

INCOME TAX ASSESSMENT.

No. 11 of 1947.

An Act to amend the *Income Tax Assessment Act 1936-1946*.

[Assented to 3rd June, 1947.]

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

1.—(1.) This Act may be cited as the *Income Tax Assessment Act 1947*. Short title
and citation.

(2.) The *Income Tax Assessment Act 1936-1946** is in this Act referred to as the Principal Act.

(3.) The Principal Act, as amended by this Act, may be cited as the *Income Tax Assessment Act 1936-1947*.

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

3. Section five of the Principal Act is amended by inserting after the words "Part IIIA.—Further Tax on Undistributed Income of Company." the words "Part IIIB.—Relief from Double Taxation." Parts.

4. Section seventeen of the Principal Act is amended by omitting the words "Two hundred" and inserting in their stead the words "Two hundred and fifty". Income Tax.

5. Section twenty-three of the Principal Act is amended— Exemptions.

(a) by omitting from paragraph (m) the word "forty-seven" and inserting in its stead the word "fifty-two";

* Act No. 27, 1936, as amended by 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; and No. 6, 1946.

(b) by omitting paragraph (p) and inserting in its stead the following paragraph :—

“(p) income derived by a *bona fide* prospector from the sale, transfer or assignment by him of his rights to mine, in a particular area in Australia or in the Territory of New Guinea, for gold or for any metal or mineral which is specified in the regulations as a metal or mineral in respect of which this paragraph shall apply :

Provided that, where a deduction under section one hundred and twenty-three AA of this Act has been allowed or is allowable from the assessable income of the taxpayer of any year of income in respect of expenditure on exploration or prospecting in that area, this paragraph shall apply to so much only of the income as exceeds the sum of any deductions so allowed or allowable :

Provided further that this paragraph shall not apply in respect of a sale, transfer or assignment of any right to mine for a metal or mineral, other than gold, if—

- (i) any party or parties of the one part to the sale, transfer or assignment has or have the power (whether under the terms of the transaction or otherwise) to control, directly or indirectly, the entry into the transaction by, or the activities in connexion with the mining rights of, a party of the other part ; or
- (ii) any person or persons has or have the power (whether under the terms of the transaction or otherwise) to control, directly or indirectly, the entry into the transaction by, or the activities in connexion with the mining rights of, a party of the one part and a party of the other part to the sale, transfer or assignment.

For the purpose of this paragraph ‘*bona fide* prospector’ means a person, other than a company, who has personally carried out the whole or the major part of the field work of prospecting for gold, or for the metal or mineral, as the case may be, in the particular area, or

who has contributed to the expenditure incurred in the work of prospecting and development in that area, and includes a company which has itself carried out the whole or the major part of such work ;” ;

(c) by omitting from paragraph (v) the word “ and ” (last occurring) ; and

(d) by adding at the end thereof the following paragraphs :—

“ (x) the income of any prescribed organization of which Australia and one or more other countries are members ; and

(y) the official salary or emoluments of an official of an organization the income of which is exempt under the last preceding paragraph, where that salary is, or those emoluments are, derived from sources—

(i) in Australia by a non-resident ; or

(ii) out of Australia by a resident who is appointed for service with that organization outside Australia.”.

6. After section twenty-six of the Principal Act the following section is inserted :—

“ 26A. Where—

(a) a dividend is or has been included in the assessable income of a taxpayer of the year of income or of any previous year ;

(b) under the law of any country outside Australia, the company paying the dividend deducted or was authorized to deduct from the dividend income tax which the taxpayer was not personally liable to pay ; and

(c) the taxpayer, in the year of income, receives a payment or is allowed a credit of an amount in respect of the income tax which the company deducted or was authorized to deduct,

his assessable income of the year of income shall include that amount, and that amount shall, for all purposes of this Act, be deemed to be a dividend.”.

Repayment of
tax paid
abroad in
respect of
ex-Australian
dividends.

7. Section forty-four of the Principal Act is amended by inserting **Dividends.** after sub-section (1.) the following sub-section :—

“ (1A.) The operation of the last preceding sub-section shall not be affected by the provisions of paragraph (g) of section twenty-three of this Act.”.

8. After section forty-four of the Principal Act the following section is inserted :—

Credit in respect
of tax paid
abroad on
ex-Australian
dividends.

“ 45.—(1.) Where a dividend paid by a company which is a resident of a country outside Australia is included in the assessable income of any year of income of a taxpayer who is a resident of Australia, and the taxpayer has paid either directly or by deduction from the dividend income tax in respect of that dividend for which he was personally liable under the law of that country, the taxpayer shall, subject to sub-sections (6.), (7.) and (8.) of this section, be entitled to a credit—

(a) where the whole of the dividend is paid out of profits of the company derived from sources out of Australia—

(i) of the amount of that income tax (as reduced by the amount of any refund or credit of that income tax to which the taxpayer is entitled in respect of the dividend) ; or

(ii) of the amount which, if it were necessary to ascertain the amount of Australian tax payable in respect of the dividend in accordance with the provisions of section one hundred and sixty κ of this Act, would be the amount so ascertained,

whichever is the less ; or

(b) in any other case—of so much (if any) of the amount which would be the amount of the credit if the last preceding paragraph applied as bears to that amount the same proportion as the amount of the profits derived by the company from sources out of Australia which is included in the total amount of the profits out of which the dividend was paid bears to that total amount.

“ (2.) The amount of any credit to which a taxpayer is entitled under this section shall, subject to the next succeeding sub-section, be a debt due and payable to the taxpayer by the Commissioner on behalf of the Commonwealth.

“ (3.) The Commissioner may apply the whole or any part of the credit in total or partial discharge of any debt (whether in respect of income tax or otherwise) due and payable by the taxpayer to the Commonwealth, or of any liability of the taxpayer in respect of income tax, or contribution under the *Social Services Contribution Assessment Act 1945-1946*, assessed to the taxpayer, and shall notify the taxpayer accordingly.

“ (4.) Where the Commissioner has applied any amount of credit to which a taxpayer is entitled under this section in discharge of any debt or liability of the taxpayer in respect of income tax or any other tax, the taxpayer shall be deemed to have paid to the Commissioner the amount so applied for the purpose for which, and at the time at which, it has been so applied.

“(5.) Where, in any year of income, any amount of credit to which a company is entitled under this section is, in accordance with the provisions of this section, applied by the Commissioner or paid to the company, the amount otherwise deductible from the taxable income of the company of that year of income in accordance with the provisions of paragraph (a) of the definition of ‘distributable income’ in sub-section (1.), and of sub-section (3.), of section one hundred and three, or of paragraph (i) of sub-section (1.), and of sub-section (5.), of section one hundred and sixty c, of this Act, as the case requires, shall be reduced by the aggregate of the amounts so applied or paid.

“(6.) A taxpayer shall not be entitled to a credit under this section unless, within three years after the date upon which the income tax payable under this Act, or the contribution payable under the *Social Services Contribution Assessment Act 1945-1946*, in respect of the dividend became due and payable, the taxpayer furnishes to the Commissioner all the information necessary for the purpose of ascertaining the amount of the credit.

“(7.) Where the Commissioner is satisfied that it is not or was not practicable for the taxpayer to furnish the information within the time specified in the last preceding sub-section, he may extend the time for such further period, not exceeding three years, as in his opinion is reasonable in the circumstances.

“(8.) Where, by reason of any adjustment, credit or refund of any tax or contribution or for any other reason, the amount, or the sum of the amounts, applied or paid by the Commissioner in respect of a credit under this section exceeds the amount of the credit to which the taxpayer is entitled, the Commissioner may recover the amount of the excess as if it were income tax due and payable by the taxpayer.

“(9.) This section shall not apply in relation to any amount of tax paid under the law of a country outside Australia in respect of which the taxpayer is entitled to a credit in pursuance of Part IIIB. of this Act.”

9. Section fifty-four of the Principal Act is amended by inserting in paragraph (b) of sub-section (2.), after the word “purposes” (second occurring), the words “, or structural improvements, bores or wells expenditure on which has been allowed or is or has been allowable as a deduction under paragraph (g), (h) or (i) of sub-section (1.) of section seventy-five of this Act from the assessable income, of any year of income, of the taxpayer or of any other person”.

Depreciation.

10. Section fifty-six of the Principal Act is amended by omitting sub-section (3.) and inserting in its stead the following sub-section:—

Calculation of depreciation.

“(3.) Where, in respect of any unit of property, any amount which would, but for this sub-section, be part of the cost of the unit has been allowed or is allowable under this Act or the previous Act as a deduction (otherwise than on account of depreciation) from the assessable income of the taxpayer of any year of income, the cost

of the unit shall be deemed to be the amount remaining after deducting from the cost of the unit to that taxpayer, as ascertained apart from this sub-section, the sum of any amounts so allowed or allowable.”.

Repeal of section 72A.

11. Section seventy-two A of the Principal Act is repealed.

Certain expenditure on land used for primary production.

