**Income Tax Assessment Act 1973**

**No. 51 of 1973**

**AN ACT**

To amend the Law relating to Income Tax.

[*Assented to 14th June, 1973*]

BE IT ENACTED by the Queen, the Senate and the House of Representatives of Australia, as follows:—

**Short title and citation.**

**1.** (1) This Act may be cited as the *Income Tax Assessment Act* 1973.

(2) The *Income Tax Assessment Act* 1936–1972 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* 1936–1973.

**Commencement.**

**2.** Subject to sub-section 25(2), this Act shall come into operation on the day on which it receives the Royal Assent.

**Officers to observe secrecy.**

**3.** Section 16 of the Principal Act is amended—

(a) by omitting from: paragraph (g) of sub-section (4) the words “*Commonwealth Employees’ Compensation Act* 1930–1951” and substituting the words “*Compensation* (*Commonwealth Employees*) *Act* 1971–4972”; and

(b) by inserting in paragraph (i) of sub-section (4), before the words “the Commonwealth Scholarships Board” the words “the Secretary, Department of Education, or”.

**Dividends.**

**4.** Section 44 of the Principal Act is amended—

(a) by omitting paragraphs (a), (b) and (c) of sub-section (2) and substituting the following paragraphs:—

“(a) paid by a company wholly and exclusively out of the amount remaining after deducting from income derived by the company that is exempt from income tax by reason of paragraph (o) or paragraph (p) of section 23, or by reason of section 23d, all losses and outgoings incurred in gaining or producing that income that would have been allowable deductions if that income had been assessable income;

(b) paid, by a company wholly and exclusively out of the amount of the income derived by the company that is exempt from income tax by reason of section 23a;

(c) paid by a company wholly and exclusively out of the amount remaining after deducting from income derived by the company that the company has received as dividends from another company, being dividends that, by reason of paragraph (a) or (b), are not included in the assessable income of the first-mentioned company, all losses and outgoings incurred in gaining or producing that income that would have been allowable deductions if that income had been assessable income;

(ca) paid by a company wholly and exclusively out of profits arising from the sale or re-valuation of assets not acquired for the purpose of re-sale at a profit or from the issue at a premium of any instrument that is a convertible note for the purposes of Division 3a (not being a convertible note in relation to which sub-section (1) of section 82s has effect or has at any time had effect) if the dividends paid from such profits are satisfied by the issue of shares (other than redeemable shares) of the company declaring the dividend; or”;

(b) by omitting from paragraph (a) of sub-section (2a) the words “sub-paragraph (ii) of paragraph (a), in sub-paragraph (ii) of”;

(c) by omitting from sub-section (2a) the words “in that sub-paragraph” and substituting the words “in paragraph (c), or in subparagraph (ii) of paragraph (d), as the case may be, of sub-section (2)”;

(d) by omitting from sub-section (2d) the words “of sub-paragraph (iii) of paragraph (b)” and substituting the words “of paragraph (ca)”; and

(e) by omitting sub-sections (3), (4) and (5) and substituting the following sub-section:—

“(3) The reference in sub-section (2) to dividends paid by a company wholly and exclusively out of the amount remaining after deducting from income derived by the company that is exempt from income tax by reason of paragraph (o) of section 23 all losses and outgoings incurred in gaining or producing that income that would have been allowable deductions if that income had been assessable income shall be read as including a reference to dividends paid by a company, not being a resident, that would be dividends of that kind if the company were a resident.”.

**5.** After section 53f of the Principal Act the following section is inserted:—

**Cost of converting plant for use in connexion with metric system to be allowable deduction.**

“53g. (1) In this section—

‘conversion costs’, in relation to a unit of property, means expenditure incurred by the taxpayer in converting or adapting the unit for use in connexion with the metric system of measurement as defined by section 3 of the *Metric Conversion Act* 1970–1971;

‘unit of property’ means a unit of property not being trading stock of the taxpayer.

