

Income Tax

No. 72 of 1968

An Act to impose a Tax upon Incomes.

[Assented to 31 October 1968]

BE it enacted by the Queen's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows:—

1. This Act may be cited as the *Income Tax Act 1968*. Short title.
2. This Act shall come into operation on the day on which it receives the Royal Assent. Commencement.
- 3.—(1.) In this Act, unless the contrary intention appears— Interpretation.
 - “co-operative company” has the same meaning as in Division 9 of Part III. of the Assessment Act;
 - “friendly society dispensary” means a friendly society dispensary to which Division 9A of Part III. of the Assessment Act applies;
 - “investment income” has the same meaning as in Division 9B of Part III. of the Assessment Act;
 - “life assurance company” has the same meaning as in Division 8 of Part III. of the Assessment Act;
 - “mutual income”, in relation to a life assurance company (other than a mutual life assurance company), means—
 - (a) so much of the part of the taxable income of the company that has been derived from its life assurance business as bears the same proportion to that part of the taxable income as the amount of the profits divided for the same year of income among the life assurance policy holders of the company bears to the total profits divided among those policy holders and the shareholders of the company in respect of the company's life assurance business for the same year of income; or
 - (b) where no profits in respect of the company's life assurance business are divided for the year of income but, by virtue of the company's constituent document, any profits to be divided among the life assurance policy holders of the company are required to be a certain proportion of the total profits to be divided—that proportion of the part of the taxable income of the company that has been derived from its life assurance business;

“ mutual life assurance company ” has the same meaning as in Division 8 of Part III. of the Assessment Act;

“ non-profit company ” means—

(a) a company that is not carried on for the purposes of profit or gain to its individual members and is, by the terms of the company’s constituent document, prohibited from making any distribution, whether in money, property or otherwise, to its members; or

(b) a friendly society dispensary;

“ superannuation fund ” means a provident, benefit, superannuation or retirement fund;

“ tax ” means income tax referred to in sub-section (1.) of section 5 of this Act;

“ the Assessment Act ” means the *Income Tax Assessment Act 1936–1968*.

(2.) A reference in this Act to investment income, net income or taxable income shall be read as a reference to investment income, net income or taxable income, as the case may be, of the year of income.

Incorporation.

4. The Assessment Act is incorporated, and shall be read as one, with this Act.

Imposition of income tax.

5.—(1.) Income tax is imposed in accordance with this Act and at the rates declared in this Act.

(2.) This Act does not impose—

(a) further tax payable in pursuance of sub-section (9.), sub-section (11.) or sub-section (12.) of section 94 of the Assessment Act;

(b) tax payable by a trustee in pursuance of section 99A of the Assessment Act;

(c) tax payable by a trustee of a superannuation fund in pursuance of section 121CA, section 121CB or section 121DA of the Assessment Act; or

(d) tax payable in accordance with section 128B of the Assessment Act.

(3.) This Act does not impose tax upon—

(a) a taxable income that is derived by a person other than a company or by a non-profit company; or

(b) the net income of a trust estate in respect of which the trustee is liable to be assessed and to pay tax under section 98 or section 99 of the Assessment Act,

where that taxable income or net income, as the case may be, does not exceed Four hundred and sixteen dollars.

6.—(1.) Except as otherwise provided by this Act, the rates of tax are as set out in the First Schedule to this Act.

Rates of tax payable by persons other than companies.

(2.) The rates of tax in respect of a taxable income to which Division 16 of Part III. of the Assessment Act applies are as set out in the Second Schedule to this Act.

(3.) The rate of tax in respect of a taxable income in any case where section 59AB, section 86 or section 158D of the Assessment Act applies is as set out in the Third Schedule to this Act.

(4.) The rate of tax payable by a trustee in pursuance of section 98 or section 99 of the Assessment Act is as set out in the Fourth Schedule to this Act.

(5.) The rates of tax payable by a trustee of a superannuation fund in respect of investment income of the fund in respect of which the trustee is liable, in pursuance of section 121D of the Assessment Act, to be assessed and to pay tax are as set out in the Fifth Schedule to this Act.

(6.) In this section, " tax " does not include tax imposed in accordance with section 9 of this Act.

7.—(1.) Where the taxable income of a person does not exceed Four hundred and twenty-eight dollars, the amount of tax payable by him under sub-section (1.), sub-section (2.) or sub-section (3.) of the last preceding section shall not exceed one-half of the amount by which the taxable income exceeds Four hundred and sixteen dollars, less any rebate or credit to which he is entitled.

