the change occurred, bears to the value of the unit at the time when the change occurred; or 30

- (B) so much of the cost of the unit as bears to that cost the same proportion as the value of the additional interest, at the time when the change occurred, bears to the value of the unit at the time when the change occurred, 35

whichever is the less; and

(ii) in any other case—

- (A) the value of the additional interest at the time when the change occurred; or

- (B) so much of the cost of the unit as bears to that cost the same proportion as the value of the additional interest, at the time when the change occurred, bears to the value of the unit at the time when the change occurred, 40

whichever is the less.

“(4) Where—

(a) for any reason, including—

(i) the formation or dissolution of a partnership; or

(ii) a variation in the constitution of a partnership or in the interests of the partners,

a change has occurred in the ownership of, or in the interests of persons in, a unit of industrial property being a copyright, or an interest in a copyright, subsisting in a film;

(b) the person, or one or more of the persons, who owned the unit before the change has or have an interest in the unit after the change;

(c) a deduction has been allowed or is allowable under section 124ZAF to the person or to any of the persons who owned the unit before the change in respect of moneys expended in producing, or by way of contribution to the cost of producing, the film, being expenditure that relates to the unit; and

(d) no person to whom a deduction has been allowed or is allowable as mentioned in paragraph (c) has an interest in the unit after the change,

section 124W does not apply to that change but the succeeding provisions of this section have effect.

“(5) Any person who had an interest in the unit before the change shall, for the purposes of this Division, be deemed to have disposed of his interest in the unit in whole for an amount of consideration equal to—

(a) if the change occurred in pursuance of an agreement and the agreement specified, as the value of the unit for the purposes of the agreement, an amount greater than the value of the unit at the time when the change occurred—so much of the amount specified in the agreement as bears to that amount the same proportion as the value, at the time when the change occurred, of the interest deemed to have been disposed of bears to the value of the unit at the time when the change occurred; and

(b) in any other case—the value, at the time when the change occurred, of the interest disposed of.

“(6) For the purposes of the application of this Division to the person or persons who owned the unit after the change, that person or those persons shall be deemed to have incurred expenditure of a capital nature on the purchase of the unit of an amount equal to—

(a) if the change occurred in pursuance of an agreement and the agreement specified, as the value of the unit for the purposes of the agreement, an amount less than the value of the unit at the time when the change occurred—the amount specified in the agreement or the cost of the unit, whichever is the less; and

(b) in any other case—the value of the unit at the time when the change occurred or the cost of the unit, whichever is the less.

“(7) For the purposes of the application of sub-section (3) or (6) in respect of a change in the ownership of, or in the interests of persons in, a unit of industrial property being a copyright, or an interest in a copyright, subsisting in a film, a reference to the cost of the unit is a reference to the cost (if any) of the unit, ascertained in accordance with section 124R, to the person or persons who owned the unit before the change increased by so much of the expenditure incurred in relation to the film in respect of which a deduction or deductions has or have been allowed or is or are allowable under section 124ZAF to the person or any of the persons who owned the unit before the change as is attributable to so much of the unit as, immediately before the change occurred, was owned by the person or persons to whom that deduction or those deductions has or have been allowed or is or are allowable.”.

13. After Division 10B of Part III of the Principal Act the following Division is inserted:

**“Division 10BA—Australian films**

**“Subdivision A—Preliminary**

**Interpretation**

“124ZAA. (1) In this Division, unless the contrary intention appears—  
 ‘Australian film’ means a film that—

- (a) has been made wholly or substantially in Australia or in an external Territory and has a significant Australian content; or
- (b) has been made in pursuance of an agreement or arrangement entered into between the Government of Australia or an authority of the Government of Australia and the Government of another country or an authority of the Government of another country;

‘copyright’, in relation to a film, means copyright subsisting in the film by virtue of Part IV of the *Copyright Act* 1968 and includes copyright subsisting in, or in relation to, the film or in any work comprised in the film, under the law of a country other than Australia;

‘feature film’ includes animated feature film;

‘film’ means an aggregate of images, or of images and sounds, embodied in any material;

‘final certificate’ means a certificate issued under section 124ZAC;

‘future copyright’ means copyright to come into existence at a future time or upon the happening of a future event;

‘Minister’ means the Minister for Home Affairs and Environment;

‘provisional certificate’ means a certificate issued under section 124ZAB;

‘public event’ includes—

- (a) a sporting activity;
- (b) a theatrical performance;
- (c) an artistic performance; or



(d) any other activity, performance or event,  
to which the public is normally admitted (whether free of charge or on  
payment of a charge);

'qualifying Australian film' means a film that is—

- (a) an eligible film; and
- (b) an Australian film;

'television broadcasting' includes transmission by means of cables.

“(2) A reference in this Division to a film shall, unless the contrary  
intention appears, be read as including a reference to a proposed film.

