
INCOME TAX.

No. 24 of 1931.

An Act to impose Taxes upon Incomes.

[Assented to 7th August, 1931.]

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</i> 1931. |
| Incorporation. | 2. The <i>Income Tax Assessment Act</i> 1922–1931 shall be incorporated and read as one with this Act. |
| Imposition of income tax. | 3. Income tax is imposed at the rates declared in this Act. |

4.—(1.) The rate of income tax in respect of income from personal exertion shall be as set out in the First Schedule to this Act. Rates of income tax.

(2.) The rate of income tax in respect of 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.) Notwithstanding anything contained in the last three preceding sub-sections, where the amount of income tax which a person would, apart from this sub-section, be liable to pay is less than Ten shillings, the income tax payable by that person shall be Ten shillings.

(5.) The rate of income tax payable by a trustee shall be as set out in the Fourth Schedule to this Act.

(6.) Subject to sub-sections (5.), (7.) and (8.) of this section, the rates of income tax payable by a company shall be as set out in the Fifth Schedule to this Act.

(7.) The rate of income tax payable by an individually owned private company shall be as set out in the Sixth Schedule to this Act.

(8.) The rate of income tax payable by a severally owned private company shall be as set out in the Seventh Schedule to this Act.

(9.) The rate of income tax payable by an individually owned partnership shall be as set out in the Eighth Schedule to this Act.

(10.) The rate of income tax payable by a severally owned partnership shall be as set out in the Ninth Schedule to this Act.

5.—(1.) In addition to any income tax payable under the preceding provisions of this Act, there shall be payable upon the taxable income derived by any person— Further tax on income from property.

(a) from property ;

(b) by way of interest, dividends, rents or royalties, whether derived from personal exertion or from property ; and

(c) in the course of carrying on a business, where the income is of such a class that, if derived otherwise than in the course of carrying on a business, it would be income from property,

a further income tax of ten per centum of the amount of that taxable income.

(2.) Where income tax is payable by a company under this section, income tax shall not be payable under this section upon any taxable income derived by any person in consequence of the distribution by that company to its members or shareholders of the income upon which tax is so payable by that company or in consequence of a succession of such distributions through another company or through other companies of that income or any part thereof.

(3.) Any income tax payable by a company under this section shall not be included in the calculation, for the purposes of the provisoes following sub-paragraph (iii) of paragraph (b) of section sixteen of the *Income Tax Assessment Act 1922-1931*, of the income tax paid or payable by that company.

(4.) Sub-sections (2.) to (13.) inclusive of section thirteen of the *Income Tax Assessment Act 1922-1931* shall not apply to tax payable under the provisions of this section.

Levy of income
tax.

6.—(1.) Income tax shall be levied and paid for the financial year beginning on the first day of July One thousand nine hundred and thirty-one.

(2.) This Act shall also apply to all assessments for financial years subsequent to that beginning on the first day of July One thousand nine hundred and thirty-one made prior to the passing of the Act for the levying and payment of income tax for the financial year beginning on the first day of July One thousand nine hundred and thirty-two.

THE SCHEDULES.

FIRST SCHEDULE.

RATE OF TAX UPON INCOME DERIVED FROM PERSONAL EXERTION.

For the purposes of this Schedule— T = taxable income in pounds.

If the taxable income does not exceed £6,900, the rate of tax for every pound of taxable income shall be .. $\left\{ 3 + \frac{T}{160} \right\}$ pence.
 If the taxable income exceeds £6,900, the rate of tax for every pound of taxable income up to and including £6,900 shall be .. $\left\{ 3 + \frac{6,900}{160} \right\}$ pence.
 and
 the rate of tax for every pound of taxable income in excess of £6,900 shall be .. 90 pence.

SECOND SCHEDULE.

RATE OF TAX UPON INCOME DERIVED FROM PROPERTY.

For the purposes of this Schedule— T = taxable income in pounds.

If the taxable income does not exceed £500, the rate of tax for every pound of taxable income shall be .. $\left\{ 3 + \frac{T}{100} \right\}$ pence.
 If the taxable income exceeds £500 but does not exceed £1,500, the rate of tax for every pound of taxable income shall be .. $\left\{ 1 + \frac{T \times 14}{1,000} \right\}$ pence.
 If the taxable income exceeds £1,500 but does not exceed £3,700, the rate of tax for every pound of taxable income shall be .. $\left\{ 4\frac{1}{2} + \frac{T \times 23}{2,000} \right\}$ pence.
 If the taxable income exceeds £3,700, the rate of tax for every pound of taxable income up to and including £3,700 shall be .. $\left\{ 4\frac{1}{2} + \frac{3,700 \times 23}{2,000} \right\}$ pence.
 and
 the rate of tax for every pound of taxable income in excess of £3,700 shall be .. 90 pence.