Amount of tax where taxable income or net income does not exceed \$428.

(2.) Where the net income of a trust estate in respect of which a trustee is liable to be assessed and to pay tax under section 98 or section 99 of the Assessment Act does not exceed Four hundred and twenty-eight dollars, the amount of tax payable by the trustee under sub-section (4.) of the last preceding section in respect of that net income shall not exceed one-half of the amount by which that net income exceeds Four hundred and sixteen dollars, less any rebate or credit to which the trustee is entitled.

8.—(1.) This section applies to a taxpayer who—

(a) being a man, has attained the age of sixty-five years, or, being a woman, has attained the age of sixty years, on or before the last day of the year of income; and

(b) is a resident of Australia during the whole of the year of income, but does not apply to a taxpayer in the capacity of a trustee.

Limitation of tax payable by aged persons.

(2.) Where the taxable income of a taxpayer to whom this section applies does not exceed One thousand five hundred and thirty-two dollars, the amount of tax payable by him by reason of the last two preceding sections shall not exceed nine-twentieths of the amount by which his taxable income exceeds One thousand two hundred and forty-eight dollars, less any rebate or credit to which he is entitled, or, if his taxable income does not exceed One thousand two hundred and forty-eight dollars, no tax is payable by him.

(3.) Where the taxable income of a taxpayer to whom this section applies does not exceed Three thousand five hundred and fourteen dollars and during the year of income the taxpayer contributes to the maintenance of his spouse, being a person who is a resident of Australia during the whole of the year of income, the amount of tax payable by the taxpayer by reason of the last two preceding sections shall not exceed nine-twentieths of the amount by which the sum of the taxable incomes of the taxpayer and his spouse exceeds Two thousand one hundred and eighty-four dollars, less any rebate or credit to which he is entitled, or, if the sum of those taxable incomes does not exceed Two thousand one hundred and eighty-four dollars, no tax is payable by the taxpayer.

(4.) In this section, "resident of Australia" includes a person who is a resident of the Territory of Papua and New Guinea, of Norfolk Island, of the Territory of Cocos (Keeling) Islands or of the Territory of Christmas Island.

Additional tax payable by certain persons other than companies.

9. In the case of a person who is liable to pay income tax ascertained by reference to sub-section (1.), (2.), (3.) or (4.) of section 6, to section 7 or to section 8 of this Act, there is payable additional income tax at the rate of two and one-half per centum of the income tax so ascertained that would have been payable in respect of the taxable income, or, in the case of a person being a trustee, in respect of the net income of the trust estate in respect of which the trustee is liable to be assessed and to pay tax, if there had not been allowed or allowable from that income tax any rebate or credit.

Minimum tax.

10.—(1.) Where, but for this section, the amount of tax that a person would be liable to pay under the preceding provisions of this Act, after deducting all rebates to which that person is entitled, is less than Fifty cents, the tax payable by that person is Fifty cents.

(2.) The last preceding sub-section does not apply in relation to tax payable by a taxpayer who is liable to pay further tax in pursuance of sub-section (9.), sub-section (11.) or sub-section (12.) of section 94 of the Assessment Act.

Rates of tax payable by a company.

11.—(1.) The rates of tax payable by a company, other than a company in the capacity of a trustee, are as set out in the Sixth Schedule to this Act.

(2.) Where the taxable income of a non-profit company does not exceed One thousand three hundred and eighty-six dollars, the amount of tax payable by the company shall not exceed one-half of the amount by which the taxable income exceeds Four hundred and sixteen dollars, less any rebate or credit to which the company is entitled.

Tax where amount to be collected or refunded would not exceed Twenty cents.

12.—(1.) Notwithstanding anything contained in the preceding provisions of this Act, where a person has, in accordance with section 221H of the Assessment Act, forwarded to the Commissioner a tax stamps sheet or group certificate issued to that person in respect of deductions made in

a year from his salary or wages, and the difference between the available deductions and the tax that would, but for this sub-section, be payable by that person in respect of the taxable income derived by him in that year is not more than Twenty cents, the tax payable by that person in respect of that taxable income is an amount equal to the available deductions.

(2.) The last preceding sub-section does not apply—

- (a) in relation to a person who is liable to pay further tax in pursuance of sub-section (9.) of section 94 of the Assessment Act;
- (b) in relation to a person who is liable to pay provisional tax in respect of his income of the year immediately succeeding the year referred to in the last preceding sub-section; or
- (c) in any case in which the amount of tax that would, but for this section, be payable is Fifty cents and the available deductions exceed Fifty cents.

