

INCOME TAX ASSESSMENT.

No. 6 of 1946.

An Act to amend the *Income Tax Assessment Act 1936-1945*.

[Assented to 13th April, 1946.]

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

Short title
and citation.

1.—(1.) This Act may be cited as the *Income Tax Assessment Act 1946*.

(2.) The *Income Tax Assessment Act 1936-1945*[†] 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 1936-1946*.

Commencement.

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

Parts.

3. Section five of the Principal Act is amended by inserting after the words "Division 18.—Partial Liability to Tax on Income of a Certain Period." the words "Division 19.—Tax Credit in relation to Certain Plant and Machinery used in connexion with the War."

Definitions.

4. Section six of the Principal Act is amended by adding at the end thereof the following sub-section :—

"(2.) Unless the contrary intention appears, any reference in this Act to a year of income commencing or ending on a specified date shall be deemed to include, in relation to a taxpayer who has adopted, or who is deemed to have adopted, under this Act, an accounting period in lieu of that year of income, a reference to that accounting period."

* Act No. 42, 1942, as amended by No. 7, 1944.

† 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; and Nos. 4 and 37, 1945.

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

(a) by omitting sub-paragraph (vii) of paragraph (c) and inserting in its stead the following sub-paragraph :—

“(vii) as director’s fees, salary or wages by a non-resident, during a visit to Australia during which he acts as a director, manager or other administrative officer of, or is employed as a consultant, technician or operative in, a manufacturing, mercantile or mining business or a business of primary production, being income—

(1) derived during—

(A) the first year of the visit ; or

(B) the second year of the visit if the Secondary Industries Commission of the Department of Post-war Reconstruction certifies, and the Treasurer is satisfied, that the retention of the non-resident’s services in Australia beyond the first year will assist or has assisted in the development of Australian industry ; and

(2) which is not exempt from income tax in the country where the non-resident is ordinarily resident ;” ;

(b) by omitting from sub-paragraph (ii) of paragraph (ka) the word “ and ” (second occurring) ;

(c) by adding at the end of paragraph (ka) the following word and sub-paragraph :—

“ ; and (iv) benefit under the *Unemployment and Sickness Benefits Act 1944* ;” ;

(d) by inserting after paragraph (ka) the following paragraph :—

“(kb) payments by way of—

(i) allowances and expenses to disabled persons under Part IV. of the *Re-establishment and Employment Act 1945* ;

(ii) re-employment allowances under Division 2 of Part VI. of that Act ; and

(iii) sustenance allowances under the *Australian Soldiers’ Repatriation Act 1920–1945* to persons waiting to enter into occupation of land or possession of a business ;” ;

(e) by inserting after the proviso to paragraph (s) the following proviso :—

“ Provided further that—

- (i) this paragraph shall not apply to exempt the pay and allowances earned by a member of the Defence Force after the thirteenth day of February, One thousand nine hundred and forty-six, unless the pay and allowances were or are paid under the War Financial (Military Forces) Regulations or the Air Force (War Financial) Regulations or, in the case of a member of the Naval Forces, unless the Secretary to the Treasury, or a person authorized by him to give such certificates, certifies, for the purposes of this provision, that the pay and allowances are special war-time pay and allowances ;
- (ii) sub-paragraph (ii) of this paragraph shall not apply in the case of a member of the Defence Force unless he has—
 - (1) by an application made on or before the thirteenth day of February, One thousand nine hundred and forty-six, volunteered for service with the Interim Force and, in consequence of that application, has become or becomes a member of that Force ; or
 - (2) on or before the thirteenth day of February, One thousand nine hundred and forty-six, been posted, appointed, drafted or allotted for service out of Australia or in a sea-going ship, and as a result of that posting, appointment, drafting or allotment has, after that date, served outside Australia or in a sea-going ship ;
- (iii) clause (2) of sub-paragraph (ii) of this paragraph shall not apply in the case of a member of the Defence Force who, after the thirteenth day of February, One thousand nine hundred and forty-six, is posted or attached as a member of the air crew of a squadron in Australia ; and
- (iv) this paragraph shall not apply to pay and allowances earned after the thirtieth day of June, One thousand nine hundred and forty-seven ; ” ;