12. Section seventy-five of the Principal Act is amended—

(a) by omitting from paragraph (e) the word “and” (second occurring);

(b) by inserting after paragraph (f) the following paragraphs:—

“(g) preventing or combating soil erosion on the land, otherwise than by the erection of fences;

(h) the construction of dams, earth tanks, underground tanks, irrigation channels or similar structural improvements, or the sinking of bores or wells, for the purpose of conserving or conveying water for use in carrying on primary production on the land; and

(i) the construction on the land of levee banks or similar improvements having like uses, ”; and

(c) by adding at the end thereof the following sub-section:—

“(2.) The amount of the deduction which would otherwise be allowable under paragraph (g), (h) or (i) of the last preceding sub-section shall be reduced by the amount (if any) of the expenditure which the taxpayer has been recouped or is entitled to be recouped by the Commonwealth or a State or any public authority of the Commonwealth or a State or by any other person, where the amount recouped or to be recouped is not or will not be included in assessable income.”.

Gifts and contributions.

13. Section seventy-eight of the Principal Act is amended by adding at the end of sub-section (3.) the words “and any deduction allowable under Division 10 of this Part”.

Deduction for residents of isolated areas.

14. Section seventy-nine A of the Principal Act is amended by omitting from sub-section (2.) the word “Forty” (twice occurring) and inserting in its stead the words “One hundred and twenty”.

Losses of previous years.

15. Section eighty of the Principal Act is amended—

(a) by omitting from sub-section (2.) the word “four” (first occurring) and inserting in its stead the word “seven”; and

(b) by omitting the proviso to that sub-section.

16. After section ninety-five of the Principal Act the following section is inserted :—

“95A. A share of, or an individual interest in, the net income of a trust estate which is included in the assessable income of any person shall be deemed to be income from personal exertion to the extent to which it consists of a share of, or an individual interest in, such part of the net income of the trust estate as consists of income from personal exertion derived by the trustee.”

Certain income to be treated as income from personal exertion.

17. Section one hundred A of the Principal Act is repealed and the following section inserted in its stead :—

“100A.—(1.) Where any amount specified in paragraph (h) of sub-section (2.) of section one hundred and sixty of this Act is, or any calls specified in section one hundred and sixty AA of this Act are, paid by a trustee in respect of the trust estate, so much of that amount or of those calls shall be deemed to have been paid by a beneficiary as has been charged by the trustee against the share of the income of the trust estate to which the beneficiary is presently entitled or against any vested interest which the beneficiary has in any part of the corpus of the trust estate.

Concessional rebate in case of trust estate.

“(2.) The trustee of a trust estate shall, except for the purposes of an assessment made under section ninety-eight of this Act, be deemed not to have paid so much of any amount or calls as is, in accordance with the last preceding sub-section, deemed to have been paid by a beneficiary.”

18. Section one hundred and two of the Principal Act is amended—

(a) by omitting from sub-section (1.) all the words before paragraph (b) and inserting in their stead the following words :—

“Where a person has created a trust in respect of any income or property (including money) and—

(a) he has power, whenever exercisable, to revoke or alter the trusts so as to acquire a beneficial interest in the income derived by the trustee during the year of income, or the property producing that income, or any part of that income or property ; or ” ; and

(b) by omitting sub-section (2.) and inserting in its stead the following sub-sections :—

“(2.) The amount of the tax payable in pursuance of this section shall be the amount by which the tax actually payable on his own taxable income by the person who created the trust is less than the tax which would have been payable by him if he had received, in addition to any other income derived by him, so much of the net income of the trust estate as—

(a) is attributable to the property in which he has power to acquire the beneficial interest ;

Revocable trusts.

- (b) represents the income, or the part of the income, in which he has power to acquire the beneficial interest; or
- (c) is payable to or accumulated for, or applicable for the benefit of, a child or children of that person who is or are under the age of twenty-one years and unmarried.

“(2A.) Where any property the subject of a trust has been converted into other property, this section shall apply in the same way as if the trust had originally been created in respect of that other property.”

19. Section one hundred and twenty-two of the Principal Act is repealed and the following section inserted in its stead:—

**Deductions of
expenditure.**

“122.—(1.) Where a person, who is carrying on mining operations (other than coal mining) in Australia for the purpose of gaining or producing assessable income, incurs expenditure of a capital nature on necessary plant and development of the mining property, an amount ascertained in accordance with the provisions of this section shall be an allowable deduction.

“(2.) Subject to the next succeeding sub-section, the deduction allowable under this section shall be the amount ascertained by dividing the residual capital expenditure, as at the end of the year of income, by the number of years in the estimated life of the mine as at the end of the year of income.

“(3.) Unless an election is made, in accordance with the next succeeding sub-section, that this sub-section shall not apply in relation to the year of income, the amount of the deduction allowable shall not exceed the amount, if any, remaining after deducting from the assessable income of the year of income all allowable deductions (other than the deductions, if any, allowable under this Division).

“(4.) The election referred to in the last preceding sub-section shall be—

- (a) made in writing signed by or on behalf of the person or partnership which incurred the expenditure; and
- (b) delivered to the Commissioner on or before the last day for the furnishing of the return of income of that person or partnership of the year of income, or within such further time as the Commissioner allows.

“(5.) In this section, ‘the residual capital expenditure’ means the amount remaining after deducting from the sum of—

- (a) any amount of expenditure incurred before the year of income which began on the first day of July, One thousand nine hundred and forty-six, which would have been allowable as a deduction in assessments to which this section applies if the section for which this section was substituted had remained in force; and

- (b) the total amount of expenditure, incurred after the year of income which ended on the thirtieth day of June, One thousand nine hundred and forty-six, specified in sub-section (1.) of this section,

so much of the expenditure included in that sum as has been allowed or is allowable as a deduction under this section from the assessable income of any previous year of income to which this section applied.

“(6.) Where any amount of income derived by the taxpayer from the sale, transfer or assignment of rights to mine on any mining tenure is or has been exempt from income tax by virtue of paragraph (p) of section twenty-three of this Act, the amount which would otherwise be the residual capital expenditure for the purposes of this section shall be reduced by—

- (a) any excess amount of expenditure, in relation to that tenure, to which sub-section (3.) of section one hundred and twenty-three AA of this Act applies or has applied; or

(b) the amount of that exempt income, whichever is the less.”.

20. After section one hundred and twenty-three of the Principal Act the following section is inserted :—

“123AA.—(1.) Subject to this section, expenditure incurred by the taxpayer during the year of income on exploration or prospecting (other than for coal or gold, or for petroleum (as defined in the next succeeding section)) on any mining tenures held or held under option shall be an allowable deduction.

Exploration and
prospecting
expenditure

“(2.) The amount of the deduction allowable under this section shall not exceed the amount remaining after deducting from the assessable income derived from the carrying on by the taxpayer of a mining business, and from the activities of the taxpayer associated directly or indirectly with the carrying on by him of that business, all other allowable deductions which directly relate to that income.

“(3.) Where the amount of the expenditure exceeds the amount of the deduction allowable under this section, the excess shall be deemed to be expenditure—

- (a) incurred by the taxpayer in the first subsequent year of income from the assessable income of which he is (apart from this section) entitled to a deduction under section one hundred and twenty-two of this Act; and

- (b) in respect of which he is entitled to a deduction under that section (but not under section one hundred and twenty-three of this Act).

“(4.) In this section ‘exploration or prospecting’ means—

- (a) geological mapping, geophysical surveys, systematic search for mineralized areas, and detailed search by drilling or other means for ore deposits within those areas; and

- (b) search for ore within or in the vicinity of an ore-body by drives, shafts, cross-cuts, winzes, rises and drilling, not being normal development.”.

Deduction of unrecouped capital expenditure on prospecting or mining for petroleum.

21. Section one hundred and twenty-three A of the Principal Act is amended by omitting sub-section (3.) and inserting in its stead the following sub-section :—

“(3.) The provisions of sections one hundred and twenty-two, one hundred and twenty-three and one hundred and twenty-three AA of this Act shall not apply to any expenditure which is taken into account in ascertaining the amount of the unrecouped capital expenditure.”.

22. Section one hundred and forty-eight of the Principal Act is repealed and the following section inserted in its stead :—

Reinsurance with non-residents.

“148.—(1.) Notwithstanding anything contained in this Act, but subject to this section, where a person carrying on the business of insurance in Australia reinsures out of Australia the whole or part of any risk with a non-resident—

(a) the premiums paid or credited in respect of the reinsurance shall not be—

(i) an allowable deduction to the person carrying on the business of insurance in Australia ; or

(ii) included in the assessable income of the non-resident ; and

(b) the income of the person carrying on the business of insurance in Australia shall not include sums recovered from that non-resident in respect of a loss on any risk so reinsured.

“(2.) A person carrying on the business of insurance in Australia who reinsures out of Australia the whole or part of any risk with a non-resident may elect, in accordance with this section, that the provisions of the last preceding sub-section shall not be applied in arriving at his taxable income, and thereupon—

(a) those provisions shall not apply in arriving at his taxable income of a year of income to which the election applies ; and

(b) that person shall be liable to furnish returns, and to pay tax, in accordance with the succeeding provisions of this section, as agent for all non-residents with whom he so reinsures.

“(3.) Where a person makes an election under the last preceding sub-section, he shall, subject to sub-section (5.) of this section, be assessed and liable to pay tax, as agent, on an amount equal to ten per centum of the sum of the gross amounts of the premiums paid or credited by him in the year of income (being a year of income to which the election applies) to non-residents in respect of all such reinsurances, as if that amount were the taxable income of a non-resident company (not being a private company) not carrying on business in Australia by means either of a principal office or a branch.