(3.) In this section, “ the available deductions ” means the sum of the amount represented by the face value of the tax stamps duly affixed to a tax stamps sheet referred to in sub-section (1.) of this section and the amount of the deductions specified in a group certificate so referred to.

13. The tax imposed by the preceding provisions of this Act is levied, and shall be paid, for the financial year that commenced on the first day of July, One thousand nine hundred and sixty-eight, and, until the Parliament otherwise provides, for the next succeeding financial year. Levy of tax.

14. Provisional tax is imposed and is payable, in accordance with the provisions of the Assessment Act, in respect of the income of the year of income that commenced on the first day of July, One thousand nine hundred and sixty-eight. Provisional tax.

15. For the purposes of sub-section (1.) of section 104, sub-section (3.) of section 160 and sub-section (3.) of section 221YB of the Assessment Act, this Act shall be deemed to be the Act declaring the rates of income tax payable for the financial year that commenced on the first day of July, One thousand nine hundred and sixty-eight. Act to be deemed to be the Act declaring the rates of income tax.

THE SCHEDULES

FIRST SCHEDULE

Section 6 (1).

GENERAL RATES OF TAX

The rate of tax in respect of each part of the taxable income specified in the first column of the following table is the rate per centum set out in the second column of that table opposite to the reference to that part of the taxable income:—

First Column Parts of Taxable Income	Second Column Rates per centum
The part of the taxable income that—	
does not exceed \$200	0.4
exceeds \$200 but does not exceed \$300	1.2
exceeds \$300 but does not exceed \$400	2.9
exceeds \$400 but does not exceed \$500	4.5
exceeds \$500 but does not exceed \$600	6.1
exceeds \$600 but does not exceed \$800	8.2
exceeds \$800 but does not exceed \$1,000	10.8
exceeds \$1,000 but does not exceed \$1,200	12.5
exceeds \$1,200 but does not exceed \$1,400	14.2
exceeds \$1,400 but does not exceed \$1,600	15.9
exceeds \$1,600 but does not exceed \$1,800	17.6
exceeds \$1,800 but does not exceed \$2,000	19.3
exceeds \$2,000 but does not exceed \$2,400	21.6
exceeds \$2,400 but does not exceed \$2,800	24.6
exceeds \$2,800 but does not exceed \$3,200	27.1
exceeds \$3,200 but does not exceed \$3,600	29.6
exceeds \$3,600 but does not exceed \$4,000	32.1
exceeds \$4,000 but does not exceed \$4,800	35.4
exceeds \$4,800 but does not exceed \$5,600	38.3
exceeds \$5,600 but does not exceed \$6,400	41.2
exceeds \$6,400 but does not exceed \$7,200	43.8
exceeds \$7,200 but does not exceed \$8,000	46.3
exceeds \$8,000 but does not exceed \$8,800	48.7
exceeds \$8,800 but does not exceed \$10,000	51.7
exceeds \$10,000 but does not exceed \$12,000	55.0
exceeds \$12,000 but does not exceed \$16,000	57.9
exceeds \$16,000 but does not exceed \$20,000	60.4
exceeds \$20,000 but does not exceed \$32,000	63.3
exceeds \$32,000	66.7

SECOND SCHEDULE

Section 6 (2).

RATES OF TAX BY REFERENCE TO AN AVERAGE INCOME

In the case of a taxpayer to whose income Division 16 of Part III. of the Assessment Act applies, the rates of tax are—

(a) for every One dollar of so much of the taxable income as does not exceed Sixteen thousand dollars—

(i) the rate ascertained by determining the tax that would be payable if the rates set out in the First Schedule were applied to a taxable income equal to his average income and dividing the resultant amount by a number equal to the number of whole dollars in that average income; or

(ii) 42.615625 cents,
whichever is the less; and

(b) for every One dollar of the remainder of the taxable income, the rate ascertained by deducting the amount of Six thousand eight hundred and eighteen dollars fifty cents from the tax that would be payable if the rates set out in the First Schedule were applied to the total taxable income and dividing the resultant amount by a number equal to the number of whole dollars in that remainder.

THIRD SCHEDULE

Section 6 (3.).