- (f) by omitting from paragraph (s) the words "For the purposes of this paragraph—" and inserting in their stead the following words:—

"For the purposes of this paragraph, pay and allowances shall not be deemed to be earned out of Australia if they are earned after the thirteenth day of February, One thousand nine hundred and forty-six, by a member of the Defence Force during any period in which—

- (i) he serves or is borne in a ship while that ship is operated in or between Australian ports; or
- (ii) he serves in an aircraft which is engaged in a flight from an airport in Australia which does not involve landing at an airport out of Australia, and—";

- (g) by omitting from the definition of "Australia" in paragraph (s) the word "and" (second occurring);

- (h) by adding at the end of the definition of "sea-going ship" the words "or any other ship which is operated, after the thirteenth day of February, One thousand nine hundred and forty-six, in or between Australian ports";

- (j) by inserting after that definition the following definitions:—

" 'service out of Australia' does not include service in a ship during any period after the thirteenth day of February, One thousand nine hundred and forty-six, during which the ship is operated in or between Australian ports;

'the Interim Force' shall be deemed to consist of—

- (i) in the case of the Naval Forces—those members of the Citizen Naval Forces and those temporary members of the Permanent Naval Forces who—

- (1) on or after the fifth day of December, One thousand nine hundred and forty-five, volunteered to serve with the Permanent Naval Forces for a period not exceeding two years; and,

- (2) being officers, on or after the thirtieth day of July, One thousand nine hundred and forty-five, volunteered to continue to serve in the Defence Force for as long as their services should be required,

and who are so serving;

(ii) in the case of the Military Forces—

(1) those members of the Australian Military Forces forming part of the British Commonwealth Force for occupation of Japanese territory ; and

(2) those members of the Australian Imperial Force or the Citizen Military Forces who, on or after the first day of October, One thousand nine hundred and forty-five, volunteered to continue to serve in the Defence Force for as long as their services should be required or for any period of not less than twelve months, and who are so serving ; and

(iii) in the case of the Air Force—those members of the Royal Australian Air Force who, on or after the seventh day of January, One thousand nine hundred and forty-six, agreed to volunteer for air service in accordance with Air Force Regulations for a period of two years, and who are so serving ; ” ; and

(k) by omitting sub-paragraph (ii) of paragraph (t) and inserting in its stead the following sub-paragraph :—

“ (ii) deferred pay, including interest thereon, paid—

(1) during any period before the first day of July, One thousand nine hundred and forty-seven ; or

(2) in respect of service during any period before that date,

being a period in which the pay and allowances earned by the member were or are paid under the War Financial (Military Forces) Regulations, or the Air Force (War Financial) Regulations or, in the case of a member of the Naval Forces, were or are pay and allowances which the Secretary to the Treasury, or a person authorized by him to give such certificates, certifies, for the purposes of this provision, are special war-time pay and allowances ; ”.

(2.) Paragraphs (ii) and (iii) of the proviso inserted by paragraph (e), the amendment made by paragraph (h), and the definition of "service out of Australia" inserted by paragraph (j), of sub-section (1.) of this section shall not affect the application of sub-paragraph (ii) of paragraph (s) of section twenty-three of the Principal Act—

- (a) to pay and allowances earned prior to the thirteenth day of February, One thousand nine hundred and forty-six, by a member of the Defence Force who, on that date, was serving out of Australia or in a sea-going ship or was posted or attached as a member of the air crew of a squadron in Australia, if the role of the squadron was operational involving flights out of Australia; or
- (b) to pay and allowances which, by reason of the member's service prior to the fourteenth day of February, One thousand nine hundred and forty-six, would have been exempt under that sub-paragraph if this section had not been enacted.