“(2) Conversion costs incurred by the taxpayer in the year of income in respect of a unit of property used by him for the purpose of producing assessable income or carrying on a business for that purpose shall, subject to this section, be an allowable deduction.

“(3) For the purposes of this Act—

(a) no part of any conversion costs shall be an allowable deduction, or be taken into account in ascertaining the amount of an allowable deduction, under a provision of this Act other than this section in the assessment of the taxpayer in respect of income of any year of income; and

(b) conversion costs shall be deemed not to be capital expenditure or expenditure of a capital nature.

“(4) Notwithstanding anything in any other provision of this Act, the Commissioner may amend an assessment in respect of income of the year of income that commenced on 1st July, 1971, for the purpose of giving effect to this section.”.

**6.** After section 63 of the Principal Act the following sections are inserted:—

**Bad debts of company not allowable deductions unless there is substantial continuity of beneficial ownership of shares in company.**

“63a. (1) This section has effect notwithstanding sections 51 and 63.

“(2) Subject to the following provisions of this section and to sections 63band 63c, a debt owed to a taxpayer that is a company, being a debt that was incurred during a year before the year of income, is not an allowable deduction in the assessment of the company in respect of income off the year of income unless the debt is written off as a bad debt during the year of income and—

(a) the company satisfies the Commissioner; or

(b) in the case of a company that is not a private company in relation to the year of income, the Commissioner considers that it is reasonable to assume,

that, at all times during the year of income, shares in the company carrying between them—

(c) the right to exercise more than one-half of the voting power in the company;

(d) the right to receive more than one-half of any dividends that may be paid by the company; and

(e) the right to receive more than one-half of any distribution of capital of the company,

were beneficially owned by persons who, at all times during the year in which the debt was incurred, beneficially owned shares in the company carrying between them rights of those kinds.

“(3) Where—

(a) sub-section (2) would, but for this sub-section, apply for the purpose of determining whether a debt owed to a company is an allowable deduction in the assessment of the company in respect of income of the year of income;

(b) during the whole or any part, of the year in which the debt was incurred, or during the whole or any part of the year of income, another company or other companies beneficially owned all or any of the shares in the first-mentioned company or an interest or interests in all or any of those shares; and

(c) the first-mentioned company requests the Commissioner at the time when it furnishes to him a return (or, if more than one return is furnished, the first return) of its income of the year of income, or within such further period as the Commissioner allows, that sub-section (4) should apply for the purpose referred to in paragraph (a) or the Commissioner considers it reasonable that that sub-section should apply for that purpose,

then sub-section (4) applies for that purpose in lieu of sub-section (2).

“(4) Where, by virtue of sub-section (3), this sub-section applies for the purpose of determining whether a debt owed to a company (in this

sub-section referred to as the ‘relevant company’) is an allowable deduction in the assessment of the company in respect of income of the year of income, then, subject to the following provisions of this section and to sections 63b and 63c, that debt is not an allowable deduction in that assessment unless the debt is written off as a bad debt during the year of income and the Commissioner is satisfied, or considers that it is reasonable to assume, that—

(a) at all times during the year of income the voting power in the relevant company was, either directly or through one or more interposed companies, trustees or partnerships, controlled, or capable of being controlled, by a person not being a company, or by two or more persons not being companies, who, either directly or through one or more interposed companies, trustees or partnerships, controlled, or was or were capable of controlling, the voting power in the relevant company at all times during the year in which the debt was incurred;

(b) a person not being a company who had, or two or more persons not being companies who had between them, at all times during the year of income a right to receive, directly or indirectly, for his or their own benefit more than one-half of any dividends that might be paid by the relevant company would, if the relevant company had paid a dividend at any time during the year in which the debt was incurred, have had, or have had between them, as the case may be, a right, to receive, directly or indirectly, for his or their own benefit more than one-half of that dividend; and

(c) a person not being a company who had, or two or more persons not being companies who had between them, at all times during the year of income a right to receive, directly or indirectly, for his or their own benefit more than one-half of any distribution of capital of the relevant company would, if the relevant company had made a distribution of capital at any time during the year in which the debt was incurred, have had, or have had between them, as the case may be, a right to receive, directly or indirectly, for his or their own benefit more than one-half of that distribution of capital.