“(4.) A person who has made an election under this section shall, as agent, furnish to the Commissioner, within the prescribed time,

or within such further time as the Commissioner allows, in respect of every year of income to which the election applies—

- (a) a return showing the gross amounts of the premiums paid or credited by him to non-residents in respect of all such reinsurances ; or
- (b) two returns, of which—
 - (i) one shall show the gross amounts of such premiums paid or credited by him to non-residents which are companies ; and
 - (ii) the other shall show the gross amounts of such premiums paid or credited by him to non-residents who are not companies.

“ (5.) Where returns are furnished by a person in accordance with paragraph (b) of the last preceding sub-section, there shall be excluded from the amount on which that person shall be assessed and liable to pay tax as agent in pursuance of sub-section (3.) of this section an amount equal to ten per centum of the sum of the gross premiums properly shown in the return specified in sub-paragraph (ii) of that paragraph, and that person shall, in addition to any other tax which he is liable under this section to pay as agent, be assessed and liable to pay tax as agent on the amount so excluded as if it were the taxable income of a non-resident company (being a private company) not carrying on business in Australia by means either of a principal office or a branch.

“ (6.) An election for the purposes of this section shall—

- (a) be made in writing ;
- (b) be signed, in the case of a company, by the public officer of the company ;
- (c) be delivered to the Commissioner on or before the last day for the furnishing of the taxpayer's return of income of the year of income in respect of which the election is first to apply, or within such further time as the Commissioner allows ;
- (d) first apply in respect of a year of income which shall be specified in the election ; and
- (e) apply in respect of all subsequent years of income.

“ (7.) An assessment for the purposes of sub-section (3.) or (5.) of this section shall be made and notified separately from any other assessment.

“ (8.) Where a person is liable, in pursuance of an assessment for the purposes of this section, to pay tax, in respect of any premiums, as agent for more than one non-resident, the amount which he shall be liable to pay as agent for any one of those non-residents shall be so much of the tax so payable as bears to the whole of that tax the same proportion as the total amount of such of those premiums as were paid to that non-resident bears to the total amount of those premiums.

“(9.) Where a person is or may become liable under this section to pay tax as agent for a non-resident in respect of any premium paid or credited by him to that non-resident—

- (a) he shall, for the purposes of section two hundred and fifty-four of this Act, be deemed to have received the premium in his representative capacity immediately before it was so paid or credited ; and
- (b) if he pays or credits the premium before arrangements have been made to the satisfaction of the Commissioner for the payment of any tax which may be assessed in respect of that premium, he shall be personally liable to pay that tax.”.

Rebate in case of double taxation.

23. Section one hundred and fifty-nine of the Principal Act is amended by inserting after sub-section (3.) the following sub-section :—

“(3A.) Any reference in paragraph (a) of the last preceding sub-section to income tax or to tax paid or payable under this Act shall be read as including a reference to social services contribution imposed by the *Social Services Contribution Act 1945*, or by that Act as amended.”.

Concessional rebates.

24. Section one hundred and sixty of the Principal Act is amended—

- (a) by inserting in paragraph (a) of sub-section (2.), after the word “ children ”, the words “ or step-children ” ;
- (b) by omitting sub-paragraphs (i), (ii) and (iii) of that paragraph and inserting in their stead the words “ of One hundred and fifty pounds ” ;
- (c) by omitting from that paragraph the words “ the amount arrived at in accordance with the foregoing provisions of this paragraph ” and inserting in their stead the words “ One hundred and fifty pounds ” ;
- (d) by omitting from the first proviso to that paragraph the words “ what the amount otherwise would be ” and inserting in their stead the words “ One hundred and fifty pounds ” ;
- (e) by omitting from paragraph (aa) of sub-section (2.) the words “ One hundred ” (first, second and fourth occurring) and inserting in their stead the words “ One hundred and fifty ” ;
- (f) by omitting paragraph (ab) of sub-section (2.) and inserting in its stead the following paragraph :—

“(ab) an amount of One hundred and fifty pounds in respect of a person keeping house for the taxpayer where—

- (i) the taxpayer is not entitled to a rebate by reference to paragraph (a) or (aa) of this sub-section ; and

(ii) in the case of a taxpayer who is married—
the separate net income derived in the
year of income from all sources by the
spouse of the taxpayer is less than One
hundred pounds,

and that person—

- (iii) is a resident ;
- (iv) is wholly engaged in keeping house for
the taxpayer ; and
- (v) has the care of—
 - (1) any of the taxpayer's children or
step-children who are under the
age of sixteen years ; or
 - (2) any other children in respect of
whom the taxpayer is entitled to
a rebate by reference to para-
graph (b) of this sub-section :

Provided that—

- (i) if that person is wholly engaged in
keeping house for the taxpayer and
in caring for the child or children
during part only of the year of
income ; or
- (ii) if the taxpayer is entitled to a rebate
by reference to paragraph (a) or (aa)
of this sub-section in respect of a
spouse, female relative or daughter
who is wholly maintained by the
taxpayer during part only of the
year of income,

the amount shall be such part of One hundred
and fifty pounds as, in the opinion of the Com-
missioner, is reasonable in the circumstances :

Provided further that if, in any case, the
separate net income derived in the year of income
from all sources by the spouse of the taxpayer
is not less than One hundred pounds and the
Commissioner is of opinion that, because of the
existence of special circumstances, it would be
just to allow a rebate by reference to this para-
graph, the amount shall be One hundred and
fifty pounds or such lesser amount as the Commis-
sioner considers reasonable :

Provided also that not more than one rebate
of tax shall be allowed by reference to this para-
graph, and the rebate shall not exceed Forty-five
pounds ;” ;

- (g) by omitting from sub-paragraph (i) of paragraph (b) of sub-section (2.) the words "Seventy-five pounds" and inserting in their stead the words "One hundred pounds";
- (h) by omitting from sub-paragraph (ii) of that paragraph the words "Thirty pounds" and inserting in their stead the words "Fifty pounds";
- (i) by omitting from the second proviso to that paragraph the words "Eight pounds" and inserting in their stead the words "Fifteen pounds";
- (j) by omitting paragraph (ba) of sub-section (2.) and inserting in its stead the following paragraph:—

"(ba) in respect of any invalid person, being a child, step-child, brother or sister of the taxpayer of the age of sixteen years or over at the beginning of the year of income, who is a resident—

- (i) where that person is wholly maintained by the taxpayer—an amount of One hundred pounds; or
- (ii) where that person would be wholly maintained by the taxpayer but for the fact that an invalid pension under the provisions of the *Invalid and Old-age Pensions Act 1908-1946* is being paid in respect of that person—the amount by which the sum of One hundred pounds exceeds the total amount of invalid pension paid in respect of that person during the year of income:

Provided that where the person—

- (i) attains the age of sixteen years during the year of income;
- (ii) becomes an invalid person during that year;
- (iii) is wholly maintained by the taxpayer (or would be wholly maintained by the taxpayer if an invalid pension were not being paid in respect of the person) during part only of that year; or
- (iv) is only partially maintained by him during the whole or part of that year,

the amount for the purposes of this paragraph shall be such part of One hundred pounds as, in the opinion of the Commissioner, is reasonable in the circumstances:

Provided further that the rebate of tax allowed by reference to this paragraph shall not exceed Forty-five pounds in respect of each such invalid person.

For the purposes of this paragraph 'invalid person' means—

- (a) a person in respect of whom an invalid pension is being paid under the *Invalid and Old-age Pensions Act 1908-1946*; or
- (b) a person in respect of whom the taxpayer produces to the Commissioner a certificate of a medical officer of the Commonwealth Department of Health or of a Commonwealth Medical Referee appointed for the purposes of that Act that the person is permanently incapacitated for work within the meaning of that Act;”;
- (k) by omitting from paragraph (bb) of sub-section (2.) the words “eighteen years” (twice occurring) and inserting in their stead the words “nineteen years”;
- (l) by omitting from that paragraph the words “Seventy-five pounds” (twice occurring) and inserting in their stead the words “One hundred pounds”;
- (m) by omitting paragraph (c) of sub-section (2.) and inserting in its stead the following paragraphs:—
- “ (c) an amount of One hundred and fifty pounds in respect of a parent of the taxpayer if the parent is a resident and is wholly maintained by the taxpayer:
- Provided that, if the parent is wholly maintained by the taxpayer during part only of the year of income, the amount shall be such part of the sum of One hundred and fifty pounds as, in the opinion of the Commissioner, is reasonable in the circumstances:
- Provided further that the rebate of tax allowed in respect of this paragraph shall not exceed Forty-five pounds in respect of each such parent;
- “ (ca) an amount of Fifty pounds, reduced by One pound for every Two pounds by which the taxable income exceeds Two hundred and fifty pounds, in any case where the taxpayer is entitled to a rebate by reference to paragraph (a), (aa), (ab), (b), (ba), (bb) or (c) of this sub-section;”;
- (n) by omitting from sub-paragraph (iii) of paragraph (d) of sub-section (2.) the word “or” (last occurring);

- (o) by inserting after sub-paragraph (iv) of paragraph (d) of sub-section (2.) the following word and sub-paragraph :—
 “; or (v) any person or institution in respect of any diathermic treatment administered by direction of any legally qualified medical practitioner to the taxpayer or any such spouse or child :” ; and
- (p) by inserting in paragraph (g) of sub-section (2.), before the word “ gifts ” (second occurring), the words “ testamentary gifts or ”.

Rebate of tax in respect of calls to companies.

25. Section one hundred and sixty AA of the Principal Act is amended by inserting after the word “ mining ” (twice occurring) the words “ or prospecting ”.