6. Section twenty-six of the Principal Act is amended by adding at the end of the proviso to paragraph (d) the words "during any period before the first day of July, One thousand nine hundred and forty-seven, in respect of which the pay and allowances earned by the member were or are paid under the War Financial (Military Forces) Regulations or the Air Force (War Financial) Regulations or, in the case of a member of the Naval Forces, were or are pay and allowances which the Secretary to the Treasury, or a person authorized by him to give such certificates, certifies, for the purposes of this provision, are special war-time pay and allowances".

Certain items
of assessable
income.

7. Section fifty-four of the Principal Act is amended—

Depreciation.

- (a) by omitting from paragraph (a) of sub-section (2.) the word "and" (last occurring); and
- (b) by adding at the end of that sub-section the following word and paragraph:—

"; and (c) plumbing fixtures and fittings, including wall and floor tiling, in premises acquired after the thirtieth day of June, One thousand nine hundred and thirty-eight, or installed in premises after that date, by a person carrying on a business for the purpose of producing assessable income, where those fixtures and fittings are provided principally for the use, for personal purposes, of persons employed by him in that business."

Basis of
depreciation.

8. Section fifty-five of the Principal Act is amended by adding at the end thereof the following sub-section :—

“(2.) Notwithstanding anything contained in the last preceding sub-section, the annual depreciation per centum of any unit of property used by a taxpayer principally for the purpose of providing clothing cupboards, first aid, rest-room or recreational facilities, or meals or facilities for meals, for persons employed by him in a business carried on by him for the purpose of producing assessable income shall be thirty-three and one-third per centum.”.

9. After section fifty-seven of the Principal Act the following section is inserted :—

Special
depreciation of
property
acquired
within five
years after
30th June,
1945.

“ 57A.—(1.) Where property, being plant or articles in respect of which depreciation is allowable under section fifty-four of this Act, is acquired or installed during the year of income and within the period specified in sub-section (3.) of this section, then, unless the taxpayer elects, in accordance with sub-section (4.) of this section, not to have this section applied in respect of that property, an amount of depreciation equal to twenty per centum of the cost of that property shall, in addition to any depreciation ascertained in accordance with section fifty-six of this Act, be an allowable deduction.

“(2.) Where a deduction has been allowed or is allowable under the last preceding sub-section, the cost of the unit of property shall, for the purpose of calculating the depreciation allowable under paragraph (a) or paragraph (b) of sub-section (1.) of section fifty-six of this Act, be deemed to be reduced by the amount of the deduction so allowed or allowable.

“(3.) This section shall apply only where the property is or was acquired or installed by the taxpayer after the end of the year of income which ended on the thirtieth day of June, One thousand nine hundred and forty-five, and before the commencement of the year of income beginning on the first day of July, One thousand nine hundred and fifty.

“(4.) The election which may be made for the purposes of sub-section (1.) of this section shall be made in writing, signed by or on behalf of the taxpayer and delivered to the Commissioner on or before the last day for the furnishing of the return of income of the taxpayer of the year of income in which the property is acquired or installed, as the case may be, or within such further time as the Commissioner allows.”.

Property used
partly for
producing
assessable
income.

10. Section sixty-one of the Principal Act is amended by inserting after the words “section fifty-four” the words “, section fifty-seven A”.

11. After section seventy-three of the Principal Act the following section is inserted :—

Expenditure
on scientific
research.

“ 73A.—(1.) The following payments made, and expenditure incurred, during the year of income (other than any amount which

is allowable as a deduction under any other section of this Act) by a person carrying on a business for the purpose of gaining or producing assessable income shall be allowable deductions:—

(a) Payments to—

- (i) an approved research institute for scientific research related to that business; or
- (ii) an approved research institute, the object of which is the undertaking of scientific research related to the class of business to which that business belongs; and

(b) Expenditure of a capital nature on scientific research related to that business (except to the extent that it is expenditure on plant, machinery, land or buildings or on alterations, additions or extensions to buildings or in the acquisition of rights in or arising out of scientific research).