“(5) Where a debt owed to a taxpayer being a company was incurred during a year before the year of income and that debt is not, by virtue of sub-section (2) or sub-section (4), as the case may be, an allowable deduction but the company satisfies the Commissioner that that sub-section would not have prevented the debt from being an allowable deduction if, in relation to the year in which the debt was incurred, regard were had, for the purposes of that sub-section, only to the part of that year that commenced on the day on which the debt was incurred, that sub-section does not prevent the debt from being an allowable deduction.

“(6) Subject to the following provisions of this section and to sections 63b and 63c, a debt owed to a taxpayer that is a company, being a debt that was incurred during the year of income but not being a debt that was

incurred on the last day of the year of income, is not an allowable deduction in the assessment of the company in respect of income of the year of income unless the debt is written off as a bad debt during the year of income and—

(a) the company satisfies the Commissioner; or

(b) inthe case of a company that is not a private company in relation to the year of income, the Commissioner considers that it is reasonable to assume,

that, at all times during the part of the year of income that followed the day on which the debt was incurred, shares in the company carrying between, them rights of the kinds referred to in sub-section (2) were beneficially owned by persons who, at all times during the part of the year of income that commenced on the first day of the year of income and ended on the day on which the debt was incurred, beneficially owned shares in the company carrying between them rights of those kinds.

“(7) Where—

(a) sub-section (6) would, but for this sub-section, apply for the purpose of determining whether a debt owed, to a company is an allowable deduction in the assessment of the company in respect of income of the year of income;

(b) at any time during the year of income another company or other companies beneficially owned all or any of the shares in the first-mentioned company or an interest or interests in all or any of those shares; and

(c) the first-mentioned company requests the Commissioner at the time when it furnishes to him a return (or, if more than one return is furnished, the first return) of its income of the year of income, or within such further period as the Commissioner allows, that sub-section (8) should apply for the purpose referred to in paragraph (a) or the Commissioner considers it reasonable that that sub-section should apply for that purpose,

then sub-section (8) applies for that purpose in lieu of sub-section (6).

“(8) Where, by virtue of sub-section (7), this sub-section applies for the purpose of determining whether a debt owed to a company (in this sub-section referred to as the ‘relevant company’) is an allowable deduction in the assessment of the company in respect of income of the year of income, then, subject to the following provisions of this section and to sections 63b and 63c, that debt is not an allowable deduction in that assessment unless the debt is written off as a bad debt during the year of income and the Commissioner is satisfied, or considers that it is reasonable to assume, that—

(a) at all times during the part of the year of income that followed the day on which the debt was incurred, the voting power in the relevant company was, either directly or through one or more interposed companies, trustees or partnerships, controlled, or capable of being controlled, by a person not being a company, or by two or more persons not being companies, who, either directly

or through one or more interposed companies, trustees or partnerships, controlled, or was or were capable of controlling, the voting power in the relevant company at all times during the part of the year of income that commenced on the first day of the year of income and ended on the day on which the debt was incurred;

(b) a person, not being a company who had, or two or more persons not being companies who had between them, at all times during the part of the year of income that followed the day on which the debt was incurred a right to receive, directly or indirectly, for his or their own benefit more than one-half of any dividends that might be paid by the relevant company would, if the relevant company had paid a dividend at any time during the part of the year of income that commenced on the first day of the year of income and ended on the day on which the debt was incurred, have had, or have had between them, as the case may be, a right to receive, directly or indirectly, for his or their own benefit more than one-half of that dividend; and

(c) a person not being a company who had, or two or more persons not being companies who had between them, at all times during the part of the year of income that followed, the day on which the debt was incurred, a right to receive, directly or indirectly, for his or their own benefit more than one-half of any distribution of capital of the relevant company would, if the relevant company had made a distribution of capital at any time during the part of the year of income that commenced on the first day of the year of income and ended on the day on which the debt was incurred, have had, or have had between them, as the case may be, a right to receive, directly or indirectly, for his or their own benefit more than one-half of that distribution of capital.