26. Section one hundred and sixty E of the Principal Act is repealed and the following section inserted in its stead :—

Application of Part.

- “ 160E. The foregoing provisions of this Part shall not apply to—
- (a) a mutual life insurance company (as defined in sub-section (1A.) of section one hundred and sixty c of this Act) ;
 - (b) a company which is a non-resident and does not carry on business in Australia by means either of a principal office or a branch ; or—
 - (c) a company which is not carried on for the purposes of profit or gain to its individual members and which, by the terms of its memorandum or articles of association, rules or other document constituting the company or governing its activities, is prohibited from making any distribution, whether in money, property or otherwise howsoever, to its members.”.

27. The Principal Act is amended by inserting after Part IIIA. the following Part :—

“ PART IIIB.—RELIEF FROM DOUBLE TAXATION.

Interpretation,

- “ 160F.—(1.) In this Part, unless the contrary intention appears—
- ‘ agreement ’ means an agreement made between the Government of the Commonwealth and the government of a country outside Australia with respect to taxes on income and given the force of law by this Part ;
 - ‘ Australian tax ’ means income tax, and contribution payable under the *Social Services Contribution Assessment Act 1945* ;
 - ‘ foreign tax ’ means any tax (other than Australian tax) which is the subject of an agreement, being a tax for which credit may be given under the agreement ;
 - ‘ the *Social Services Contribution Assessment Act 1945* ’ includes that Act as amended.

“(2.) For the purposes of this Act, any reference in an agreement to profits of an activity shall, in relation to Australian tax, be read, where the context so permits, as a reference to taxable income derived from that activity.

“ 160g.—(1.) Subject to this section, section one hundred and fifty-nine of this Act shall not apply in respect of an amount of income derived—

Section 159
to cease to
apply.

- (a) by a company (other than a company in the capacity of a trustee) during the year of income ended on the thirtieth day of June, One thousand nine hundred and forty-six, or during any subsequent year of income ; or
- (b) by any other person (including a company in the capacity of a trustee) during the year of income ending on the thirtieth day of June, One thousand nine hundred and forty-seven, or during any subsequent year of income.

“(2.) Section one hundred and fifty-nine of this Act shall not apply in respect of an amount of income derived—

- (a) by a company (other than a company in the capacity of a trustee) during any year of income prior to the year of income ended on the thirtieth day of June, One thousand nine hundred and forty-six ; or
- (b) by any other person (including a company in the capacity of a trustee) during any year of income prior to the year of income ending on the thirtieth day of June, One thousand nine hundred and forty-seven,

if the whole or part of the Australian tax payable in respect of that amount of income is, in accordance with paragraph (1) of Article XII. of the Agreement a copy of which is set out in the Third Schedule to this Act, allowable as a credit against any United Kingdom tax payable in respect of that income.

“(3.) Section one hundred and fifty-nine of this Act shall apply in respect of an amount of income derived—

- (a) by a company (other than a company in the capacity of a trustee) during the year of income ended on the thirtieth day of June, One thousand nine hundred and forty-six, or the year of income ending on the thirtieth day of June, One thousand nine hundred and forty-seven ; or
- (b) by any other person (including a company in the capacity of a trustee) during the year of income ending on the thirtieth day of June, One thousand nine hundred and forty-seven,

in any case in which—

- (c) income tax is paid by the company or other person on that amount of income under the law of the United Kingdom for any year of assessment prior to the year of assessment which began on the sixth day of April, One thousand nine hundred and forty-six ; and

(d) a credit for the whole or part of the Australian tax payable in respect of that amount of income is not, in accordance with paragraph (1) of Article XII. of the Agreement a copy of which is set out in the Third Schedule to this Act, allowable as a credit against any United Kingdom tax payable in respect of that income.

Agreements to have the force of law.

“ 160H. Subject to this Part, the provisions of an agreement a copy of which is set out in a Schedule to this Act shall, so far as they affect Australian tax, receive the force of law on the day on which those provisions, so far as they affect foreign tax, are given the force of law (either absolutely or subject to the agreement being given the force of law in Australia), in the country outside Australia with the government of which the agreement is made, or the day on which the Schedule is added to this Act (whichever is the later) and shall continue to have the force of law subject to the termination of their operation in whole or in part in accordance with any provision of the agreement.

Act to be subject to agreement.

“ 160J. The provisions of an agreement shall, subject to any contrary intention appearing in that agreement, have effect notwithstanding anything inconsistent therewith contained in this Act (other than this Part) or in the *Social Services Contribution Assessment Act 1945*.

Ascertainment of Australian tax on dividend.

“ 160K.—(1.) Where, for the purposes of the application of an agreement in respect of Australian tax, it is necessary to ascertain the amount of Australian tax payable by a person in respect of the whole or part of any dividend or of any income which is or is deemed to be a dividend (which dividend, part of a dividend or income, to the extent that it is included in the taxable income of that person, or in the contributable income of that person under the *Social Services Contribution Assessment Act 1945*, is in this section referred to as ‘ the dividend ’), the amount of that tax shall be ascertained in accordance with this section.

“ (2.) Subject to sub-section (5.) of this section, in the case of a company (other than a company in the capacity of a trustee), the amount of Australian tax shall be the amount ascertained by aggregating the following amounts :—

- (a) the amount ascertained by applying the rate of income tax imposed for the year of tax on the taxable income of the company to the amount of the dividend ;
- (b) where super-tax is or was payable by the company for the year of tax, the amount ascertained by applying the rate of that super-tax to that part of the dividend which bears to the dividend the same proportion as the portion of the taxable income upon which super-tax is or was payable as reduced by the amount or amounts of—
 - (i) any interest, included in the taxable income, to which section twenty of the *Commonwealth Debt*

Conversion Act 1931 or section fifty-two B of the *Commonwealth Inscribed Stock Act 1911-1946* applies; and

- (ii) any dividend or part of a dividend included in the taxable income being a dividend or part thereof in respect of which the company is or has been entitled to a rebate under section one hundred and seven of this Act,

bears to the taxable income as reduced by the same amount or amounts;

- (c) where further tax under Part IIIA. of this Act is or was payable by the company for the year of tax, the amount ascertained by applying the rate of that further tax to that part of the dividend which remains after deducting from the dividend—

- (i) so much of the amounts allowable as a deduction under paragraphs (i) and (ii) of sub-section (1.) of section one hundred and sixty c of this Act as bears to the sum of those amounts the same proportion as the amount of the dividend bears to so much of the taxable income as remains after deducting therefrom—

- (1) any interest included therein to which section twenty of the *Commonwealth Debt Conversion Act 1931* or section fifty-two B of the *Commonwealth Inscribed Stock Act 1911-1946* applies; and

- (2) the amount of any dividend or part thereof included therein in respect of which the company is or has been entitled to a rebate under section one hundred and seven of this Act; and

- (ii) any dividend or part of a dividend allowable as a deduction under paragraph (iii) of sub-section (1.) of section one hundred and sixty c of this Act paid by the company out of the dividend; and

- (d) where additional tax under Division 7 of Part III. of this Act, or social services contribution under section sixteen of the *Social Services Contribution Assessment Act 1945*, is or was payable by the company in respect of the undistributed amount of the distributable income of the company of the year of income in which the dividend was derived, the amount ascertained by applying the

average rate of additional tax (as defined in the next succeeding sub-section) to that part of the dividend which remains after deducting from the dividend—

- (i) so much of the amounts allowable as deductions under the definition of 'distributable income' in sub-section (1.) of section one hundred and three of this Act as bears to those amounts the same proportion as the amount of the dividend bears to so much of the taxable income as remains after deducting therefrom the amount of any dividend or part thereof included therein in respect of which the company is or has been entitled to a rebate under section one hundred and seven of this Act ;
- (ii) any dividend which is taken into account in calculating the undistributed amount as defined in section one hundred and three of this Act, or any part of such a dividend, paid by the company out of the dividend ; and
- (iii) so much of any amount which is deemed to be a dividend, and is taken into account in calculating the undistributed amount as defined in section one hundred and three of this Act, as bears to that amount the same proportion as the amount of the dividend bears to so much of the taxable income as remains after deducting therefrom the amount of any dividend or part thereof included therein in respect of which the company is or has been entitled to a rebate under section one hundred and seven of this Act,

and deducting from the sum so ascertained the sum of the amounts of—

- (e) any rebate allowable under section forty-six of this Act which relates directly to the dividend ; and
- (f) so much of any rebate allowable under paragraph (h) of sub-section (2.) of section one hundred and sixty, or under section one hundred and sixty AA, of this Act as bears to that rebate the same proportion as the amount of the dividend bears to so much of the taxable income as remains after deducting therefrom the amount of any dividend or part thereof included therein in respect of which the company is or has been entitled to a rebate under section one hundred and seven of this Act.

“(3.) For the purposes of paragraph (d) of the last preceding sub-section, 'average rate of additional tax' means the rate per pound ascertained by dividing the sum of the amount of the additional

tax and the social services contribution assessed in respect of the undistributed amount by so much of the undistributed amount as remains after deducting therefrom the amount of any dividend or part thereof included therein in respect of which the company is or has been entitled to a rebate under section one hundred and seven of this Act, or under that section as applied by section sixteen of the *Social Services Contribution Assessment Act 1945*.