“(2.) Where, on or after the first day of the year of income ending on the thirtieth day of June, One thousand nine hundred and forty-six, a taxpayer carrying on a business for the purpose of gaining or producing assessable income incurs expenditure of a capital nature in the construction or acquisition of a building, or part of a building, or in making any alteration or addition to a building, in which scientific research related to that business is to be carried on by him or on his behalf, and the building, part of a building, alteration or addition, as the case may be, is of use for scientific research purposes only, an amount equal to one-third of that expenditure shall be an allowable deduction—

- (a) from the assessable income of the year of income in which the building, part of a building, alteration or addition is first used by or on behalf of the taxpayer for such scientific research; and
- (b) from the assessable income of each of the two years of income next succeeding that year of income, if he continues to carry on that business during the year in which that assessable income was derived.

“(3.) Where any expenditure or payment to which this section refers is incurred or made outside Australia and the business in relation to which it is so incurred or made is carried on partly in and partly out of Australia, the deduction allowable under this section shall be such part of the amount which would otherwise be allowable as the Commissioner considers reasonable in the circumstances.”.

“(4.) Where any expenditure has been allowed or is allowable as a deduction under sub-section (2.) of this section and—

- (a) the taxpayer sells, transfers or otherwise disposes of the building or any part thereof; or
- (b) the building or any part thereof is destroyed,

the consideration received or receivable in respect of the disposal, loss or destruction shall, to the extent of the expenditure so allowed or allowable as a deduction, be included in the assessable income of the year of income in which the disposal, loss or destruction occurs :

Provided that where the Commissioner is of opinion that part only, or no part, of that consideration relates to the disposal, loss or destruction of any property which was acquired or created by that expenditure, that part only, or no part, as the case may be, of the consideration shall be taken into account for the purposes of this sub-section.

“(5.) Notwithstanding anything contained in section fifty-five of this Act, in calculating depreciation which is allowable under section fifty-four of this Act in respect of plant used by the taxpayer for the purposes of scientific research only, the percentage which shall be applied for the purposes of section fifty-six of this Act shall be thirty-three and one-third per centum.

“(6.) In this section—

‘an approved research institute’ means the Commonwealth Council for Scientific and Industrial Research, or any university, college, institute, association or organization which is approved in writing for the purposes of this section by that Council, by the Director-General of Health or by the Secretary, Department of Labour and National Service, as an institution, association or organization for undertaking scientific research which is or may prove to be of value to Australia;

‘consideration received or receivable in respect of the disposal, loss or destruction’ has the same meaning as that given to the expression ‘the consideration receivable in respect of the disposal, loss or destruction’ by sub-section (3.) of section fifty-nine of this Act;

‘scientific research’ means any activities in the fields of natural or applied science for the extension of knowledge.

“(7.) An approval for the purposes of the last preceding sub-section may—

- (a) operate as from a date, whether before or after the date of the approval, specified in the instrument of approval; and
- (b) be withdrawn at any time.

“(8.) In this section, any reference to scientific research related to a business or class of business shall be read as including a reference to—

- (i) any scientific research which may lead to or facilitate an extension, or an improvement in the technical efficiency, of that business, or, as the case may be, of businesses of that class; and
- (ii) any scientific research of a medical nature which is of special relation to the welfare of workers employed in that business or, as the case may be, in businesses of that class.”

12. Section seventy-eight of the Principal Act is amended—Gifts and
contributions.

- (a) by omitting from sub-paragraph (viii) of paragraph (a) of sub-section (1.) the word "and" (second occurring); and
- (b) by inserting after sub-paragraph (ix) of paragraph (a) of that sub-section the following word and sub-paragraph:—

" ; and (x) a university, college, institute, association or organization which is an approved research institute for the purposes of section seventy-three A of this Act, where the gift is for purposes of scientific research as defined in that section; and "

13. Section eighty-one of the Principal Act is amended by adding at the end thereof the following sub-section:—Deduction
for member of
Defence Forces,
&c.