“(3) In this Division, a reference to the expenditure of capital moneys is a  
reference to the expenditure of moneys that is expenditure of a capital nature.

“(4) Subject to sub-section (5), a reference in this Division to an eligible  
film is a reference to a film produced wholly or principally for exhibition to the  
public in cinemas or by way of television broadcasting, being a feature film or a  
film of a like nature produced for exhibition by way of television broadcasting,  
a documentary or a mini-series of television drama.

“(5) Without extending by implication the generality of sub-section (4), a  
reference in this Division to an eligible film does not include a reference to a  
film that is, or is to a substantial extent—

- (a) a film for exhibition as an advertising program or a commercial;
- (b) a film for exhibition as a discussion program, a quiz program, a panel  
program, a variety program or a program of a like nature;
- (c) a film of a public event;
- (d) a film forming part of a drama program series that is, or is intended to  
be, of a continuing nature; or
- (e) a training film.

“(6) A reference in this Division to moneys expended in producing a film is  
a reference to moneys expended to the extent to which those moneys are  
expended directly in producing a film.

### **Provisional certificates**

“124ZAB. (1) A person (in this section referred to as the 'applicant') may  
apply to the Minister for a certificate stating that a proposed film will, when  
completed, be a qualifying Australian film for the purposes of this Division.

“(2) An application under sub-section (1)—

- (a) shall be in writing;
- (b) shall be signed by or on behalf of the applicant; and
- (c) shall be accompanied by such information as the Minister requires.

“(3) Where an application is made to the Minister under sub-section (1)  
and the Minister is satisfied that—

- (a) the proposed film, when completed, will be a qualifying Australian  
film; and

- (b) having regard to the role of the applicant in the proposed production of the film, the applicant is an appropriate person to whom to issue a certificate under this section in respect of the proposed film,

the Minister shall issue to the applicant a certificate under this section in respect of the proposed film. 5

“(4) A person to whom a certificate in respect of a proposed film has been issued under sub-section (3) shall furnish to the Minister, within a period specified by the Minister, such information in relation to the proposed film as the Minister requests.

“(5) Where a person to whom a certificate in respect of a proposed film has been issued under sub-section (3) fails to comply with sub-section (4) in respect of the proposed film, the Minister may, by writing under his hand, revoke the certificate and thereupon the certificate shall, for the purposes of this Act, be deemed never to have been in force. 10

“(6) Where— 15

- (a) the Minister has issued a certificate under this section stating that a proposed film will, when completed, be a qualifying Australian film for the purposes of this Division; and

- (b) at any time after the issue of the certificate, the Minister becomes satisfied that— 20

- (i) the proposed film, when completed, will not be a qualifying Australian film for the purposes of this Division; or  
 (ii) if the proposed film has been completed—the completed film is not a qualifying film for the purposes of this Division,

the Minister shall, by writing under his hand, revoke the certificate and thereupon the certificate shall, for the purposes of this Act, be deemed never to have been in force. 25

“(7) Where the Minister, under sub-section (5) or (6), revokes a certificate, the Minister shall, as soon as practicable, give notice in writing of the revocation to the person to whom the certificate was issued. 30

“(8) The revocation of a certificate issued under this section in respect of a proposed film does not prevent the issue of a further certificate under this section in respect of that proposed film.

“(9) Subject to sub-sections (5), (6) and (10), a certificate issued under this section shall be deemed to have been in force at all times before the time when it was issued. 35

“(10) If an application for a final certificate in respect of a film is not made in accordance with section 124ZAC before the expiration of 6 months after the time when the film is completed, any certificate issued under this section in respect of the film shall be deemed never to have been in force. 40

**Final certificates**

“124ZAC. (1) A person (in this section referred to as the ‘applicant’) may apply to the Minister for a certificate stating that a film that has been completed is a qualifying Australian film for the purposes of this Division.

5 “(2) An application under sub-section (1)—

(a) shall be in writing;

(b) shall be signed by or on behalf of the applicant; and

(c) shall be accompanied by such information as the Minister requires.

10 “(3) Where an application is made to the Minister under sub-section (1) and the Minister is satisfied that—

(a) the film is a qualifying Australian film; and

(b) having regard to the role of the applicant in the production of the film, the applicant is an appropriate person to whom to grant a certificate under this section in respect of the film,

15 the Minister shall issue to the applicant a certificate under this section in respect of the film.

“(4) A certificate issued under this section shall be deemed to have been in force at all times before the time when it was issued.