“(4.) Subject to the next succeeding sub-section, in the case of a person other than a company, and in the case of a company in the capacity of a trustee, the amount of Australian tax shall be the amount ascertained by—

- (a) applying to the amount of the dividend the rate per pound ascertained by dividing the part of the taxable income which remains after deducting the amount of any dividend or part thereof included therein in respect of which a rebate is allowable or has been allowed under section one hundred and seven of this Act, or under that section as applied by section sixteen of the *Social Services Contribution Assessment Act 1945*, into the sum of the income tax and social services contribution which would be payable by the person in respect of that part of the taxable income (whether as taxable income or as contributable income) if it were derived wholly from dividends and there were not allowed any rebate or credit under any provision of this Act; and
- (b) deducting from the amount ascertained in accordance with the last preceding paragraph so much of any rebate allowable or allowed under this Act which does not relate directly to any part of the taxable income as bears to the whole of that rebate the same proportion as the amount of the dividend bears to the part of the taxable income which remains after deducting the amount of any dividend or part thereof included therein in respect of which a rebate is allowable or has been allowed under section one hundred and seven of this Act.

“(5.) Notwithstanding anything contained in sub-section (2.) or (4.) of this section—

- (a) in the case of a dividend or part thereof in respect of which a rebate is allowable or has been allowed under section one hundred and seven of this Act, or under that section as applied by section sixteen of the *Social Services Contribution Assessment Act 1945*, the amount of Australian tax shall be nil; and
- (b) in the case of the trustee of a trust estate or a partnership who or which is liable to pay tax assessed under section one hundred and two or ninety-four of this Act—the amount of Australian tax shall be such amount as the Commissioner determines.

Election in
respect of
foreign tax on
dividend.

“160L.—(1.) Where an agreement provides that a credit in respect of the whole or part of any foreign tax payable in respect of a dividend shall be allowed against Australian tax payable in respect of the dividend by the person entitled to the dividend only if that person elects to have an amount of foreign tax included in his assessable income, a credit in respect of foreign tax shall not be allowed unless, within three years after the date upon which the income tax or social services contribution in respect of the dividend became due and payable, the person furnishes to the Commissioner—

- (a) a notice in writing that he elects to have the amount of foreign tax included in his assessable income of the year of income in which the dividend was paid; and
- (b) all the information (including information in relation to any amount to which he is entitled in respect of any relief or repayment of the foreign tax attributable to the dividend) necessary for the purpose of ascertaining the amount of the credit.

“(2.) Where the Commissioner is satisfied that it is not or was not practicable for the person to furnish the information within the time specified in the last preceding sub-section, he may extend the time for furnishing the notice and information for such further period, not exceeding three years, as in his opinion is reasonable in the circumstances.

“(3.) Where a person so elects to have an amount of foreign tax included in his assessable income, that amount shall, in addition to the dividend, be included in his assessable income of the year of income in which the dividend was paid to him and shall, for all purposes of this Act, be deemed to be a dividend.

“(4.) Where—

- (a) a person makes an election under this section in relation to any dividend; and
- (b) an amount in respect of foreign tax deducted, or authorized to be deducted, from that dividend has been included, or would, but for this sub-section, be included in his assessable income of any year of income, other than the year of income in which the dividend was paid to him, under section twenty-six A of this Act,

that amount—

- (c) shall be deemed not to have been so included, or shall not be so included, as the case may be; and
- (d) shall be included in the assessable income of that person of the year of income in which the dividend was paid to him and shall, for all purposes of this Act, be deemed to be a dividend.

“(5.) Notwithstanding anything contained in section one hundred and seventy of this Act, or in that section as applied by the *Social Services Contribution Assessment Act 1945*, the Commissioner may at

any time amend an assessment under this Act or under that Act for the purpose of giving effect to the provisions of sub-section (3.) or (4.) of this section.

“ 160M. Where—

- (a) a person makes an election under the last preceding section in respect of a dividend;
- (b) the company by which the dividend was paid was authorized under the law of the country with the government of which the agreement has been made to deduct from the dividend any amount in respect of foreign tax; and
- (c) the company has paid the dividend without making any such deduction, or without making the authorized deduction in full,

Dividend paid without deduction in full of foreign tax.

then, for the purposes of the inclusion of the amount of foreign tax in that person's assessable income and of the ascertainment of the credit in respect of foreign tax to which that person is entitled, the foreign tax payable by deduction in respect of the dividend shall be deemed to be the amount which would have been deducted in respect of foreign tax if the amount of the dividend paid to that person was the balance of a dividend remaining after the company had made the authorized deduction in full.

“ 160N. For the purposes of this Act and of the *Social Services Contribution Assessment Act 1945* the ascertainment of the amount of a credit for foreign tax shall not form part of an assessment.

Credit not part of assessment.

“ 160P. The amount of any credit for foreign tax payable in respect of any income of any person shall not exceed—

Maximum credit.

- (a) the amount of Australian tax payable in respect of that income; or
- (b) the amount of Australian tax payable in respect of the income of that person of the year of income,

whichever is the less.

“ 160Q.—(1.) Subject to this section, the amount of any credit for foreign tax shall be a debt due and payable to the person entitled to the credit by the Commissioner on behalf of the Commonwealth.

Application of credit.

“ (2.) The Commissioner may apply the whole or any part of the credit in total or partial discharge of any debt (whether in respect of Australian tax or otherwise) due and payable by the person to the Commonwealth, or of any liability of the person in respect of Australian tax assessed to the person.

“ (3.) Where the Commissioner has applied any amount of credit for foreign tax in discharge of any debt or liability of a person in respect of Australian tax or any other tax, the person shall be deemed to have paid to the Commissioner the amount so applied for the purpose for which, and at the time at which, it has been so applied.

“ (4.) Where, in any year of income, any amount of credit for foreign tax to which a company is entitled is, in accordance with the provisions of this section, applied by the Commissioner or paid to

the company, the amount otherwise deductible from the taxable income of the company of that year of income in accordance with the provisions of paragraph (a) of the definition of 'distributable income' in sub-section (1.), and of sub-section (3.), of section one hundred and three, or of paragraph (i) of sub-section (1.), and of sub-section (5.), of section one hundred and sixty c, of this Act, as the case requires, shall be reduced by the aggregate of the amounts so applied or paid.

"(5.) Where, by reason of any adjustment, credit or refund of any Australian tax or foreign tax or for any other reason, the amount, or the sum of the amounts, applied or paid by the Commissioner as a credit for foreign tax to which a person was entitled exceeds the amount of the credit to which that person is entitled, the Commissioner may recover the amount of the excess as if it were income tax due and payable by that person.

Deduction not allowable where credit allowed.

"160r.—(1.) Where, under an agreement, a person is entitled to any credit in respect of foreign tax, no amount in respect of that foreign tax shall be, or be deemed to have been, an allowable deduction.

(2.) Where a deduction of an amount in respect of foreign tax has been allowed in ascertaining the taxable income of a person under this Act or the contributable income of a person under the *Social Services Contribution Assessment Act 1945*, and that person subsequently becomes entitled to a credit in respect of that foreign tax, the Commissioner may, notwithstanding anything contained in section one hundred and seventy of this Act, or in that section as applied by the *Social Services Contribution Assessment Act 1945*, at any time amend an assessment under this Act or under that Act for the purpose of disallowing the deduction and making such consequential alterations as are necessary.

Reduction of provisional tax.

"160s. Where, by reason of the provisions of an agreement, the amount of income tax or of contribution under the *Social Services Contribution Assessment Act 1945* which a person will be liable to pay in respect of the income of any year of income is likely to be less than the amount of provisional tax or provisional contribution, as the case may be, which would be payable in respect of that income but for this section, the Commissioner may reduce that provisional tax or provisional contribution by such amount as he thinks reasonable in the circumstances.

Certain dividends paid to United Kingdom residents.

"160t. Where a company which is a resident of Australia, and which is also resident in the United Kingdom for purposes of United Kingdom tax, pays a dividend to a person who is a United Kingdom resident for purposes of United Kingdom tax and who is not a resident of Australia, that person shall, for the purposes of paragraphs (2) and (3) of Article VI. of the Agreement a copy of which is set out in the Third Schedule to this Act, be deemed to be subject to United Kingdom tax in respect of that dividend."

28. Section one hundred and seventy of the Principal Act is amended by adding after sub-section (10.) the following sub-section :— Amendment of assessments.

“(11.) Where, for the purposes of any assessment, a deduction has been allowed of an amount of tax or of war-time (company) tax payable for the year of tax and, after the making of the assessment, the taxpayer is allowed a rebate of tax under section one hundred and fifty-nine of this Act, nothing in this section shall prevent the amendment, at any time, of that assessment for the purpose of altering the amount of the deduction.”.

29. Section two hundred and twenty-one c of the Principal Act is amended by omitting sub-section (1A.) and inserting in its stead the following sub-section :— Deduction by employer from salaries and wages.

“(1A.) For the purposes of this section, where an employee receives from an employer any salary or wages, he shall—

- (a) if the salary or wages is or are paid in respect of any piece work performed by the employee, or in respect of any services rendered under a contract which is wholly or substantially for the labour of the employee—be deemed to be entitled to receive that salary or those wages in respect of the period of time from the commencement of the performance of the work or services until the completion of the work or services ;
- (b) if the salary or wages is or are paid in respect of any other service performed or rendered but not in respect of any period of time—be deemed to be entitled to receive that salary or those wages in respect of the period of fifty-two weeks immediately preceding the date upon which the salary or wages was or were received by him ; and
- (c) if he is entitled, or deemed to be entitled, to receive the salary or wages in respect of a period of time in excess of one week—be deemed to be entitled to receive, in respect of each week or part of a week in that period, an amount of that salary or those wages ascertained by dividing the salary or wages by the number of days in the period and multiplying the resultant amount—
 - (i) in the case of each week—by seven ; and
 - (ii) in the case of a part of a week—by the number of days in the part of a week.”.