" (5.) This section shall not apply to assessments for any financial year after the financial year beginning on the first day of July, One thousand nine hundred and forty-six."

14. Section eighty-three of the Principal Act is amended by inserting in sub-section (2.), after the word "fifty-nine", the words "and sub-section (4.) of section seventy-three A".

Definition.

15. Section eighty-nine of the Principal Act is amended by omitting the words "or a lease with a right of purchase" and inserting in their stead the words "a lease with a right of purchase or a lease granted for the purpose of the effecting of improvements to be used for residential purposes only".Division not
to apply to
certain leases.**16.** Section one hundred and twenty-six of the Principal Act is amended by omitting from sub-section (1.) the words "the taxable income of one individual" and inserting in their stead the words "a taxable income from property of Eight thousand three hundred and ninety-three pounds derived by one individual".Interest paid
by a company
on bearer
debentures.**17.** Section one hundred and sixty of the Principal Act is amended—Concessional
rebates.

- (a) by omitting from sub-paragraph (viii) of paragraph (g) of sub-section (2.) the word "and" (second occurring); and
- (b) by inserting after sub-paragraph (ix) of that paragraph the following sub-paragraph:—

"(x) a university, college, institute, association or organization which is an approved research institute for the purposes of section seventy-three A of this Act, where the gift is for purposes of scientific research as defined in that section; and "

18. After section one hundred and sixty AB of the Principal Act the following section is inserted :—

Rebate of
tax payable
by visiting
industrial
experts.

“ 160ABA.—(1.) Where a person visiting Australia derives income (in this section referred to as ‘ remuneration ’) which would be exempt under sub-paragraph (vii) of paragraph (c) of section twenty-three of this Act but for the fact that it is exempt from income tax in the country in which he is ordinarily resident, he shall be entitled to a rebate in his assessment of an amount equal to the excess (if any) of the amount by which the income tax which would, but for this section, be payable by him under this Act in respect of his income of the year of income is increased by the inclusion of that remuneration in his assessable income over the amount of income tax which he would be liable to pay in respect of that remuneration in the country in which he is ordinarily resident if it were earned by him in that country.

“ (2.) In this section, ‘ income tax ’ (second occurring) includes any social services contribution imposed by the *Social Services Contribution Act 1945*.”.

19. The Principal Act is amended by adding at the end of Part III. the following Division :—

“ Division 19.—Tax Credit in relation to Certain Plant and Machinery used in connexion with the War.

Definitions.

“ 160AN.—(1.) In this Division—

‘ credit ’ means the credit of income tax to which a taxpayer is entitled under this Division ;

‘ income tax ’ includes any social services contribution imposed by the *Social Services Contribution Act 1945* ;

‘ reconversion expenditure ’ means a loss, outgoing or other amount in respect of which a deduction is allowable under—

(a) section fifty-three D of this Act ; or

(b) sub-section (1.) of section fifty-nine of this Act in respect of property (not being property to which section fifty-nine A of this Act applies) which has been subjected to excessive wear and tear due to its use primarily and principally in, or in connexion with, the prosecution of the war ;

‘ the base war year ’ means the year of income which ended on the thirtieth day of June, One thousand nine hundred and forty-five ;

‘ the first reconversion year ’ means the year of income ending on the thirtieth day of June, One thousand nine hundred and forty-six ;

‘ the second reconversion year ’ means the year of income ending on the thirtieth day of June, One thousand nine hundred and forty-seven ;

‘ war ’ has the same meaning as that given to ‘ present war ’ by section six of this Act.

“(2.) Where any reconversion expenditure is or has been incurred by a partnership, each partner shall, for the purposes of this Division, except where the contrary intention appears, be deemed to have incurred such portion of that expenditure as bears to that expenditure the same proportion as his individual interest in the net income of the partnership of the year of income in which the expenditure is incurred bears to that net income.