RATE OF TAX BY REFERENCE TO A NOTIONAL INCOME

For every One dollar of the taxable income of a taxpayer deriving a notional income, as specified by section 59AB, section 86 or section 158D of the Assessment Act, the rate of tax is the rate ascertained by dividing the tax that would be payable under the First Schedule upon a taxable income equal to his notional income by a number equal to the number of whole dollars in that notional income.

FOURTH SCHEDULE

Section 6 (4.).

RATE OF TAX PAYABLE BY A TRUSTEE IN PURSUANCE OF SECTION 98 OR SECTION 99 OF THE ASSESSMENT ACT

The rate of tax in respect of the net income of a trust estate in respect of which a trustee is liable, in pursuance of section 98 or section 99 of the Assessment Act, to be assessed and to pay tax is the rate that would be payable under the First, Second or Third Schedule, as the case requires, if one individual were liable to be assessed and to pay tax on that income as his taxable income.

FIFTH SCHEDULE

Section 6 (5.).

RATES OF TAX PAYABLE BY A TRUSTEE OF A SUPERANNUATION FUND IN RESPECT OF INVESTMENT INCOME OF THE FUND

The rates of tax in respect of investment income of a superannuation fund in respect of which the trustee of the fund is liable, in pursuance of section 121D of the Assessment Act, to be assessed and to pay tax are—

- (a) for so much of that investment income as does not exceed Ten thousand dollars—thirty per centum; and
- (b) for the remainder of that investment income—forty per centum.

SIXTH SCHEDULE

Section 11.

RATES OF TAX PAYABLE BY A COMPANY OTHER THAN A COMPANY IN THE CAPACITY OF A TRUSTEE

1. In the case of a company (not being a private company, a co-operative company, a non-profit company or a life assurance company) that is a resident, the rates of tax are—

- (a) in respect of so much of the taxable income as does not exceed Ten thousand dollars—forty per centum; and
- (b) in respect of the remainder of the taxable income—forty-five per centum.

2. In the case of a company (not being a private company, a co-operative company, a non-profit company or a life assurance company) that is a non-resident, the rates of tax are—

- (a) in respect of so much of the taxable income consisting of dividends as does not exceed Ten thousand dollars—thirty-five per centum;
- (b) in respect of so much of the taxable income not consisting of dividends as does not exceed the amount (if any) by which the taxable income consisting of dividends is less than Ten thousand dollars—forty per centum; and
- (c) in respect of the part of the taxable income to which neither of the preceding subparagraphs of this paragraph applies—forty-five per centum.

3. In the case of a company that is a private company, the rates of tax are—

- (a) in respect of so much of the taxable income as does not exceed Ten thousand dollars—thirty per centum;
- (b) in respect of the remainder of the taxable income—forty per centum; and
- (c) in respect of the undistributed amount in respect of which the company is liable under section 104 of the Assessment Act to pay additional tax—fifty per centum.

SIXTH SCHEDULE—*continued*

4. In the case of a company (not being a private company or a life assurance company) that is a co-operative company or a non-profit company other than a friendly society dispensary, the rates of tax are—
- (a) in respect of so much of the taxable income as does not exceed Ten thousand dollars—thirty-five per centum; and
 - (b) in respect of the remainder of the taxable income—forty-five per centum.
5. The rate of tax in respect of the taxable income of a non-profit company that is a friendly society dispensary is thirty-five per centum.
6. In the case of a company (not being a private company) that is a mutual life assurance company, the rates of tax are—
- (a) in respect of so much of the taxable income as does not exceed Ten thousand dollars—thirty per centum; and
 - (b) in respect of the remainder of the taxable income—forty per centum.
7. In the case of a company (not being a private company) that is a life assurance company, other than a mutual life assurance company, the rates of tax are—
- (a) in respect of so much of the mutual income as does not exceed Ten thousand dollars—thirty per centum;
 - (b) in respect of the remainder of the mutual income—forty per centum;
 - (c) if the company is a non-resident, in respect of so much of the taxable income, other than the mutual income, consisting of dividends as does not exceed the amount (if any) by which the mutual income is less than Ten thousand dollars—thirty-five per centum;
 - (d) in respect of so much of the taxable income, other than the amounts of income to which the preceding sub-paragraphs of this paragraph apply, as does not exceed the amount (if any) by which the total of those amounts is less than Ten thousand dollars—forty per centum; and
 - (e) in respect of the part of the taxable income to which none of the preceding sub-paragraphs of this paragraph applies—forty-five per centum.
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