“(9) For the purposes of this section, a person shall be deemed to be a person who had, or would have had, a right to receive indirectly for his own benefit the whole or a particular fraction of a dividend that might be, or might have been, paid by a company or of a distribution of capital of a company, or two or more persons shall be deemed to be persons who had, or would have had, between them a right to receive indirectly for their own benefit the whole or a particular fraction of such a dividend or distribution of capital, if, in the event of a payment of a dividend by the company, or of a distribution of capital of the company, the person or persons would, otherwise than as a shareholder or shareholders of the company or as a trustee or trustees, receive or have received the whole or that fraction, as the case may be, of that dividend, or of that distribution of capital, if there had been successive distributions of the relative parts of that dividend, or of that distribution of capital, to and by each of any companies or trustees interposed between the company paying the dividend, or making the distribution of capital, and that person or those persons.

“(10) Section 80b applies for the purposes of the application of the preceding provisions of this section in determining whether a debt owed to a company and written off as a bad debt during the year of income is an allowable deduction in the assessment of the company in respect of income of the year of income in like manner as that section applies for the purposes of the application of section. 80a in determining whether a loss incurred by a company in a year before the year of income is to be taken into account for the purposes of section 80 or section 80aa but, for the purposes of section 80b as so applying—

(a) a reference in that section to the year in which the loss was incurred shall be read as a reference—

(i) in the case of the application of that section in relation to sub-sections (2) and (4)—to the year in which the debt was incurred;

(ii) in the case of the application of that section in relation to sub-section (5)—to the part of the year in which the debt was incurred that commenced on the day on which the debt was incurred and ended at the expiration of that year; and

(iii) in the case of the application of that section in relation to sub-sections (6) and (8)—to the part of the year of income that commenced on the first day of the year of income and ended on the day on which the debt was incurred;

(b) a reference in that section to the year of income shall, in the case of the application of that section in relation to sub-sections (6) and (8), be read as a reference to the part of the year of income that followed the day on which the debt was incurred; and

(c) the reference in paragraph (c) of sub-section (5) of that section to the purpose of enabling the company to take into account for the purposes of section 80 or section 80aa a loss that the company had incurred, or might incur, shall be read as a reference to the purpose of securing that a deduction would be allowable in respect of a debt that the company had written off, or might write off, as a bad debt.

“(11) A debt owed to a taxpayer that is a company, being a debt that was incurred, and is written off as a bad debt, on the last day of the year of income, is not an allowable deduction.

“(12) This section does not apply in relation to a debt if the Commissioner considers that, having regard to the persons who were the beneficial owners of the shares in the company at the time when in his opinion the debt became a bad debt, it would be unreasonable for this section to apply in relation to that debt.

**Bad debts of company not allowable deductions in certain circumstances.**

“63b. (1) Notwithstanding sections 51, 63 and 63a but subject to section 63c, a debt owed to a taxpayer that is a company, being a debt that is written off as a bad debt during the year of income, is not an allowable deduction if—

(a) during the year of income the company derived income that the company would not have derived if the debt had not been incurred and written off, or capable of being written off, as a bad debt;

(b) a person other than the company will, either directly or indirectly, receive any benefit or obtain any advantage in relation to the application of this Act as a result of the operation of any agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business that would not have been entered into or carried out if the debt had not been incurred and written off, or capable of being written off, as a bad debt;

(c) the affairs or business operations of the company were managed or conducted—

(i) where the debt was incurred before the year of income—during the year of income; or

(ii) where the debt was incurred during the year of income—during the part of the year of income that followed the day on which the debt was incurred,

without proper regard to the rights, powers or interests of continuing shareholders in the company;