“(3.) Where any reconversion expenditure is or has been incurred by a trustee in respect of a trust estate, the trustee (where he is liable to be assessed in respect of a share or part of the net income of that trust estate of the year of income in which the expenditure was incurred) and each beneficiary who is liable to be so assessed shall, for the purposes of this Division, except where the contrary intention appears, be deemed to have incurred such portion of that expenditure as bears to that expenditure the same proportion as the share or part in respect of which he is liable to be assessed bears to that net income.

“(4.) For the purposes of this Division, an amount allowed or allowable as a deduction under sub-section (1.) of section fifty-nine of this Act shall be deemed to be an amount of expenditure incurred in the year of income in respect of which the deduction was allowed or is allowable, and the expenditure shall, subject to sub-sections (2.) and (3.) of this section, be deemed to be or to have been incurred by the taxpayer, partnership or trust estate from the assessable income of whom or of which the amount has been deducted or is deductible.

“160A0. Subject to this Division, a taxpayer who has incurred or incurs reconversion expenditure during the first reconversion year or the second reconversion year shall be entitled to a credit of income tax of the amount (if any) ascertained in accordance with section one hundred and sixty Aq of this Act.

Credit of
income tax in
relation to
reconversion
expenditure.

“160AP.—(1.) A taxpayer shall not be entitled to a credit of income tax under this Division unless there is furnished to the Commissioner, in accordance with this section, a certificate which—

Necessity for
furnishing of
certificate.

(a) is signed by the Secretary of the Department of Munitions or the Director-General of Post-war Reconstruction, or by a person authorized in writing by the Secretary or the Director-General to sign certificates for the purposes of this section, or by a prescribed authority;

(b) certifies—

(i) that the plant or articles in respect of which the reconversion expenditure was incurred was used in a business which the taxpayer, partnership or trustee who or which incurred the expenditure converted, in whole or in part, to purposes primarily and principally connected with the prosecution of the war; and

(ii) if the reconversion expenditure is or includes an amount which is allowable as a deduction under sub-section (1.) of section fifty-nine of this Act,

that the property in respect of which the deduction is allowable has been subjected to excessive wear and tear due to its use primarily and principally in, or in connexion with, the prosecution of the war.

“(2.) A certificate for the purposes of this section shall be furnished to the Commissioner on or before the date specified in the *Gazette* as the last day for the furnishing of the return of income of the second reconversion year, or within such further time as the Commissioner allows.

Amount of
tax credit.

“160AQ.—(1.) The amount of the credit of income tax to which a taxpayer is entitled shall be an amount equal to the excess of the notional tax benefit of the expenditure over the actual tax benefit of the expenditure.

“(2.) In this section—

‘the actual tax benefit of the expenditure’ means, subject to the next succeeding sub-section, the amount by which the aggregate amount of income tax payable by the taxpayer in respect of the taxable income derived by him during the first and second reconversion years would be increased if the assessable income of the taxpayer of each of those years were increased by an amount equal to the reconversion expenditure to which this Division applies incurred by the taxpayer during the year in which that assessable income was derived;

‘the notional tax benefit of the expenditure’ means the amount by which the income tax which is or was payable in respect of the taxable income derived by the taxpayer during the base war year would be, or would have been, decreased if, in addition to all other allowable deductions, there were deducted from the assessable income of that year so much of the reconversion expenditure of the taxpayer to which this Division applies as does not exceed the amount of the taxable income of that year.

“(3.) For the purposes of the definition of ‘the actual tax benefit of the expenditure’ in the last preceding sub-section, the increase which is to be deemed to be made to the assessable income derived by the taxpayer during—

- (a) the first reconversion year—shall not be greater than the taxable income derived by the taxpayer during the base war year; and
- (b) the second reconversion year—shall not be greater than the excess (if any) of the taxable income of the base war year over the amount of the increase deemed to be made to the assessable income of the first reconversion year.

