

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION.

No. 44 of 1954.

An Act to impose upon Incomes a Tax by the name of Income Tax and Social Services Contribution.

[Assented to 6th November, 1954.]

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

1. This Act may be cited as the *Income Tax and Social Services Contribution Act 1954.* Short_title.
2. This Act shall come into operation on the day on which it receives the Royal Assent. Commencement.
- 3.—(1.) In this Act— Interpretation.
 - “co-operative company” has the same meaning as in Division 9 of Part III. of the Assessment Act ;
 - “life assurance company” has the same meaning as in Division 8 of Part III. of the Assessment Act ;
 - “mutual income”, in relation to a life assurance company (other than a mutual life assurance company), means—
 - (a) so much of that part of the taxable income of the company which has been derived from its life assurance business as bears the same proportion to that part of the taxable income as the amount of the profits divided for the same year of income among

the life assurance policy holders of the company bears to the total profits divided among those policy holders and the shareholders of the company in respect of the company's life assurance business for the same year of income ; or

(b) where no profits in respect of the company's life assurance business are divided for the year of income but, by virtue of the company's memorandum or articles of association, any profits to be divided among the life assurance policy holders of the company are required to be a certain proportion of the total profits to be divided—that proportion of that part of the taxable income of the company which has been derived from its life assurance business ;

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

“ non-profit company ” means a company which is not carried on for the purposes of profit or gain to its individual members and is, by the terms of the memorandum or articles of association, rules or other document constituting the company or governing its activities, prohibited from making any distribution, whether in money, property or otherwise, to its members ;

“ private company ” has the same meaning as in Division 7 of Part III. of the Assessment Act ;

“ the Assessment Act ” means the *Income Tax and Social Services Contribution Assessment Act 1936-1954.*

(2.) A reference in this Act to taxable income shall be read as a reference to taxable income of the year of income.

Incorporation.

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

Imposition of income tax and social services contribution.

5.—(1.) A tax by the name of income tax and social services contribution is imposed at the rates declared in this Act.

(2.) Notwithstanding anything contained in this Act, income tax and social services contribution is not imposed upon a taxable income which does not exceed One hundred and four pounds derived by—

(a) a person who is not a company ;

(b) a company in the capacity of a trustee ; or

(c) a non-profit company.

Rates of income tax and social services contribution payable by persons other than companies.

6.—(1.) The rates of income tax and social services contribution payable by a person other than a company are as set out in the First Schedule to this Act.

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

(3.) The rate of income tax and social services contribution in respect of a taxable income in any case where section eighty-six or section one hundred and fifty-eight D of the Assessment Act applies is as set out in the Third Schedule to this Act.

(4.) The rate of income tax and social services contribution payable by a trustee is as set out in the Fourth Schedule to this Act.

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

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

Limitation of
tax and
contribution
payable by
aged persons.

but does not apply to a taxpayer in the capacity of a trustee.

(2.) Where the net income of a taxpayer to whom this section applies does not exceed Four hundred and fifteen pounds, the maximum amount of income tax and social services contribution payable by him is nine-twentieths of the amount by which his net income exceeds Three hundred and seventy-five pounds, or, if his net income does not exceed Three hundred and seventy-five pounds, no income tax and social services contribution is payable by him.

(3.) Where the net income of a taxpayer to whom this section applies does not exceed Nine hundred and seventy-five pounds and during the year of income the taxpayer contributes to the maintenance of—

- (a) his wife, being a person who is a resident of Australia during the whole of the year of income and has attained the age of sixty years on or before the last day of that year ; or
- (b) her husband, being a person who is a resident of Australia during the whole of the year of income and has attained the age of sixty-five years on or before that day,

the maximum amount of income tax and social services contribution payable by the taxpayer is nine-twentieths of the amount by which the sum of the net incomes of the taxpayer and his or her spouse exceeds Seven hundred and fifty pounds, or, if the sum of those net incomes does not exceed Seven hundred and fifty pounds, no income tax and social services contribution is payable by the taxpayer.

(4.) For the purposes of this section, the net income of a person shall be ascertained by deducting from the gross income of that person all expenses (not being expenses of a capital, private or domestic nature) incurred in deriving that gross income.

8. Where, but for this section, the amount of income tax and social services contribution which a person would be liable to pay under the preceding provisions of this Act, after deducting all rebates to which he is entitled in his assessment, is less than Ten shillings, the income tax and social services contribution payable by that person is Ten shillings.

Minimum
tax and
contribution.

Rates of income tax and social services contribution payable by a company.

9.—(1.) The rates of income tax and social services contribution payable by a company, other than a company in the capacity of a trustee, are as set out in the Fifth Schedule to this Act.