30. Section two hundred and twenty-one n of the Principal Act is amended by adding at the end thereof the following sub-section :— Application of deductions in payment of tax.

“(7.) If the Commissioner has reason to believe that any group certificate produced to him is incorrect in any particular, he may retain that group certificate for such period as he thinks fit and shall

not apply the amount shown in the certificate in payment of any tax, or make any payment or issue any interim stamps receipt in respect of the certificate, until he is satisfied as to the correctness of the certificate.”.

31. After section two hundred and twenty-one KE of the Principal Act the following section is inserted :—

Liability of employer, other than group employer, in respect of deductions.

“ 221KF. Where an employer, who is not registered as a group employer, makes a deduction for the purposes of this Division, or purporting to be for those purposes, from salary or wages paid to an employee and fails to deal with the amount so deducted in the manner required by this Division or by the regulations, he shall be liable to pay that amount to the Commissioner.”.

Registration of tax agents.

32. Section two hundred and fifty-one J of the Principal Act is amended—

(a) by inserting in sub-section (3.), after the word “ matters ”, the words “ and that—

(d) in the case of a partnership—every member of the partnership ; or

(e) in the case of a company—every director, and every manager or other administrative officer, of the company,

is over the age of twenty-one years at the date on which the application is made, and is of good fame, integrity and character,” ;

(b) by inserting in sub-section (10.), after the word “ company ” (last occurring), the words “ or if a person becomes a director, or a manager or other administrative officer, of the company ”.

33. After section two hundred and fifty-one J of the Principal Act the following section is inserted :—

Annual notice by tax agents.

“ 251JA. Where—

(a) the registration of a tax agent is in force at the commencement of this section, or on any first day of April after that commencement ; and

(b) the tax agent desires that the registration shall continue in force,

the tax agent shall, on or before the thirtieth day of June, One thousand nine hundred and forty-seven, or within seven days after that first day of April, as the case may be, or within such further time as the Board allows, notify the Board by which the tax agent was registered, in a form approved by the Board, that the tax agent desires to continue to be registered, and furnish to the Board such particulars as are specified in the form.”.

34. Section two hundred and fifty-one K of the Principal Act is amended—

Cancellation of registration of tax agents.

(a) by adding at the end of paragraph (c) of sub-section (2.) the words “, or that a person who has become a member of the partnership, or a director, or manager or other administrative officer, of the company is under the age of twenty-one years or is not of good fame, integrity and character”;

(b) by inserting after sub-section (2.) the following sub-section:—

“(2A.) A Board shall cancel the registration of a tax agent if the tax agent—

(a) was registered at the commencement of this sub-section or on any first day of April occurring after that commencement; and

(b) has failed to give notice to the Board, and furnish particulars, in accordance with the last preceding section within the time allowed by or under that section after that commencement, or after that first day of April, as the case may be.”;

(c) by inserting in sub-section (5.), after the word “shall” (second occurring), the words “, subject to the next succeeding sub-section,”;

(d) by inserting after sub-section (5.) the following sub-section:—

“(5A.) An appeal shall lie from the decision of a court under the last preceding sub-section to the Supreme Court of the State or Territory, and the decision of the Supreme Court on the appeal shall be final and conclusive.”; and

(e) by omitting from sub-section (6.) the words “the last preceding sub-section” and inserting in their stead the words “sub-section (5.) or (5A.) of this section”.

35. Section two hundred and fifty-one L of the Principal Act is amended by adding at the end thereof the following sub-section:—

Unregistered tax agents not to charge fees.

“(6.) A prosecution for an offence against this section may be commenced at any time within six years after the commission of the offence.”.

36. After section two hundred and fifty-one P of the Principal Act the following section is inserted in Part VII. :—

“251Q. Where a registered tax agent or a person exempted under section two hundred and fifty-one L of this Act removes his place of business, or if he has more than one place of business, his principal place of business, to another State, the Board in that State shall, for the purposes of this Part, be deemed to be the Board by which the tax agent or person was registered or exempted.”.

Removal of business to another State

Third Schedule.

37. The Principal Act is amended by adding at the end thereof the following Schedule :—

“ THE THIRD SCHEDULE.

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM AND THE GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME.

Signed in London, 29th October, 1946.

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Commonwealth of Australia, desiring to conclude an agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, have agreed as follows :—

ARTICLE I.

(1) The taxes which are the subject of the present Agreement are—

(a) In Australia :

The Commonwealth income tax (including super-tax), the social services contribution, the additional amount of tax assessed in respect of the undistributed amount of the distributable income of a private company, the further tax imposed on the portion of the taxable income of a company (other than a private company) which has not been distributed as dividends, and the war-time (company) tax (hereinafter referred to as ‘ Australian tax ’).

(b) In the United Kingdom :

The income tax (including sur-tax), the excess profits tax, and the national defence contribution (hereinafter referred to as ‘ United Kingdom tax ’).

(2) The present Agreement shall also apply to any other taxes of a substantially similar character imposed by either Contracting Government subsequently to the date of signature of the present Agreement or by the Government of any territory to which the present Agreement is extended under Article XIV.

ARTICLE II.

(1) In the present Agreement, unless the context otherwise requires—

- (a) The term ‘ United Kingdom ’ means Great Britain and Northern Ireland, excluding the Channel Islands and the Isle of Man.
- (b) The term ‘ Australia ’ means the Commonwealth of Australia and includes the Territories of Papua, New Guinea and Norfolk Island.
- (c) The terms ‘ one of the territories ’ and ‘ the other territory ’ mean the United Kingdom or Australia, as the context requires.
- (d) The term ‘ tax ’ means United Kingdom tax or Australian tax, as the context requires.
- (e) The term ‘ person ’ includes any body of persons, corporate or unincorporate.
- (f) The terms ‘ United Kingdom resident ’ and ‘ Australian resident ’ mean respectively any person who is resident in the United Kingdom for the purposes of United Kingdom tax and is not a resident of Australia for the purposes of Australian tax and any person who is a resident of Australia for the purposes of Australian tax and is not resident in the United Kingdom for the purposes of United Kingdom tax.
- (g) The terms ‘ resident of one of the territories ’ and ‘ resident of the other territory ’ mean a United Kingdom resident or an Australian resident, as the context requires.
- (h) The terms ‘ United Kingdom enterprise ’ and ‘ Australian enterprise ’ mean respectively an industrial or commercial enterprise or undertaking carried on by a United Kingdom resident and an industrial or commercial enterprise or undertaking carried on by an Australian resident ; and the terms ‘ enterprise of one of the territories ’ and ‘ enterprise of the other territory ’ mean a United Kingdom enterprise or an Australian enterprise, as the context requires.
- (i) The term ‘ industrial or commercial enterprise or undertaking ’ includes an enterprise or undertaking engaged in mining, agricultural or pastoral activities, or in the business of banking, insurance, life insurance or dealing in investments, and the term ‘ industrial or commercial profits ’ includes profits from such activities or business but does not include income in the form of dividends, interest, rents, royalties, management charges, or remuneration for personal services.

THE THIRD SCHEDULE—continued.

- (j) The term 'permanent establishment', when used with respect to an enterprise of one of the territories, means a branch or other fixed place of business and includes a management, factory, mine, or agricultural or pastoral property, but does not include an agency in the other territory unless the agent has, and habitually exercises, authority to conclude contracts on behalf of such enterprise otherwise than at prices fixed by the enterprise or regularly fills orders on its behalf from a stock of goods or merchandise in that other territory :

Provided that an enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business dealings in that other territory through a *bona fide* broker or general commission agent acting in the ordinary course of his business as such and receiving remuneration in respect of those dealings at the rate customary in the class of business in question :

Provided further that the fact that an enterprise of one of the territories maintains in the other territory a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute that fixed place of business a permanent establishment of the enterprise.

The fact that a company which is a resident of one of the territories has a subsidiary company which is a resident of the other territory or which is engaged in trade or business in that other territory (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of its parent company.

- (k) Words in the singular include the plural, and words in the plural include the singular.

(2) The terms 'Australian tax' and 'United Kingdom tax', as used in the present Agreement, do not include any tax payable in Australia or the United Kingdom which represents a penalty imposed under the law of Australia or the United Kingdom relating to the taxes which are the subject of the present Agreement.

(3) In the application of the provisions of the present Agreement by one of the Contracting Governments any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting Government relating to the taxes which are the subject of the present Agreement.

ARTICLE III.

(1) The industrial or commercial profits of a United Kingdom enterprise shall not be subject to Australian tax unless the enterprise is engaged in trade or business in Australia through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by Australia, but only on so much of them as is attributable to that permanent establishment : Provided that nothing in this paragraph shall affect—

- (a) the operation of Divisions 14 and 15 of Part III. of the Australian *Income Tax Assessment Act* 1936-1946 (or that Act as amended from time to time) relating to film business controlled abroad and insurance with non-residents, or the corresponding provisions of any statute substituted for that Act : or
- (b) the application of the law of Australia regarding the imposition of war-time (company) tax where a holding company has elected that its subsidiary companies shall be treated as branches.