**Determination of Australian content**

20 “124ZAD. Where, in considering for the purposes of section 124ZAB or 124ZAC whether a film is, or when completed will be, a qualifying Australian film, the Minister is required by virtue of paragraph (a) of the definition of ‘Australian film’ in sub-section 124ZAA (1) to determine whether the film has,  
25 or the proposed film when completed will have, a significant Australian content, the Minister shall, in determining whether the film has, or the proposed film will have, a significant Australian content, have regard to—

(a) the subject matter of the film or proposed film;

(b) the place or places where the film was, or the proposed film will be, made;

30 (c) the nationalities and places of residence of—

(i) the persons who took part, or who will take part, in the making of the film or proposed film (including authors, composers, actors, scriptwriters, editors, producers, directors and technicians);

35 (ii) the persons who are, or who will be, the beneficial owners of shares in any company concerned in the making of the film or proposed film; and

(iii) the persons who are, or who will be, the beneficial owners of the copyright in the film or proposed film;

40 (d) the source from which moneys that were used in the making of the film were, or that are to be used in the making of the proposed film will be, derived;

- (e) the details of the production expenditure incurred in respect of the film or of the budgeted production expenditure to be incurred in respect of the proposed film; and
- (f) any other matters that the Minister considers to be relevant.

### **Election that Division not apply**

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“124ZAE. (1) Where a taxpayer has expended capital moneys in producing, or by way of contribution to the cost of producing, a film, the taxpayer may elect that this Division shall not apply in relation to the taxpayer in relation to that film and, where such an election is made, this Division does not apply in relation to the taxpayer in relation to that film.

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“(2) An election under sub-section (1) in relation to a film—

- (a) shall be exercised by notice in writing to the Commissioner signed by or on behalf of the taxpayer; and
- (b) shall be lodged with the Commissioner on or before the date of lodgment of the return of income of the taxpayer of the first year of income in respect of which a deduction would, but for this section and the provisions of Subdivision B other than section 124ZAF, be allowable to the taxpayer in relation to that film.

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### **“Subdivision B—Deductions for capital expenditure**

#### **Deductions for capital expenditure**

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“124ZAF. (1) Subject to this Subdivision, where—

- (a) a taxpayer has, under a contract entered into on or after 1 October 1980, expended capital moneys in producing, or by way of contribution to the cost of producing, a film;
- (b) at the time when the moneys were expended—
  - (i) the taxpayer was a resident; and
  - (ii) a provisional certificate or a final certificate was in force in relation to the film;
- (c) the Commissioner is satisfied that, at the time when the moneys were expended—
  - (i) the taxpayer expected to become the first owner, or one of the first owners, of the copyright in the film when that copyright came into existence; and
  - (ii) the taxpayer intended to use that copyright, or the taxpayer’s interest in that copyright, as the case may be, for the purpose of producing assessable income from the exhibition of the film to the public in cinemas or by way of television broadcasting or from granting rights to exhibit the film to the public in cinemas or by way of television broadcasting;
- (d) by reason of the moneys being expended, the taxpayer became the first owner, or one of the first owners, of the copyright in the film; and

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(e) either of the following conditions is applicable:

- (i) the taxpayer has used the copyright or the taxpayer's interest in the copyright, as the case may be, for the purpose of producing assessable income from the exhibition of the film to the public in cinemas or by way of television broadcasting or from granting rights to exhibit the film to the public in cinemas or by way of television broadcasting;
- (ii) the taxpayer derived assessable income under an agreement entered into before the copyright came into existence under which the taxpayer agreed, upon the copyright coming into existence, to grant rights to another person to exhibit the film to the public in cinemas or by way of television broadcasting,

an amount equal to 150% of the amount of the moneys expended shall be allowed as a deduction in the assessment of the taxpayer in respect of income of—

(f) where, in the year of income in which the condition specified in paragraph (e) was first satisfied in relation to the taxpayer in relation to the copyright, the taxpayer became the first owner, or one of the first owners, of the copyright—that year of income; and

(g) in any other case—

- (i) the year of income in which the condition specified in paragraph (e) was first satisfied in relation to the taxpayer in relation to the copyright; or
  - (ii) the year of income in which the taxpayer became the first owner, or one of the first owners, of the copyright,
- whichever is the later year of income.

“(2) Subject to this Subdivision, where—

(a) a taxpayer has, under a contract entered into on or after 1 October 1980, expended capital moneys in producing, or by way of contribution to the cost of producing, a film;

(b) at the time when the moneys were expended—

- (i) the taxpayer was a resident; and
- (ii) a provisional certificate or a final certificate was in force in relation to the film;

(c) the Commissioner is satisfied that, at the time when the moneys were expended—

- (i) the taxpayer expected to become the first owner, or one of the first owners, of the copyright in the film when that copyright came into existence; and
- (ii) the taxpayer intended to use that copyright, or the taxpayer's interest in that copyright, as the case may be, for the purpose of producing assessable income from the exhibition of the film to the public in cinemas or by way of television broadcasting or

from granting rights to exhibit the film to the public in cinemas or by way of television broadcasting;

(d) the taxpayer died before copyright in the film came into existence; and

(e) either of the following conditions is satisfied:

(i) before the taxpayer died, the taxpayer derived assessable income under an agreement under which the taxpayer agreed, upon the copyright coming into existence, to grant rights to another person to exhibit the film to the public in cinemas or by way of television broadcasting; 5

(ii) the Commissioner is satisfied that, if the taxpayer had not died— 10

(A) the taxpayer would have become the first owner, or one of the first owners, of the copyright in the film by reason of the moneys having been expended; and

(B) the taxpayer would have used that copyright or the taxpayer's interest in that copyright for the purpose of producing assessable income from the exhibition of the film to the public in cinemas or by way of television broadcasting or from granting rights to exhibit the film to the public in cinemas or by way of television broadcasting. 15 20

an amount equal to 150% of the amount of the moneys expended shall be allowed as a deduction in the assessment of the taxpayer in respect of the income of the year of income in which the taxpayer died.

“(3) In this section, a reference to assessable income includes a reference to amounts that, but for section 23H, would be assessable income. 25

### **Expenditure of contributions**

“124ZAG. Where—

(a) but for this section and sections 124ZAL and 124ZAM, an amount (in this sub-section referred to as the ‘relevant amount’) would be taken for the purposes of this Division to have been expended by a taxpayer by way of contribution to the cost of producing a film; and 30

(b) the whole of the relevant amount is not expended in producing the film,

the following provisions have effect: 35

(c) where no part of the relevant amount was expended in producing the film—no part of the relevant amount shall be taken for the purposes of this Division to have been expended by the taxpayer;

(d) where part only of the relevant amount was not expended in producing the film—the relevant amount shall be reduced by that part of the relevant amount that was not expended in producing the film. 40

**Allocation of contributions expended**

“124ZAH. (1) Where—

(a) a taxpayer has expended capital moneys by way of contribution to the cost of producing a film; and

(b) an amount of moneys has been expended in producing the film out of moneys that include the moneys expended by the taxpayer,

then, for the purposes of this Division, so much of the moneys expended by the taxpayer as the Commissioner determines shall be taken to be included in the amount referred to in paragraph (b) that has been expended in producing the film.

“(2) Sections 124ZAJ and 124ZAK apply, for the purposes of sub-section (1), in determining whether, and the extent to which, moneys have been expended in producing a film.

**Non-arm’s length transactions**

“124ZAJ. (1) Where—

(a) but for this section and sections 124ZAK, 124ZAL and 124ZAM, an amount expended by a person (in this sub-section referred to as the ‘producer’) for the supply of goods or the provision of services would be taken, for the purposes of this Division, to be an amount expended in producing a film;

(b) the Commissioner is satisfied, having regard to any connection between the producer and the person who supplied those goods or provided those services, or to any other relevant circumstances, that the producer and that person were not dealing with each other at arm’s length in relation to the transaction; and

(c) the Commissioner is satisfied that the amount of moneys expended on the supply of those goods or the provision of those services exceeds the amount of moneys that would have been expended by the producer if the producer and the person supplying those goods or providing those services had dealt with each other at arm’s length,

then such part only of the amount of the moneys expended on the supply of those goods or the provision of those services as, in the opinion of the Commissioner, is reasonable shall be taken for the purposes of this Division to have been expended in producing the film.

“(2) A reference in sub-section (1) to an amount expended by a person, in producing a film, for the provision of services includes a reference to an amount paid by the person to another person as consideration for the other person producing, or agreeing to produce, a film or a part of a film.

**Amounts expended in acquiring assets**

“124ZAK. Where—

(a) but for this section and sections 124ZAL and 124ZAM, an amount would be taken for the purposes of this Division to have been expended in producing a film;

- (b) that amount or part of that amount was expended in the acquisition of assets for use in producing the film; and
- (c) those assets are subsequently disposed of or are used otherwise than in producing the film,

the amount referred to in paragraph (a) shall be reduced by such amount as the Commissioner considers reasonable. 5

**Deduction reduced if future copyright assigned**

“124ZAL. (1) Where—

- (a) but for this section and section 124ZAM, an amount would be taken for the purposes of this Division to have been expended by a taxpayer in producing, or by way of contribution to the cost of producing, a film; and 10
- (b) at the time when that amount was expended, or before or after that time, the taxpayer partially assigned his future copyright in the film,

the amount referred to in paragraph (a) shall be reduced by such amount as the Commissioner considers reasonable. 15

“(2) A reference in sub-section (1) to an assignment by a taxpayer of future copyright in a film includes a reference to the taxpayer entering into an agreement to transfer copyright in the film to another person upon the copyright coming into existence or at any time after the coming into existence of the copyright. 20