" 160AR.—(1.) Subject to this section, the credit of income tax ascertained in accordance with this Division shall be a debt due and payable to the taxpayer by the Commissioner on behalf of the Commonwealth. Application of tax 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 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 assessed to the taxpayer, and shall notify the taxpayer accordingly.

" (3.) Where the Commissioner has applied any amount of credit in discharge of any debt or liability of a 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.

" (4.) Where in any year of income any amount of credit is applied by the Commissioner or paid to the taxpayer in accordance with this Division or in accordance with this Division as applied by the *War-time (Company) Tax Assessment Act 1940-1946*—

- (a) in the case of a taxpayer being a company, the amount otherwise deductible from the taxable income 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 sub-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; and
- (b) the aggregate of the amounts of credit of income tax so applied or paid shall, for the purposes of the definition of 'Commonwealth rate' in sub-section (3.) of section one hundred and fifty-nine of this Act, be deemed to be a rebate of tax assessed in respect of the income of that year of income.

" 160AS. Where, in any case in which this Division applies, the taxpayer is deemed by sub-section (1.) of section eighty of this Act to have incurred a loss in the first reconversion year or the second reconversion year and an amount of reconversion expenditure has been taken into account in arriving at the amount of that loss, then for purposes of sub-section (2.) of that section, the amount of that loss shall be reduced by— Adjustment of losses.

- (a) the amount of the loss; or
- (b) so much of the amount of reconversion expenditure incurred by the taxpayer during that year as is taken into account in ascertaining the notional tax benefit of the expenditure for the purposes of section one hundred and sixty aq of this Act,

whichever is the less.

Notice of
tax credit,
and review
by Board of
Referees.

"160AT.—(1.) The Commissioner shall ascertain the amount of the credit of income tax allowable to any taxpayer under this Division, and, as soon as conveniently may be thereafter, shall serve notice thereof in writing by post or otherwise upon the taxpayer.

"(2.) Where a taxpayer is dissatisfied with the amount of the credit of income tax as specified in the notice served on him by the Commissioner he may, within sixty days after service on him of that notice, request the Commissioner, in writing, to refer the matter to a Board of Referees, and the Commissioner shall refer the matter accordingly.

"(3.) Upon every such reference, the Board of Referees shall review the matter and shall give a decision in writing either varying or confirming the amount of credit of income tax specified in the notice.

"(4.) Every decision under this section by a Board of Referees shall be final and conclusive and the Commissioner shall give effect to the decision.

"(5.) The provisions of Division 2 of Part V. of this Act shall not apply in respect of any matter which, under sub-section (2.) of this section, may be referred to a Board of Referees."

Payment of
tax to have
priority over
all other taxes.

20. Section two hundred and twenty-one of the Principal Act is amended—

(a) by omitting from sub-section (1.) the words "the efficient prosecution of the present war" and inserting in their stead the words "the purposes of the Commonwealth"; and

(b) by omitting sub-section (2.).

Definitions.

21. Section two hundred and twenty-one A of the Principal Act is amended—

(a) by omitting from paragraph (c) of the definition of "salary or wages" the word "or" (second occurring); and

(b) by inserting after paragraph (d) of that definition the following word and paragraph :—

" ; or (e) by way of allowance under the *Re-establishment and Employment Act* 1945 or payments of a like nature,".

Application of
amendments.

22.—(1.) The amendments effected by sub-section (1.) of section five, and by sections six, seventeen and eighteen 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.

(2.) The amendments effected by sections seven, eight, nine, ten, eleven and fourteen of this Act shall apply—

(a) where the taxpayer is a company, other than a company in the capacity of a trustee—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 ; and

(b) in any other case—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.

(3.) The amendment effected by section twelve 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.

(4.) The amendment effected by section fifteen of this Act shall apply to all assessments for the financial year beginning on the first day of July, One thousand nine hundred and thirty-nine, and all subsequent years.
