

INCOME TAX ASSESSMENT.

No. 27 of 1923.

An Act to amend the *Income Tax Assessment Act* 1922.

[Assented to 1st September, 1923.]

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* 1923. Short title and citation.

(2.) The *Income Tax Assessment Act* 1922 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* 1922–1923.

2. After section five of the Principal Act the following section is inserted in Part I:—

“5A.—(1.) This Act shall not apply to any income derived from primary production in the Northern Territory by a resident of that Territory prior to the first day of July, One thousand nine hundred and twenty-seven. Application of Act to Northern Territory.

“(2.) In this section—

(a) ‘Primary production’ means the production resulting directly from—

- (i) cultivation of land;
- (ii) maintenance of animals or poultry;
- (iii) mining; or
- (iv) fisheries,

and includes dairy produce manufactured by the person who produced the raw material used in the manufacture of that produce; and

(b) ‘income derived from primary production’ means income which is derived directly and in the first place from primary production.”

3. Section thirteen of the Principal Act is amended—

(a) by inserting after sub-section (1.) thereof the following sub-section:—

“(1A.) The income tax payable by a company shall be at such rate as is declared by the Parliament.”; and

Income Tax.

- (b) by inserting in sub-section (2.) thereof, after the words "taxable income" (first occurring) the words "of a taxpayer other than a company".

Exemptions.

4. Section fourteen of the Principal Act is amended—

- (a) by omitting from paragraph (k) of sub-section (1.) thereof the word "and" (last occurring); and
 (b) by adding at the end of sub-section (1.) thereof the following paragraph:—

" ; and (m) dividends, bonuses, or profits, or the face value of bonus shares distributed by a company among its members or shareholders, except as provided under section sixteen of this Act."

What is included as income.

5. Section sixteen of the Principal Act is amended—

- (a) by inserting in the proviso to paragraph (a) thereof, after the word "account", the words "except where the taxpayer otherwise elects, as provided in paragraph (aa) of this section";

- (b) by omitting from paragraph (a) the definition of "Value" and inserting in its stead the following definition:—
 "For the purposes of this paragraph 'Value' means—

(i) in the case of trading stock (not being live stock)—the actual cost price or market selling value of each article of trading stock, or the price at which each article of trading stock can be replaced, at the option of the taxpayer in respect of each article; and

(ii) in the case of live stock (not being live stock used as beasts of burden or as working beasts)—the cost price or market selling price at the option of the taxpayer. The cost price in relation to natural increase of live stock shall be the value per head of the live stock selected by the taxpayer within the limits prescribed and the value so selected shall be used for the purposes of the assessment of the financial year beginning on the first day of July One thousand nine hundred and twenty-three and of all subsequent years;"

- (c) by inserting after paragraph (a) thereof the following paragraph:—

"(aa) Notwithstanding anything contained in paragraph (a) of this section, an owner of live stock may elect to omit from the account required by that paragraph the value of all natural increase of any live stock owned by him, and born during the year in which the income is derived, and shall not be assessed for income tax in respect of that natural increase except to the extent to which he has dis-

posed of it. The owner of the live stock shall give notice of his election, in writing, in the prescribed form signed by him, and deliver it at the office of the Commissioner on or before the prescribed date. Every notice given by a taxpayer in pursuance of this paragraph shall be irrevocable;”;

- (d) by inserting at the end of paragraph (b) the following proviso :—

“Provided where the dividends, bonuses, profits or shares referred to in sub-paragraphs (i) or (ii) of this paragraph have been distributed out of profits upon which any company has paid or is liable to pay tax under the provisions of any Income Tax Act which comes into operation after the thirtieth day of June One thousand nine hundred and twenty-three the amount of those dividends, bonuses, profits or shares shall be excluded from the assessment of the income of the taxpayer unless the rate of tax payable by him on income from property, if the dividends, bonuses, profits or shares are included, exceeds the rate of tax paid or payable by the company :

Provided further that if the rate of tax exceeds the rate of tax paid or payable by the company, the taxpayer shall be entitled to a rebate in his assessment of the amount of tax paid by the company on that part of the said dividends, bonuses and profits, and of the face value of the said shares, which is included in his taxable income;” ; and

- (e) by omitting paragraph (c) thereof.

6. Section twenty of the Principal Act is amended—

Taxation of
companies.