**No deduction unless expenditure at risk**

“124ZAM. (1) Where—

- (a) but for this section and sections 124ZAG, 124ZAJ, 124ZAK and 124ZAL, a taxpayer or a partnership would be taken, for the purposes of this Division, to have expended capital moneys in producing, or by way of contribution to the cost of producing, a film; and 25
- (b) but for this section, a taxpayer (in this section referred to as the ‘relevant taxpayer’), being the taxpayer referred to in paragraph (a) or a partner in the partnership, would be taken for the purposes of this Division to have expended the whole or a part of the capital moneys referred to in paragraph (a) (which whole or part is in this sub-section referred to as the ‘relevant amount’) in producing, or by way of contribution to the cost of producing, the film, 30

then, for the purposes of this Division, the amount of the capital moneys that, by virtue of the expenditure of the moneys referred to in paragraph (a), the relevant taxpayer is to be taken to have expended in producing, or by way of contribution to the cost of producing, the film is— 35

- (c) if the Commissioner is satisfied that, at the time when the moneys referred to in paragraph (a) were expended, the relevant taxpayer was not at risk in respect of any amount by virtue of the expenditure of the moneys referred to in paragraph (a)—nil; 40



(d) if the Commissioner is satisfied that, at the time when the moneys referred to in paragraph (a) were expended, the relevant taxpayer was, by virtue of the expenditure of the moneys referred to in paragraph (a), at risk in respect of an amount less than the relevant amount—the amount in respect of which the taxpayer was at risk; or

(e) if the Commissioner is satisfied that, at the time when the moneys referred to in paragraph (a) were expended, the taxpayer was, by virtue of the expenditure of those moneys, at risk with respect to an amount equal to or greater than the relevant amount—the relevant amount.

“(2) For the purposes of the application of sub-section (1) in respect of the relevant taxpayer in relation to the moneys expended in relation to the film as mentioned in paragraph (1) (a), the taxpayer shall be taken to be at risk, by virtue of the expenditure of those moneys, in respect of an amount equal to the amount of the loss that, in the opinion of the Commissioner, would be suffered by the taxpayer by reason of the expenditure of the moneys referred to in paragraph (1) (a) if the relevant taxpayer were not to derive any income, other than excepted income, from the film or from the taxpayer’s interest in the copyright of the film.

“(3) For the purposes of sub-section (2), income derived by the relevant taxpayer from the film is excepted income if—

(a) the income is derived under an agreement under which moneys were to be paid to the taxpayer or another person; and

(b) the Commissioner is satisfied that the agreement was entered into for the purpose, or for purposes that included the purpose, of enabling the moneys referred to in paragraph (1) (a) to be expended as mentioned in that paragraph.

“(4) In forming an opinion for the purpose of sub-section (2) as to the amount of a loss that would be suffered by the relevant taxpayer, by virtue of the expenditure of the moneys referred to in paragraph (1) (a), if the relevant taxpayer were not to derive any income, other than excepted income, from the film or from the taxpayer’s interest in copyright in the film, the Commissioner may have regard to—

(a) any act that occurred, any transaction that was entered into or any circumstance that existed before, or at the time when, the moneys referred to in paragraph (1) (a) were expended; and

(b) any act that was likely to occur, any transaction that was likely to be entered into or any circumstance that was likely to exist after the time when the moneys referred to in paragraph (1) (a) were expended by reason of any act, transaction or circumstance mentioned in paragraph (a),

being an act, transaction or circumstance that had, or was likely to have, the effect of reducing or eliminating the loss that would be suffered by the relevant taxpayer, by virtue of the expenditure of the moneys referred to in paragraph (1) (a), if the relevant taxpayer were not to derive any income, other than

excepted income, from the film or from the taxpayer's interest in copyright in the film.

“(5) In this section—

- (a) a reference to an agreement is a reference to any agreement, arrangement, understanding or scheme, whether formal or informal, whether express or implied, and whether or not enforceable or intended to be enforceable by legal proceedings; and 5
- (b) a reference to income derived from a film is a reference to—
  - (i) any amount received or receivable as consideration for the use of, or the right to use, the film or any copyright or interest in copyright in the film; 10
  - (ii) any amount received or receivable as consideration for the granting of a licence in respect of future copyright in the film; and
  - (iii) any amount received or receivable as consideration in respect of the disposal of the whole or a part of any copyright or interest in copyright in the film or in respect of the assignment of any right to use the copyright or an interest in the copyright in the film or to derive income from the use of such a copyright or interest. 15  
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### **Variation of contracts**

“124ZAN. Where the Commissioner is satisfied that—

- (a) a contract or arrangement was entered into by a taxpayer before 1 October 1980 in pursuance of which the taxpayer was to expend capital moneys in producing, or by way of contribution to the cost of producing, a film (in this sub-section referred to as the ‘original film’); 25
- (b) on or after that date, the taxpayer entered into a contract (whether with the same or another person) in pursuance of which the taxpayer was to expend capital moneys in producing, or by way of contribution to the cost of producing, the original film or another film; 30
- (c) the expenditure by the taxpayer of some or all of the capital moneys that were to be expended in pursuance of the contract referred to in paragraph (b) was to be in lieu of the expenditure by the taxpayer of some or all of the capital moneys that were to be expended by the taxpayer in pursuance of the contract or arrangement referred to in paragraph (a); and 35
- (d) the taxpayer entered into the contract referred to in paragraph (b) for the purpose, or for purposes that included the purpose, of obtaining a deduction under this Subdivision,

the Commissioner may refuse to allow a deduction under this Subdivision to the taxpayer in respect of capital moneys expended by the taxpayer in pursuance of the contract referred to in paragraph (b). 40