THE SCHEDULES—*continued*.

THIRD SCHEDULE.

RATES OF TAX IN RESPECT OF TAXABLE INCOME DERIVED PARTLY FROM PERSONAL EXERTION AND PARTLY FROM PROPERTY.

(a) For every pound of taxable income derived from personal exertion, the rate of tax shall be ascertained by dividing the total amount of the tax that would be payable under the First Schedule if the total taxable income of the taxpayer were derived exclusively from personal exertion by the amount of the total taxable income.

(b) For every pound of taxable income derived from property, the rate of tax shall be ascertained by dividing the total amount of the tax that would be payable under the Second Schedule if the total taxable income of the taxpayer were derived exclusively from property by the amount of the total taxable income.

FOURTH SCHEDULE.

RATE OF TAX PAYABLE BY A TRUSTEE.

For every pound of the taxable income in respect of which a trustee is liable to be separately assessed and to pay tax, the rate of tax shall be the rate which would be payable under the First, Second or Third Schedules, as the case requires, if one individual were liable to be separately assessed and to pay tax on that taxable income.

FIFTH SCHEDULE.

RATES OF TAX PAYABLE BY A COMPANY.

(a) Subject to the last preceding Schedule and to the Sixth and Seventh Schedules for every pound of the taxable income of a company, the rate of tax shall be 16·8 pence.

(b) For every pound of interest paid or credited by the company to any person who is an absentee, in respect of debentures of the company, or on money lodged at interest with the company by such person, the rate of tax shall be 16·8 pence.

SIXTH SCHEDULE.

RATE OF TAX PAYABLE BY AN INDIVIDUALLY OWNED PRIVATE COMPANY.

For every pound of the taxable income of an individually owned private company, the rate of tax shall be determined as follows :—

- (a) from the total amount of tax which would be payable by the person specified under sub-section (1.) of section twenty-one A of the *Income Tax Assessment Act 1922-1930* if the taxable income of the company were added to his own taxable income, subtract the amount of tax actually payable by him in respect of his own taxable income; and
- (b) divide the amount obtained by the application of the last preceding paragraph by the number of pounds in the taxable income of the company.

SEVENTH SCHEDULE.

RATE OF TAX PAYABLE BY A SEVERALLY OWNED PRIVATE COMPANY.

For every pound of the taxable income of a severally owned private company, the rate of tax shall be determined as follows :—

- (a) compute the total of the amounts of tax that would be payable by the persons specified under sub-section (1.) of section twenty-one A of the *Income Tax Assessment Act 1922-1930* if the company were a partnership (other than a severally owned partnership) between those persons with equal interests;
- (b) from the total tax obtained by the application of the last preceding paragraph subtract the total of the amounts of tax actually payable by those persons on their own taxable incomes; and
- (c) divide the difference obtained by the application of the last preceding paragraph by the number of pounds in the taxable income of the company.

THE SCHEDULES—*continued.*

EIGHTH SCHEDULE.

RATE OF TAX PAYABLE BY AN INDIVIDUALLY OWNED PARTNERSHIP.

Individually owned partnerships other than Trusts which are partnerships.

For every pound of the taxable income of an individually owned partnership, the rate of tax shall be determined as follows :—

- (a) from the total amount of tax which would be payable by the member specified under sub-section (2.) of section twenty-nine of the *Income Tax Assessment Act 1922-1930* if the taxable income of the partnership were added to his own taxable income, subtract the amount of tax actually payable by him in respect of his own taxable income ; and
- (b) divide the amount obtained by the application of the last preceding paragraph by the number of pounds in the taxable income of the partnership.

Trusts which are individually owned partnerships.

For every pound of the taxable income of a trust which is an individually owned partnership, the rate of tax shall be determined as follows :—

- (a) from the amount of tax which would be payable by the person by whom the trust was created if the taxable income of the partnership were added to his own taxable income, subtract the amount of tax actually payable by him in respect of his own taxable income ; and
- (b) divide the amount obtained by the application of the last preceding paragraph by the number of pounds in the taxable income of the partnership.

NINTH SCHEDULE.

RATE OF TAX PAYABLE BY A SEVERALLY OWNED PARTNERSHIP.

For every pound of the taxable income of a severally owned partnership, the rate of tax shall be determined as follows :—

- (a) compute the total of the amounts of tax that would be payable by the several members specified under sub-section (2.) of section twenty-nine of the *Income Tax Assessment Act 1922-1930*, if the severally owned partnership were a partnership (other than a severally owned partnership) between those members with equal interests ;
- (b) from the total tax obtained by the application of the last preceding paragraph subtract the total of the amounts of tax actually payable by those several members on their own taxable incomes ; and
- (c) divide the difference obtained by the application of the last preceding paragraph by the number of pounds in the taxable income of the partnership.