(2) The industrial or commercial profits of an Australian enterprise shall not be subject to United Kingdom tax unless the enterprise is engaged in trade or business in the United Kingdom through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by the United Kingdom, but only on so much of them as is attributable to that permanent establishment : Provided that nothing in this paragraph shall affect any provisions of the law of the United Kingdom regarding the imposition of excess profits tax and national defence contribution in the case of inter-connected companies.

THE THIRD SCHEDULE—*continued.*

(3) Where an enterprise of one of the territories is engaged in trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive in that other territory if it were an independent enterprise engaged in the same or similar activities and its dealings with the enterprise of which it is a permanent establishment were dealings at arm's length with that enterprise or an independent enterprise; and the profits so attributed shall be deemed to be income derived from sources in that other territory.

If the information available to the taxation authority concerned is inadequate to determine the profits to be attributed to the permanent establishment, nothing in this paragraph shall affect the application of the law of either territory in relation to the liability of the permanent establishment to pay tax on an amount determined by the exercise of a discretion or the making of an estimate by the taxation authority of that territory: Provided that such discretion shall be exercised or such estimate shall be made, so far as the information available to the taxation authority permits, in accordance with the principle stated in this paragraph.

(4) No portion of any profits arising from the sale of goods or merchandise by an enterprise of one of the territories shall be attributed to a permanent establishment situated in the other territory by reason of the mere purchase of the goods or merchandise within that other territory.

ARTICLE IV.

(1) Where—

- (a) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory and
- (c) in either case conditions are operative between the two enterprises in their commercial or financial relations which differ from those which might be expected to operate between independent enterprises dealing at arm's length with one another,

then, if by reason of those conditions profits which might be expected to accrue to one of the enterprises do not accrue to that enterprise, there may be included in the profits of that enterprise the profits which would have accrued to it if it were an independent enterprise and its dealings with the other enterprise were dealings at arm's length with that enterprise or an independent enterprise.

(2) Profits included in the profits of an enterprise of one of the territories under paragraph (1) of this Article shall be deemed to be income derived from sources in that territory and shall be taxed accordingly.

(3) If the information available to the taxation authority concerned is inadequate to determine, for the purposes of paragraph (1) of this Article, the profits which might be expected to accrue to an enterprise, nothing in that paragraph shall affect the application of the law of either territory in relation to the liability of that enterprise to pay tax on an amount determined by the exercise of a discretion or the making of an estimate by the taxation authority of that territory: Provided that such discretion shall be exercised or such estimate shall be made, so far as the information available to the taxation authority permits, in accordance with the principle stated in that paragraph.

ARTICLE V.

Notwithstanding the provisions of Articles III and IV, profits which a resident of one of the territories derives from operating ships whose port of registry is in that territory, or aircraft registered in that territory, shall be exempt from tax in the other territory.

ARTICLE VI.

(1) Any dividend paid to a United Kingdom resident by a company which is a United Kingdom resident shall be exempt from Australian tax.

THE THIRD SCHEDULE—*continued.*

(2) Any dividend paid by a company which is a resident of Australia (whether or not also resident in the United Kingdom or elsewhere) to a company which—

- (a) is a United Kingdom resident,
- (b) is subject to United Kingdom tax in respect thereof, and
- (c) beneficially owns all the shares (less directors' qualifying shares) of the former company,

shall be exempt from Australian tax :

Provided that the exemption shall not apply if—

- (i) the total of the directors' qualifying shares exceeds five per centum of the paid-up capital of the company paying the dividend, or
- (ii) ordinarily more than one-half of the taxable income of that company is derived from interest, dividends and rents other than interest, dividends and rents from any wholly-owned subsidiary company the taxable income of which consists wholly or mainly of industrial or commercial profits.

(3) Subject to such provisions as may be enacted in Australia for the purpose of determining the amount of Australian tax payable in respect of any dividend, and without limiting the exemptions provided by paragraphs (1) and (2) of this Article, the amount of Australian tax payable in respect of any dividend the whole or part of which is paid out of profits derived from sources in Australia to a United Kingdom resident who is subject to United Kingdom tax in respect thereof and is not engaged in trade or business in Australia through a permanent establishment situated therein, shall not exceed half the amount which would be payable in respect of the dividend or part thereof but for this paragraph.

(4) Notwithstanding the foregoing provisions of this Article, the amount of the additional tax assessable in respect of the undistributed amount of the distributable income of a company which is a private company for purposes of Australian tax shall be the amount which would have been assessable if those provisions had not been included in this Agreement.

(5) Any dividend paid by a company resident in the United Kingdom (whether or not also a resident of Australia or elsewhere) to an individual who—

- (a) is an Australian resident,
- (b) is subject to Australian tax in respect thereof, and
- (c) is not engaged in trade or business in the United Kingdom through a permanent establishment situated therein,

shall be exempt from United Kingdom sur-tax.

ARTICLE VII.

(1) Any royalty derived from sources within one of the territories by a resident of the other territory who is subject to tax in that other territory in respect thereof and is not engaged in trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from tax in that first-mentioned territory ; but no exemption shall be allowed under this Article in respect of so much of any such royalty as exceeds an amount which represents a fair and reasonable consideration for the rights for which the royalty is paid.

(2) In this Article the term ' royalty ' means any royalty or other amount paid as consideration for the use of, or for the privilege of using, any copyright, patent, design, secret process or formula, trade-mark, or other like property, but does not include a royalty or other amount paid in respect of the operation of a mine or quarry or of other extraction of natural resources or a rent or royalty in respect of a motion picture film.

ARTICLE VIII.

(1) Remuneration (other than pensions) paid by the Government of the Commonwealth of Australia or of any State of Australia to any individual for services rendered to that Government in the discharge of governmental functions shall be exempt from United Kingdom tax if the individual is not ordinarily resident in the United Kingdom or is resident in the United Kingdom solely for the purpose of rendering those services.

(2) Remuneration (other than pensions) paid by the Government of the United Kingdom to any individual for services rendered to that Government in the discharge of governmental functions shall be exempt from Australian tax if the individual is not a resident of Australia or is resident in Australia solely for the purpose of rendering those services.

THE THIRD SCHEDULE—*continued.*

(3) The provisions of this Article shall not apply to payments in respect of services rendered in connection with any trade or business carried on by either of the Contracting Governments or by the Government of any State of Australia.

ARTICLE IX.

(1) An individual who is a United Kingdom resident shall be exempt from Australian tax on remuneration or other income in respect of personal (including professional) services performed in Australia in any year of income if—

- (a) he is present in Australia for a period or periods not exceeding in the aggregate 183 days during that year, and
- (b) the services are performed for or on behalf of a United Kingdom resident, and
- (c) the remuneration or other income is subject to United Kingdom tax.

(2) An individual who is an Australian resident shall be exempt from United Kingdom tax on profits or remuneration in respect of personal (including professional) services performed in the United Kingdom in any year of assessment if—

- (a) he is present in the United Kingdom for a period or periods not exceeding in the aggregate 183 days during that year, and
- (b) the services are performed for or on behalf of an Australian resident, and
- (c) the profits or remuneration are subject to Australian tax.

(3) The provisions of this Article shall not apply to the profits, remuneration or other income of public entertainers such as stage, motion picture or radio artists, musicians and athletes.

ARTICLE X.

(1) Any pension or annuity, derived from sources within one of the territories by an individual who is a resident of the other territory and subject to tax in that other territory in respect thereof, shall be exempt from tax in the first-mentioned territory.

(2) The term 'annuity' means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in consideration of money paid.

ARTICLE XI.

A professor or teacher from one of the territories who receives remuneration for teaching, during a period of temporary residence not exceeding two years, at a university, college, school or other educational institution in the other territory, shall be exempt from tax in that other territory in respect of that remuneration.

ARTICLE XII.

(1) Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom, Australian tax payable, whether directly or by deduction, in respect of income derived from sources in Australia shall be allowed as a credit against any United Kingdom tax payable in respect of that income. Where such income is an ordinary dividend paid by a company which is a resident of Australia, the credit shall take into account, in addition to any Australian tax payable in respect of the dividend, the Australian tax (other than war-time (company) tax) payable in respect of its profits by the company paying the dividend, and where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the Australian tax (other than war-time (company) tax) so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate.

For the purposes of this paragraph, any amount which is included in a person's taxable income under Division 14 or 15 of Part III. of the Australian *Income Tax Assessment Act 1936-1946* (or that Act as amended from time to time) relating to film business controlled abroad and insurance with non-residents, or under the corresponding provisions of any statute substituted for that Act, shall be deemed to be derived from sources in Australia.

THE THIRD SCHEDULE—*continued.*

(2) Where Australian tax is payable in respect of income derived from sources in the United Kingdom by a person who is a resident of Australia, being income in respect of which United Kingdom tax is payable, whether directly or by deduction, the United Kingdom tax so payable (reduced by the amount of any relief or repayment attributable to that income to which that person is entitled under the law of the United Kingdom) shall, subject to such provisions (which shall not affect the general principle hereof) as may be enacted in Australia, be allowed as a credit against the Australian tax payable in respect of that income: Provided that where the income is a dividend paid by a company resident in the United Kingdom the credit shall be allowed only if the recipient elects to have the amount of the United Kingdom tax (as so reduced) included in his assessable income for purposes of Australian tax.