**“Subdivision C—Miscellaneous****Limitation on deductibility of revenue expenses**

“124ZAO. (1) This section applies, in relation to a taxpayer in relation to a film in relation to a year of income, to—

- 5 (a) any deduction that, but for this section, would be allowable to the taxpayer in the year of income in respect of expenditure (not being expenditure in respect of which a deduction is allowable under section 124ZAF) to the extent that the expenditure is incurred by the taxpayer in relation to the film and in gaining or producing amounts to which section 26AG applies in relation to the taxpayer in relation to the film in relation to any year of income; and
- 10 (b) any deduction deemed by sub-section (3) to be a deduction to which this section applies in relation to the taxpayer in relation to the film in relation to the year of income.

15 “(2) Where—

- (a) but for this sub-section, a deduction or deductions to which this section applies in relation to a taxpayer in relation to a film in relation to a year of income would be allowable to the taxpayer in respect of the year of income; and
- 20 (b) the amount of that deduction or of the sum of those deductions exceeds the amount, or the sum of the amounts, that, but for section 23H, would be included in the assessable income of the taxpayer of the year of income under section 26AG in relation to the film,

25 then, notwithstanding any other provision of this Act, the amount of that deduction shall be reduced by the amount of the excess or, as the case requires, the amount of each of those deductions shall be reduced by an amount that bears to the amount of the excess the same proportion as the amount of the deduction bears to the sum of the deductions.

30 “(3) Where, by virtue of sub-section (2), a deduction is not allowable to a taxpayer in a year of income in relation to a film or the amount of a deduction allowable to a taxpayer in a year of income in relation to a film is reduced, the following provisions have effect:

- (a) a deduction equal to the amount of the deduction or the amount of the reduction, as the case may be, is, subject to this section, allowable to the taxpayer in respect of the next succeeding year of income; and
- 35 (b) the deduction that, by virtue of paragraph (a), is allowable to the taxpayer in respect of the next succeeding year of income shall be deemed to be a deduction to which this section applies in relation to the taxpayer in relation to the film in relation to the next succeeding year of income.
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**Special provisions relating to partnerships**

“124ZAP. (1) This Division does not apply in calculating the net income of a partnership, or a partnership loss, in accordance with section 90.

“(2) For the purposes of the application of Subdivision B in relation to a taxpayer being a partner in a partnership, where, under a contract entered into on or after 1 October 1980, the partnership has expended capital moneys in producing, or by way of contribution to the cost of producing, a film, the taxpayer shall be deemed to have expended capital moneys in producing, or by way of contribution to the cost of producing, that film, of an amount equal to— 5

- (a) so much of the amount of the moneys expended as the partners have agreed is to be borne by the taxpayer; or
- (b) if the partners have not agreed as to the part of the moneys expended that is to be borne by the taxpayer—so much of the amount of the moneys expended as bears to that amount the same proportion as the individual interest of the taxpayer in the net income of the partnership of the year of income in which the moneys were expended bears to that net income or, as the case requires, the individual interest of the taxpayer in the partnership loss for that year of income bears to that partnership loss. 10 15

“(3) Sections 124ZAG, 124ZAH, 124ZAJ and 124ZAK apply, for the purposes of sub-section (2), in determining whether a partnership has expended capital moneys in producing, or by way of contribution to the cost of producing, a film and in determining the amount of any such moneys. 20

“(4) Where a partnership has incurred expenditure in a year of income in respect of which a deduction is not allowable to the partnership in calculating the net income of the partnership for the purposes of section 90 but would be allowable but for sub-sections 26AG (9) and (10), a taxpayer being a partner in the partnership shall be deemed, for the purposes of this Act, to have incurred, at the time when that expenditure was incurred by the partnership— 25

- (a) so much of the amount of that expenditure as the partners have agreed is to be borne by the taxpayer; or
- (b) if the partners have not agreed as to the part of the expenditure that is to be borne by the taxpayer—so much of that amount of the expenditure as bears to that amount the same proportion as the individual interest of the taxpayer in the net income of the partnership of the year of income in which the expenditure was incurred bears to that net income or, as the case requires, the individual interest of the taxpayer in the partnership loss for that year of income bears to that partnership loss.” 30 35