(2.) Where the taxable income of a non-profit company does not exceed Two hundred and eight pounds, the maximum amount of income tax and social services contribution payable by the company is one-half of the amount by which the taxable income exceeds One hundred and four pounds.

Elimination of pence.

10. Where the amount of income tax and social services contribution which a person would be liable to pay under the preceding provisions of this Act, before deducting any rebate or credit to which he is entitled in his assessment, is an amount of pounds, shillings and pence or shillings and pence—

(a) if the pence do not exceed six—the amount shall be deemed to be reduced by the amount of the pence ; and

(b) if the pence exceed six—the amount shall be deemed to be increased by treating the pence as One shilling.

Tax and contribution where amount to be collected or refunded would not exceed Two shillings.

11.—(1.) Notwithstanding anything contained in the preceding provisions of this Act, where a person has, in accordance with section two hundred and twenty-one of the Assessment Act, forwarded to the Commissioner a tax stamps sheet or group certificate issued to him in respect of deductions made in a year from his salary or wages, and the difference between the available deductions and the income tax and social services contribution which would, but for this sub-section, be payable by that person in respect of the taxable income derived by him in that year is not more than Two shillings, the income tax and social services contribution payable by that person in respect of that taxable income is an amount equal to the available deductions.

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

(a) in relation to a person who is liable to pay provisional tax and contribution in respect of his income of the year immediately succeeding the year referred to in that sub-section ; or

(b) in any case in which the amount of income tax and social services contribution which would, but for this section, be payable is Ten shillings and the available deductions exceed Ten shillings.

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

Levy of income tax and social services contribution.

12.—(1.) The income tax and social services contribution imposed by the preceding provisions of this Act shall be levied and paid for the financial year which commenced on the first day of July, One thousand nine hundred and fifty-four.

(2.) Until the commencement of the Act for the levying and payment of income tax and social services contribution for the financial year commencing on the first day of July, One thousand nine hundred and fifty-five, the preceding provisions of this Act also apply for all financial years subsequent to that which commenced on the first day of July, One thousand nine hundred and fifty-four.

13. Provisional tax and contribution is imposed and is payable, in accordance with the provisions of the Assessment Act, in respect of the income of the year of income ending on the thirtieth day of June, One thousand nine hundred and fifty-five.

Provisional
tax and
contribution

THE SCHEDULES.

FIRST SCHEDULE.

Section 6 (1.).

GENERAL RATES OF TAX AND CONTRIBUTION PAYABLE BY PERSONS OTHER THAN COMPANIES.

The rate of income tax and social services contribution for every £1 of each part of the taxable income specified in the first column of the following table is the rate set out in the second column of that table opposite to the reference to that part of the taxable income:—

First Column. Parts of Taxable Income.	Second Column. Rates.
The part of the taxable income which—	
does not exceed £100	One penny
exceeds £100 but does not exceed £150	3 pence
exceeds £150 but does not exceed £200	7 pence
exceeds £200 but does not exceed £250	11 pence
exceeds £250 but does not exceed £300	15 pence
exceeds £300 but does not exceed £400	20 pence
exceeds £400 but does not exceed £500	26 pence
exceeds £500 but does not exceed £600	30 pence
exceeds £600 but does not exceed £700	34 pence
exceeds £700 but does not exceed £800	38 pence
exceeds £800 but does not exceed £900	42 pence
exceeds £900 but does not exceed £1,000	46 pence
exceeds £1,000 but does not exceed £1,200	52 pence
exceeds £1,200 but does not exceed £1,400	59 pence
exceeds £1,400 but does not exceed £1,600	65 pence
exceeds £1,600 but does not exceed £1,800	71 pence
exceeds £1,800 but does not exceed £2,000	77 pence
exceeds £2,000 but does not exceed £2,400	85 pence
exceeds £2,400 but does not exceed £2,800	92 pence
exceeds £2,800 but does not exceed £3,200	99 pence
exceeds £3,200 but does not exceed £3,600	105 pence
exceeds £3,600 but does not exceed £4,000	111 pence
exceeds £4,000 but does not exceed £4,400	117 pence
exceeds £4,400 but does not exceed £5,000	124 pence
exceeds £5,000 but does not exceed £6,000	132 pence
exceeds £6,000 but does not exceed £8,000	139 pence
exceeds £8,000 but does not exceed £10,000	145 pence
exceeds £10,000 but does not exceed £16,000	152 pence
exceeds £16,000	160 pence

THE SCHEDULES—*continued.*

Section 6 (2.).

SECOND SCHEDULE.

RATES OF TAX AND CONTRIBUTION BY REFERENCE TO AN AVERAGE INCOME.