For the purposes of this paragraph, a dividend paid by a company resident in the United Kingdom shall be deemed to be income derived from sources in the United Kingdom, and the United Kingdom tax payable in respect of any such dividend before reduction as aforesaid shall be deemed to include the amount of United Kingdom income tax deductible from the gross amount of the dividend (but not so much of that income tax as exceeds tax on that gross amount at the net United Kingdom rate applicable to the dividend for purposes of United Kingdom tax where, owing to the allowance of double taxation relief in the United Kingdom, that net rate is less than the rate of United Kingdom income tax deductible from the dividend).

(3) Where tax is imposed by both Contracting Governments on income derived from sources outside both Australia and the United Kingdom by a person who is a resident of Australia for purposes of Australian tax and is also resident in the United Kingdom for purposes of United Kingdom tax, there shall be allowed against the tax imposed by each Contracting Government a credit which bears the same proportion to the amount of that tax (as reduced by any credit allowed in respect of tax payable in the territory from which the income is derived) or to the amount of tax imposed by the other Contracting Government (reduced as aforesaid), whichever is the less, as the former amount (before any such reduction) bears to the sum of both amounts (before any such reduction).

(4) For the purposes of this Article, profits, remuneration or other income in respect of personal (including professional) services performed in one of the territories shall be deemed to be income derived from sources in that territory.

ARTICLE XIII.

(1) The taxation authorities of the Contracting Governments shall exchange such information (being information available under the respective taxation laws of the Contracting Governments) as is necessary for carrying out the provisions of the present Agreement or for the prevention of fraud or for the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of the present Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than persons (including a Court) concerned with the assessment or collection of, or the determination of appeals in relation to, the taxes which are the subject of the present Agreement. No information shall be exchanged which would disclose any trade secret or trade process.

(2) As used in this Article, the term 'taxation authorities' means, in the case of Australia, the Commissioner of Taxation or his authorised representative; in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative; and in the case of any territory to which the present Agreement is extended under Article XIV., the competent authority for the administration in such territory of the taxes to which the present Agreement applies.

ARTICLE XIV.

(1) Either of the Contracting Governments may, on the coming into force of the present Agreement or at any time thereafter while it continues in force, by a written notification of extension given to the other Contracting Government, declare its desire that the operation of the present Agreement shall extend, subject to such modification as may be necessary, to all or any of its colonies, overseas territories, protectorates, or territories in respect of which it exercises a mandate or trusteeship, which impose taxes substantially similar in character to those which are the subject

THE THIRD SCHEDULE—*continued.*

of the present Agreement. The present Agreement shall, subject to such modifications (if any) as may be specified in the notification, apply to the territory or territories named in such notification on the date or dates specified in the notification (not being less than sixty days from the date of the notification) or, if no date is specified in respect of any such territory, on the sixtieth day after the date of the notification, unless, prior to the date on which the Agreement would otherwise become applicable to a particular territory, the Contracting Government to whom notification is given shall have informed the other Contracting Government in writing that it does not accept the notification as to that territory. In the absence of such an extension, the present Agreement shall not apply to any such territory.

(2) At any time after the expiration of one year from the entry into force of an extension under paragraph (1) of this Article, either of the Contracting Governments may, by written notice of termination given to the other Contracting Government, terminate the application of the present Agreement to any territory to which it has been extended under paragraph (1), and in that event the present Agreement shall cease to apply, as from the date or dates specified in the notice or if no date is specified at the expiration of six months after the date of the notice, to the territory or territories named therein, but without affecting its continued application to Australia, the United Kingdom or to any other territory to which it has been extended under paragraph (1) hereof.

(3) In the application of the present Agreement in relation to any territory to which it is extended by notification by the United Kingdom or Australia, references to the 'United Kingdom' or, as the case may be, 'Australia' shall be construed as references to that territory.

(4) The termination in respect of Australia or the United Kingdom of the present Agreement under Article XVI shall, unless otherwise expressly agreed by both Contracting Governments, terminate the application of the present Agreement to any territory to which the Agreement has been extended by Australia or the United Kingdom.

(5) The provisions of the preceding paragraphs of this Article shall apply to the Channel Islands and the Isle of Man as if they were colonies of the United Kingdom.

ARTICLE XV.

The present Agreement shall come into force on the date on which the last of all such things shall have been done in the United Kingdom and Australia as are necessary to give the Agreement the force of law in the United Kingdom and Australia respectively, and shall thereupon have effect—

- (a) in the United Kingdom, as respects income tax for the year of assessment beginning on the 6th day of April, 1946, and subsequent years; as respects sur-tax for the year of assessment beginning on the 6th day of April, 1945, and subsequent years; and as respects excess profits tax and national defence contribution for any chargeable accounting period beginning on or after the first day of April, 1946, and for the unexpired portion of any chargeable accounting period current at that date;
- (b) in Australia, as respects tax for the year of tax beginning on the first day of July, 1946, and subsequent years.

ARTICLE XVI.

The present Agreement shall continue in effect indefinitely but either of the Contracting Governments may, on or before the 31st day of March in any calendar year after the year 1954, give notice of termination to the other Contracting Government and, in such event, the present Agreement shall cease to be effective—

- (a) in the United Kingdom, as respects income tax for any year of assessment beginning on or after the 6th day of April in the calendar year next following that in which such notice is given; as respects sur-tax for any year of assessment beginning on or after the 6th day of April in the calendar year in which such notice is given; and as respects national defence

THE THIRD SCHEDULE—*continued.*

contribution for any chargeable accounting period beginning on or after the first day of April in the calendar year next following that in which such notice is given and for the unexpired portion of any chargeable accounting period current at that date ;

- (b) in Australia, as respects tax for any year of tax beginning on or after the first day of July in the calendar year next following that in which such notice is given.

IN WITNESS whereof the undersigned, duly authorised thereto, have signed the present Agreement and have affixed thereto their seals.

Done at London, in duplicate, on the twenty-ninth day of October, One thousand nine hundred and forty-six.

(L.S.)

HUGH DALTON,
For the Government of the United Kingdom.

(L.S.)

JOHN A. BEASLEY,
For the Government of the Commonwealth of Australia."

38.—(1.) The amendment effected by section seven of this Act shall apply, and shall be deemed to have applied, to every assessment notice of which is or has been posted or otherwise served on or after the twentieth day of March, One thousand nine hundred and forty-seven.

Application of
amendments.

(2.) The amendment effected by section eight of this Act shall apply in relation to dividends included in the assessable income of a taxpayer of the year of income which began on the first day of July, One thousand nine hundred and forty-six, and all subsequent years.

(3.) The repeal effected by section eleven of this Act shall apply only in relation to income tax (under the law of a country outside Australia), and refunds of any such tax, in respect of dividends which have been or are included in the assessable income of a taxpayer of the year of income which began on the first day of July, One thousand nine hundred and forty-six, or of any subsequent year.

(4.) The amendment effected by section sixteen of this Act shall apply, and shall be deemed to have applied, to every assessment notice of which is or has been posted or otherwise served on or after the twenty-third day of August, One thousand nine hundred and forty-six.

(5.) The amendments effected by sections four and fourteen, and paragraphs (a) to (o) of section twenty-four, of this Act shall apply to all assessments for the financial year beginning on the first day of July, One thousand nine hundred and forty-seven, and all subsequent years.

(6.) The amendments effected by paragraph (b) of section five, and by sections six, nine, ten, twelve, thirteen, fifteen, nineteen, twenty, twenty-one, twenty-two, twenty-five and twenty-six of this Act shall apply to all assessments in respect of income of the year of income which began on the first day of July, One thousand nine hundred and forty-six, and of all subsequent years.

(7.) The amendment effected by paragraph (d) of section five of this Act, so far as it inserts paragraph (x) in section twenty-three of

the Principal Act, and the amendments effected by sections seventeen and eighteen, and paragraph (p) of section twenty-four, of this Act, shall apply to all assessments for the financial year beginning on the first day of July, One thousand nine hundred and forty-six, and all subsequent years.

(8.) The amendment effected by paragraph (d) of section five of this Act, so far as it inserts paragraph (y) in section twenty-three of the Principal Act, and the amendment effected by section twenty-three of this Act, shall apply to all assessments for the financial year beginning on the first day of July, One thousand nine hundred and forty-five and all subsequent years.

INCOME TAX.

No. 12 of 1947.

An Act to impose a Tax upon Incomes.

[Assented to 3rd June, 1947.]

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

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| Short title. | 1. This Act may be cited as the <i>Income Tax Act 1947</i> . |
| Commencement. | 2. This Act shall come into operation on the day on which it receives the Royal Assent. |
| Incorporation. | 3. The <i>Income Tax Assessment Act 1936-1947</i> shall be incorporated and read as one with this Act. |
| Imposition of income tax. | 4. Income tax is imposed at the rates declared in this Act. |
| Rates of income tax. | 5.—(1.) The rate of income tax in respect of a taxable income derived from personal exertion shall be as set out in the First Schedule to this Act.
(2.) The rate of income tax in respect of a taxable income derived from property shall be as set out in the Second Schedule to this Act.
(3.) The rates of income tax in respect of a taxable income derived partly from personal exertion and partly from property shall be as set out in the Third Schedule to this Act.
(4.) The rate or rates of income tax in respect of a taxable income to which Division 16 of Part III. of the <i>Income Tax Assessment Act 1936-1947</i> applies shall be as set out in the Fourth Schedule to this Act. |