14. After Division 18 of Part III of the Principal Act the following Division is inserted:

**“Division 18A—Credits in respect of overseas tax paid on certain film income**

**Credit in respect of overseas tax paid on certain film income 40**

“160AGA. (1) Subject to sub-section (2), where—

- (a) section 26AG applies to an amount of income derived by a taxpayer in a year of income;

(b) paragraph 23 (q) or 23 (r) does not apply but would, but for sub-sections 26AG (7) and (8), apply to that amount or a part of that amount (which amount or part is in this section referred to as the 'eligible amount'); and

5 (c) an amount of income tax (in this section referred to as the 'overseas tax') for which the person was personally liable has been paid in respect of the eligible amount, either directly or by deduction, under the income tax laws of the country from sources in which the eligible amount was derived,

10 the taxpayer is, subject to this Act, entitled to a credit of tax of an amount determined in accordance with sub-section (3).

“(2) A taxpayer is not entitled to a credit of tax under this section in respect of tax paid in respect of an amount of income if, under a provision of this Act other than this section, the taxpayer is entitled to a credit in respect of tax paid in respect of that income.

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“(3) The amount of the credit is—

(a) the amount of the overseas tax, as reduced by the amount of any refund of, or credit in respect of, the overseas tax; or

(b) the amount of the Australian tax payable in respect of—

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(i) where no income of the taxpayer of the year of income is exempt from tax by virtue of section 23H—the eligible amount; and

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(ii) where income (in this paragraph referred to as the 'exempt income') of the taxpayer of the year of income is exempt from tax by virtue of section 23H—a part of the eligible amount equal to the amount remaining after deducting from the eligible amount so much of the eligible amount as bears to the eligible amount the same proportion as the exempt income bears to the amount, or the sum of the amounts, to which section 26AG applies in relation to the taxpayer in relation to the year of income,

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whichever is the less.

“(4) For the purposes of sub-section (3), the Australian tax in respect of the eligible amount or a part of the eligible amount is the amount of Australian tax that would be ascertained in accordance with section 15 of the *Income Tax (International Agreements) Act 1953* if that section applied for the purposes of this section and the eligible amount or that part of the eligible amount were a relevant part of the taxpayer's income for the purposes of that section.”

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### Interpretation

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15. Section 160AH of the Principal Act is amended—

(a) by inserting “or 18A” after “Division 18” in the definition of “credit”;

(b) by omitting “and” from paragraph (a) of the definition of “non-Australian tax”; and

- (c) by adding at the end of the definition of “non-Australian tax” the following word and paragraph:  
 “; and (c) income tax payable under the income tax laws of a country other than Australia or Papua New Guinea.”.

### **Amendment of assessments**

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16. Section 170 of the Principal Act is amended—

- (a) by inserting in sub-section (10) “, 23H” after “23AB”;  
 (b) by inserting in sub-section (10) “, 26AG” after “26AAB”; and  
 (c) by inserting in sub-section (10) “, Division 10BA of Part III” after “124AQ”.

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### **Interpretation**

17. Section 221YA of the Principal Act is amended by inserting after sub-section (5) the following sub-section:

“(5A) For the purposes of the application of the definition of ‘provisional income’ in sub-section (1) in relation to a year of income of a taxpayer to whom a deduction has been allowed or deductions have been allowed under section 124ZAF in respect of the next preceding year of income, the taxable income of the taxpayer of that next preceding year of income shall be deemed to be the amount that, but for this sub-section, would have been that taxable income, increased by the amount of that deduction or of those deductions, as the case may be.”.

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### **Additional amendments**

18. The Principal Act is amended as set out in the Schedule.

### **Application of amendments**

19. The amendments made by the preceding provisions of this Act apply, and shall be deemed to have applied, to assessments in respect of income of any year of income, whether commencing before or after the commencement of this Act.