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

- (a) for every £1 of that part of the taxable income which does not exceed £4,000—
 - (i) the rate ascertained by applying the rates set forth in the First Schedule to a taxable income equal to his average income and dividing the resultant amount by a number equal to the number of whole pounds in that average income; or
 - (ii) 71.775 pence, whichever is the less; and
- (b) for every £1 of the remainder (if any) of the taxable income, the rate ascertained by deducting the amount of £1,196 5s. 0d. from the tax and contribution which would be payable if the rates set forth in the First Schedule were applied to the total taxable income and dividing the resultant amount by a number equal to the number of whole pounds in that remainder.

Section 6 (3.).

THIRD SCHEDULE.

RATE OF TAX AND CONTRIBUTION BY REFERENCE TO A NOTIONAL INCOME.

For every £1 of the taxable income of a taxpayer deriving a notional income, as specified by section eighty-six or section one hundred and fifty-eight D of the Assessment Act, the rate of income tax and social services contribution is the rate ascertained by dividing the tax and contribution which would be payable under the First Schedule upon a taxable income equal to his notional income by a number equal to the number of whole pounds in that notional income.

Section 6 (4.).

FOURTH SCHEDULE.

RATE OF TAX AND CONTRIBUTION PAYABLE BY A TRUSTEE.

For every £1 of the taxable income in respect of which a trustee is liable, in pursuance of either section ninety-eight or section ninety-nine of the Assessment Act, to be assessed and to pay tax and contribution, the rate of income tax and social services contribution is the rate which would be payable under the First, Second or Third Schedule, as the case requires, if one individual were liable to be assessed and to pay tax and contribution on that taxable income.

Section 9 (1.).

FIFTH SCHEDULE.

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

1. In the case of a company (not being a private company, a co-operative company, a non-profit company or a life assurance company) which is a resident, the rates of income tax and social services contribution are—
 - (a) for every £1 of so much of the taxable income as does not exceed Five thousand pounds—Six shillings; and
 - (b) for every £1 of the remainder of the taxable income—Seven shillings.
2. In the case of a company (not being a private company, a co-operative company, a non-profit company or a life assurance company) which is a non-resident, the rates of income tax and social services contribution are—
 - (a) for every £1 of so much of the taxable income consisting of dividends as does not exceed Five thousand pounds—Five shillings;
 - (b) for every £1 of so much of the taxable income not consisting of dividends as does not exceed the amount (if any) by which the taxable income consisting of dividends is less than Five thousand pounds—Six shillings; and
 - (c) for every £1 of the part of the taxable income to which neither of the preceding sub-paragraphs of this paragraph applies—Seven shillings.
3. In the case of a company which is a private company, the rates of income tax and social services contribution are—
 - (a) for every £1 of so much of the taxable income as does not exceed Five thousand pounds—Four shillings;
 - (b) for every £1 of the remainder of the taxable income—Six shillings; and
 - (c) for every £1 of the undistributed amount in respect of which the company is liable under section one hundred and four of the Assessment Act to pay additional tax—Ten shillings.

THE SCHEDULES—*continued.*

4. In the case of a company (not being a private company or a life assurance company) which is a co-operative company or a non-profit company, the rates of income tax and social services contribution are—

- (a) for every £1 of so much of the taxable income as does not exceed Five thousand pounds—Five shillings; and
- (b) for every £1 of the remainder of the taxable income—Seven shillings.

5. In the case of a company (not being a private company) which is a mutual life assurance company, the rates of income tax and social services contribution are—

- (a) for every £1 of so much of the taxable income as does not exceed Five thousand pounds—Four shillings; and
- (b) for every £1 of the remainder of the taxable income—Six shillings.

6. In the case of a company (not being a private company) which is a life assurance company other than a mutual life assurance company, the rates of income tax and social services contribution are—

- (a) for every £1 of so much of the mutual income as does not exceed Five thousand pounds—Four shillings;
- (b) for every £1 of the remainder of the mutual income—Six shillings;
- (c) if the company is a non-resident, for every £1 of so much of the taxable income, other than the mutual income, consisting of dividends as does not exceed the amount (if any) by which the mutual income is less than Five thousand pounds—Five shillings;
- (d) for every £1 of so much of the taxable income, other than the amounts of income to which the preceding sub-paragraphs of this paragraph apply, as does not exceed the amount (if any) by which the total of those amounts is less than Five thousand pounds—Six shillings; and
- (e) for every £1 of the part of the taxable income to which none of the preceding sub-paragraphs of this paragraph applies—Seven shillings.

7. For every £1 of interest in respect of which a company is liable, in pursuance of sub-section (1.) of section one hundred and twenty-five of the Assessment Act, to pay income tax and social services contribution, the rate of income tax and social services contribution is Seven shillings.
