

INCOME TAX AND SOCIAL SERVICES CONTRIBUTION.

No. 45 of 1951.

An Act to impose upon Incomes a Tax by the name of Income Tax and Social Services Contribution, and to amend the *Income Tax and Social Services Contribution Act 1950*.

[Assented to 7th December, 1951.]

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.** 1. This Act may be cited as the *Income Tax and Social Services Contribution Act 1951*.
- Commencement.** 2. This Act shall come into operation on the day on which it receives the Royal Assent.
- Definitions.** 3. In this Act—
“ life assurance company ” means a company the sole or principal business of which is life assurance ;

“ 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 ” means a life assurance company the profits of which are divisible only among the policy holders ;

“ the Assessment Act ” means the *Income Tax and Social Services Contribution Assessment Act 1936-1951.*

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

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

(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 person who is not a company or derived by a company in the capacity of a trustee.

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

(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 sub-section (1.) of section eighty-six of the Assessment Act applies is as set out in the Third Schedule to this Act.

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

Further tax and contribution on property income.

7.—(1.) Where, in the case of a person other than a company or in the case of a company in the capacity of a trustee, the taxable income or any part thereof is derived from property, and the total taxable income exceeds Four hundred pounds, the rates of income tax and social services contribution are—

- (a) the appropriate rate or rates declared by sub-section (1.), (2.), (3.) or (4.) of the last preceding section ; and
- (b) in respect of so much of the taxable income derived from property as exceeds One hundred pounds but does not exceed Ten thousand pounds—the further rates set out in the Fifth Schedule to this Act.

(2.) Where the total taxable income does not exceed One thousand pounds, the maximum amount of income tax and social services contribution payable by reason of paragraph (b) of the last preceding sub-section is an amount calculated at the rate of Twelve pence for every pound by which the total taxable income exceeds Four hundred pounds.

Limitation of tax and contribution payable by aged persons.

8.—(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, 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 Two hundred and forty-eight pounds, the maximum amount of income tax and social services contribution payable by him by reason of the provisions of section six of this Act is one-half of the amount by which his net income exceeds Two hundred and thirty-four pounds, or, if his net income does not exceed Two hundred and thirty-four 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 Five hundred and fifty-eight 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 by reason of the provisions of section six of this Act or of paragraph (a) of sub-section (1.) of the last preceding section is one-half of the amount by which the sum of the net incomes of the taxpayer and his or her spouse exceeds Four hundred and sixty-eight pounds, or, if the sum of those net incomes does not exceed Four hundred and sixty-eight pounds, no income tax and social services contribution is payable by the taxpayer by reason of those provisions.

(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.

9. In the case of a person who is liable to pay income tax and social services contribution ascertained by reference to section six, seven or eight of this Act, there is imposed upon the taxable income, in addition to the tax and contribution so ascertained, income tax and social services contribution at the rate of ten per centum of the income tax and social services contribution which would, but for this section, have been payable in respect of that taxable income if there had not been allowed or allowable from that tax and contribution any rebate or credit under any provision of the Assessment Act.

Additional tax and contribution payable by persons other than companies.

10. 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.

11. 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 Sixth Schedule to this Act.

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

12.—(1.) There is imposed upon the taxable income of a company income tax and social services contribution at the additional rate of Two shillings for every pound of the taxable income.

Additional tax and contribution on certain companies.

(2.) This section does not apply to—

- (a) a private company ;
- (b) so much of the taxable income of a company which is a non-resident as consists of income from dividends ;
- (c) a company in the capacity of a trustee ;
- (d) a mutual life assurance company or the mutual income of a life assurance company ;
- (e) a co-operative company as defined by section one hundred and seventeen of the Assessment Act ; or
- (f) a company which is not carried on for the purposes of profit or gain to its individual members and is, by the terms of its 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.

Amount of advance payments by companies.

13.—(1.) The amount of the advance payment which a company is required to make, in accordance with Division 3 of Part VI. 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-two, is ten per centum of the income tax and social services contribution (other than tax and contribution assessed under Division 7 of Part III. of the Assessment Act) which, after the allowance of any rebate to which the company is entitled in its assessment, is assessed in respect of the taxable income derived by the company during the year of income ended on the thirtieth day of June, One thousand nine hundred and fifty-one.

(2.) Where, but for this sub-section, the advance payment to be made by a company is an amount of pounds, shillings and pence, shillings and pence, or pence, the advance payment shall be deemed to be reduced by the amount of the pence.

Elimination of pence.

14.—(1.) The provisions of this section apply in relation to—

- (a) the amount of the income tax and social services contribution (other than the income tax and social services contribution imposed in pursuance of section nine of this Act) 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; and
- (b) the amount of the income tax and social services contribution which a person would be liable to pay under section nine of this Act, before deducting any rebate or credit to which he is entitled in his assessment.

(2.) Where an amount in relation to which this section applies 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.