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## SCHEDULE

Section 18

## ADDITIONAL AMENDMENTS

| Provision amended                                     | Omit  | Substitute   |
|---|---|--|
| Sub-paragraph 50C (3) (d) (iv)                        | "section 80"                                      | "section 80, 80AAA"  |
| Paragraph 50F (1) (c)                                 | "80"  | "80, 80AAA"  |
| Sub-section 50H (2)                                   | "section 80" (wherever occurring)                 | "section 80, 80AAA"  |
| Sub-section 51AC (1) (definition of "the tax saving") | "section 80"                                      | "section 80, 80AAA"  |
| Sub-section 51AC (8)                                  | "or section 80AA"                                 | ", 80AAA or 80AA"  |
| Sub-section 63A (10)                                  | "section 80 or section 80AA" (wherever occurring) | "section 80, 80AAA or 80AA"                                  |
| Section 79C   | "section 80 or section 80AA"                      | "section 80, 80AAA or 80AA"                                  |
| Sub-section 80A (1)                                   | "sections 80 and 80AA"                            | "sections 80, 80AAA and 80AA"                                |
| Sub-section 80A (1)                                   | "section 80 or section 80AA"                      | "section 80, 80AAA or 80AA"                                  |
| Paragraph 80A (2) (a)                                 | "or section 80AA"                                 | ", 80AAA or 80AA"  |
| Sub-section 80A (3)                                   | "section 80 or section 80AA" (wherever occurring) | "section 80, 80AAA or 80AA"                                  |
| Section 80A (5)                                       | "section 80 or section 80AA" (wherever occurring) | "section 80, 80AAA or 80AA"                                  |
| Paragraph 80B (5) (c)                                 | "section 80 or section 80AA"                      | "section 80, 80AAA or 80AA"                                  |
| Sub-section 80DA (1)                                  | "sections 80 and 80AA"                            | "sections 80, 80AAA and 80AA"                                |
| Sub-section 80DA (1)                                  | "section 80 or section 80AA" (wherever occurring) | "section 80, 80AAA or 80AA"                                  |
| Paragraph 80DA (6) (a)                                | "section 80 or section 80AA"                      | "section 80, 80AAA or 80AA"                                  |
| Paragraph 80E (1) (a)                                 | "section 80 or section 80AA"                      | "section 80, 80AAA or 80AA"                                  |
| Paragraph 80E (2) (b)                                 | "section 80 or section 80AA"                      | "section 80, 80AAA or 80AA"                                  |
| Section 80F   | "section 80 or section 80AA" (wherever occurring) | "section 80, 80AAA or 80AA"                                  |
| Paragraph 82AC (b)                                    | "or 80AA"   | ", 80AAA or 80AA"  |
| Paragraph 82EC (b)                                    | "or 80AA"   | ", 80AAA or 80AA"  |
| Sub-section 82KH (1BA)                                | "section 80 or 80AA"<br>"sections 80 and 80AA"    | "section 80, 80AAA or 80AA"<br>"sections 80, 80AAA and 80AA" |
| Sub-section 95 (1) (definition of "net income")       | "section 80 or section 80AA"                      | "section 80, 80AAA or 80AA"                                  |
| Sub-section 105A (11)                                 | "section 80 or section 80AA" (wherever occurring) | "section 80, 80AAA or 80AA"                                  |
| Sub-paragraph 124AE (e) (i)                           | "section 80 or 80AA"<br>"either"                  | "section 80, 80AAA or 80AA"<br>"any"                         |
| Sub-paragraph 124AE (e) (ii)                          | "section 80 or 80AA"<br>"either"                  | "section 80, 80AAA or 80AA"<br>"any"                         |
| Sub-paragraph 160AC (10) (a) (ii)                     | "section 80 or section 80AA"                      | "section 80, 80AAA or 80AA"                                  |
| Paragraph 160AC (10) (b)                              | "section 80 or section 80AA" (wherever occurring) | "section 80, 80AAA or 80AA"                                  |

**NOTE**

1. No. 27, 1936, as amended. For previous amendments, see No. 88, 1936; No. 5, 1937; No. 46, 1938; No. 30, 1939; Nos. 17 and 65, 1940; Nos. 58 and 69, 1941; Nos. 22 and 50, 1942; No. 10, 1943; Nos. 3 and 28, 1944; Nos. 4 and 37, 1945; No. 6, 1946; Nos. 11 and 63, 1947; No. 44, 1948; No. 66, 1949; No. 48, 1950; No. 44, 1951; Nos. 4, 28 and 90, 1952; Nos. 1, 28, 45 and 81, 1953; No. 43, 1954; Nos. 18 and 62, 1955; Nos. 25, 30 and 101, 1956; Nos. 39 and 65, 1957; No. 55, 1958; Nos. 12, 70 and 85, 1959; Nos. 17, 18, 58 and 108, 1960; Nos. 17, 27 and 94, 1961; Nos. 39 and 98, 1962; Nos. 24 and 69, 1963; Nos. 46, 68, 110 and 115, 1964; Nos. 33, 103 and 143, 1965; Nos. 50 and 83, 1966; Nos. 19, 38, 76 and 85, 1967; Nos. 4, 60, 70, 87 and 148, 1968; Nos. 18, 93 and 101, 1969; No. 87, 1970; Nos. 6, 54 and 93, 1971; Nos. 5, 46, 47, 65 and 85, 1972; Nos. 51, 52, 53, 164 and 165, 1973; No. 216, 1973 (as amended by No. 20, 1974); Nos. 26 and 126, 1974; Nos. 80 and 117, 1975; Nos. 50, 53, 56, 98, 143, 165 and 205, 1976; Nos. 57, 126 and 127, 1977; Nos. 57, 87, 123, 171 and 172, 1978; and Nos. 12, 19, 27, 43, 62, 146, 147 and 149, 1979; Nos. 19, 24, 124, 133, 134 and 159, 1980; and Nos. 00 and 00, 1981.