- (a) by omitting sub-section (1.) thereof ;
- (b) by omitting paragraph (a) of sub-section (2.) thereof ;
- (c) by omitting from paragraph (c) of sub-section (2.) thereof the words “ or dividends distributed ” and inserting in their stead the words “ paid or credited ” ;
- (d) by omitting from that paragraph the words “ or share stock ” ;
- (e) by omitting from that paragraph the word “ distributed ” (second occurring) and inserting in its stead the words “ paid or credited ” ;
- (f) by omitting from the first proviso to sub-section (2.) thereof the words “ paragraphs (a) and (b) ”, and inserting in their stead the words “ paragraph (b) ” ;
- (g) by omitting from the second proviso to sub-section (2.) thereof the words “ or dividend ” (wherever occurring) ;
- (h) by omitting from that proviso the words “ or share stock ” and the words “ or that share stock ” ;

- (i) by omitting from the third proviso to sub-section (2.) thereof the words "or share stock" (wherever occurring);
- (j) by omitting from the fourth proviso to sub-section (2.) thereof the words "dividend or" (wherever occurring); and
- (k) by adding at the end of the section the following sub-section:—

"(5.) For the purpose of ascertaining the taxable income of a life insurance company there shall be deducted from the total assessable income, in addition to any other deductions allowed by this Act, so much of the assessable income as—

- (a) is available for distribution and is distributed to the members of the company; and
- (b) consists of premiums paid upon the policies issued by the company."

Taxation of
company where
distribution not
reasonable.

7. Section twenty-one of the Principal Act is amended by omitting sub-section (4.) thereof.

Deductions.

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

- (a) by omitting from paragraph (i) of sub-section (1.) thereof the words "base metals or rare minerals" and inserting in their stead the words "base metals, rare minerals, or oil, or in any company carrying on afforestation as its principal business";
- (b) by omitting from paragraph (k) of sub-section (1.) thereof the word "Forty" and inserting in its stead the word "Fifty".

Ship charterers.

9. Section twenty-seven of the Principal Act is amended by omitting from sub-section (2.) thereof the word "Ten" and inserting in its stead the words "Seven and one half".

Rebate in
respect of
business income.

10. Section thirty of the Principal Act is amended—

- (a) by omitting from sub-section (1.) thereof the words "two shillings and five pence in the pound" (first occurring) and inserting in their stead the words "the rate imposed on the taxable income of a company"; and
- (b) by omitting from that sub-section the words "at two shillings and five pence in the pound on that percentage of that income", and inserting in their stead the words "on that percentage of that income, at the rate imposed on the taxable income of a company".

Additional tax
in case of late
payment.

11. Section fifty-six of the Principal Act is amended—

- (a) by omitting therefrom the words "additional tax amounting to ten per centum of the tax unpaid shall be payable in addition by way of penalty", and inserting in their stead the words "additional tax shall be payable at the rate of ten per centum per annum upon the amount of tax unpaid, to be computed from the expiration of the time specified

- in section fifty-four of this Act, or, where further time has been allowed by the Commissioner under section fifty-five of this Act, from the expiration of that further time :"; and
- (b) by omitting from the proviso thereto the words " by way of penalty ".

12. Section sixty-seven of the Principal Act is amended by omitting from sub-section (1.) thereof the words " by way of additional tax an amount of One pound or ten per centum of the amount of tax assessable to him ", and inserting in their stead the words "additional tax at the rate of ten per centum per annum upon the amount of tax assessable to him (to be paid from the expiration of the time specified in section fifty-four of this Act, or, where further time has been allowed by the Commissioner under section fifty-five of this Act, from the expiration of that further time), or the sum of One pound,".

Additional tax
in certain cases.

13. The amendments to the Principal Act made by this Act shall apply to assessments for the financial year beginning on the first day of July One thousand nine hundred and twenty-three, and all subsequent years.

Application
of Act.

. Notwithstanding anything contained in the Principal Act or this Act, there shall be deducted from the assessable income of a taxpayer for the financial year commencing on the first day of July One thousand nine hundred and twenty-three all sums paid by the taxpayer during the financial year commencing on the first day of July One thousand nine hundred and twenty-one in calls on shares in any company or syndicate prospecting for oil in the Commonwealth.

Special
deduction
from 1922-23
income for
calls paid in
oil company.