15.—(1.) Notwithstanding anything contained in the preceding provisions of this Act, where a person has, in accordance with section two hundred and twenty-one H 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.

16.—(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-one, upon the taxable income derived during the year of income as defined by section six of the Assessment Act.

Levy of income tax and social services contribution.

(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-two, 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-one.

17. 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-two.

Provisional tax and contribution.

18.—(1.) The Second Schedule to the *Income Tax and Social Services Contribution Act 1950* is repealed and the following Schedule inserted in its stead :—

Amendment of *Income Tax and Social Services Contribution Act 1950.*

“ SECOND SCHEDULE.

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

S. 6 (2.).

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) 88.1 pence,
 whichever is the less ; and
- (b) for every £1 of the remainder (if any) of the taxable income, the rate ascertained by deducting 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 the amount of £1,468 6s. 8d. and dividing the resultant amount by a number equal to the number of whole pounds in that remainder.”.

(2.) The *Income Tax and Social Services Contribution Act 1950*, as amended by this Act, may be cited as the *Income Tax and Social Services Contribution Act 1950-1951*.

THE SCHEDULES.

FIRST SCHEDULE.

BASIC RATES OF TAX AND CONTRIBUTION.

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 | 6 pence |
| exceeds £150 but does not exceed £200 | 11 pence |
| exceeds £200 but does not exceed £250 | 16 pence |
| exceeds £250 but does not exceed £300 | 21 pence |
| exceeds £300 but does not exceed £400 | 26 pence |
| exceeds £400 but does not exceed £500 | 32 pence |
| exceeds £500 but does not exceed £600 | 38 pence |
| exceeds £600 but does not exceed £700 | 44 pence |
| exceeds £700 but does not exceed £800 | 48 pence |
| exceeds £800 but does not exceed £900 | 52 pence |
| exceeds £900 but does not exceed £1,000 | 56 pence |
| exceeds £1,000 but does not exceed £1,200 | 64 pence |
| exceeds £1,200 but does not exceed £1,400 | 72 pence |
| exceeds £1,400 but does not exceed £1,600 | 80 pence |
| exceeds £1,600 but does not exceed £1,800 | 88 pence |
| exceeds £1,800 but does not exceed £2,000 | 96 pence |
| exceeds £2,000 but does not exceed £2,400 | 104 pence |
| exceeds £2,400 but does not exceed £2,800 | 112 pence |
| exceeds £2,800 but does not exceed £3,200 | 120 pence |
| exceeds £3,200 but does not exceed £3,600 | 128 pence |
| exceeds £3,600 but does not exceed £4,000 | 136 pence |
| exceeds £4,000 but does not exceed £4,400 | 144 pence |
| exceeds £4,400 but does not exceed £5,000 | 152 pence |
| exceeds £5,000 but does not exceed £6,000 | 160 pence |
| exceeds £6,000 but does not exceed £8,000 | 168 pence |
| exceeds £8,000 but does not exceed £10,000 | 176 pence |
| exceeds £10,000 | 180 pence |

Sec. 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) 88.1 pence,
 whichever is the less ; and
- (b) for every £1 of the remainder (if any) of the taxable income, the rate ascertained by deducting from the tax and contribution which would be payable if the rates set forth in the First Schedule were applied to the

SECOND SCHEDULE—continued.

total taxable income the amount of £1,468 6s. 8d. and dividing the resultant amount by a number equal to the number of whole pounds in that remainder.

THIRD SCHEDULE.

Sec. 6 (3).

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 sub-section (1.) of section eighty-six 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.

FOURTH SCHEDULE.

Sec. 6 (4).

RATES 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.

FIFTH SCHEDULE.

Sec. 7 (1).

FURTHER RATES OF TAX AND CONTRIBUTION IN RESPECT OF TAXABLE INCOME DERIVED FROM PROPERTY.

The further rate of income tax and social services contribution for every £1 of each part of the taxable income derived from property 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 that taxable income :—

| First Column. Parts of Taxable Income Derived from Property. | Second Column. Rates. |
|---|--------------------------|
| The part of the taxable income derived from property which— | |
| exceeds £100 but does not exceed £1,000 | 8 pence |
| exceeds £1,000 but does not exceed £4,000 | 16 pence |
| exceeds £4,000 but does not exceed £6,000 | 8 pence |
| exceeds £6,000 but does not exceed £10,000 | 4 pence |

SIXTH SCHEDULE.

Sec. 11.

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

1. For every £1 of the taxable income of a company which is not a life assurance company or a private company, the rate of income tax and social services contribution is Seven shillings.

2. In the case of 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—Five shillings; and
- (b) for every £1 of the remainder of the taxable income—Seven shillings.

3. For every £1 of the taxable income of a mutual life assurance company the rate of income tax and social services contribution is Six shillings.

4. In the case of 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 the mutual income—Six shillings; and

(b) for every £1 of the taxable income of the company other than the mutual income—Seven shillings.

5. 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 Nine shillings.