(d) where the debt was incurred before the year of income—during the whole or any part of the year of income the voting power in the company was, either directly or through one or more interposed companies, trustees or partnerships, controlled by a person who did not, either directly or through one or more interposed companies, trustees or partnerships, control the voting power in the company during She whole of the year in which the debt was incurred or, in a case to which sub-section (5) of section 63a applies, during the part of that year that commenced on the day on which the debt was incurred, and that person acquired the control of that voting power for the purpose, or for purposes that included the purpose, of receiving any benefit or obtaining any advantage in relation to the application of this Act or securing that another person would receive such a benefit or obtain such an advantage; or

(e) where the debt was incurred during the year of income—at any time during the part of the year of income that followed the day on which the debt was incurred the voting power in the company was, either directly or through one or more interposed companies, trustees or partnerships, controlled by a person who did not, either directly or through one or more interposed companies, trustees or partnerships, control the voting power in the company at all times during the part of the year of income that

commenced on the first day of the year of income and ended on the day on which the debt was incurred, and that person acquired the control of that voting power for the purpose, or for purposes that included the purpose, referred to in paragraph (d).

“(2) Paragraph (a) of sub-section (1) applies notwithstanding that the income was derived by the company in the course of ordinary family or commercial dealing but that paragraph does not apply where the continuing shareholders will benefit from the derivation of the income to an extent that the Commissioner considers to be fair and reasonable having regard to their rights and interests in the company.

“(3) Without limiting the generality of paragraph (b) of sub-section (1), a person shall be deemed, for the purposes of that paragraph, to receive a benefit or obtain an advantage in relation to the application of this Act if the person is not liable to pay income tax in respect of a year of income, or the liability of the person to pay income tax in respect of a year of income is reduced, by reason that the person has not derived income that the person would have derived if the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business had not been entered into or carried out.

“(4) Paragraph (b) of sub-section (1) applies notwithstanding that the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business was entered into or carried out in the course of ordinary family or commercial dealing but that paragraph does not apply in relation to a benefit or advantage that is received or obtained by a person who had a shareholding interest in the company in the year of income, being a benefit or advantage that the Commissioner considers to be fair and reasonable having regard to that shareholding interest.

“(5) For the purposes of this section—

(a) a person has a shareholding interest in a company if he is the beneficial owner of, or of an interest in, any shares in the company; and

(b) where a person has a shareholding interest in a company that has a shareholding interest in another company (including a shareholding interest that the company has in that other company by any other application or applications of this paragraph) that person shall be deemed to have a shareholding interest in that other company.

“(6) For the purposes of the application of this section in relation to a debt owed to a company, a reference in this section to continuing shareholders in the company shah be read as a reference to persons referred to in whichever of the following sub-sections of section 63a, namely, sub-sections (2), (4), (6) and (8), applies for the purpose of determining whether the debt is an allowable deduction.

“(7) In determining for the purposes of this section whether the affairs or business operations of a company were managed or conducted as mentioned in paragraph (c) of sub-section (1), regard shall be had to any act or thing done in the course of the management or conduct of those affairs or business operations, irrespective of the purpose or purposes for which that act or thing was done and notwithstanding that the doing of that act or thing took place in the course of ordinary family or commercial dealing.

“(8) For the purposes of this section, it shall be taken that—

(a) income would not have been derived by a company if a particular act had not been done;

(b) income would have been derived by a person if a particular act had not been done; or

(c) an agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business would not have been entered into or carried out if a particular act had not been done,

where the income would not have been derived by the company, the income would have been derived by the person, or the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business would not have been entered into or carried out, as the case may be, if none of two or more acts (including that act) had been done.

“(9) A reference in sub-section (8) to the doing of an act includes a reference to the happening of an event or the existence of a matter or circumstance.

**Bad debts of company may be allowable deductions where company carries on same business.**

“63c. (1) Subject to sub-section (2), where—

(a) a debt that is written off by a company as a bad debt during the year of income would not, but for this section, by reason of a change that has taken place in the beneficial ownership of shares in the company or in any other company, be an allowable deduction;

(b) the first-mentioned company carried on—

(i) if the debt was incurred before the year of income—at all times during the year of income; or

(ii) if the debt was incurred during the year of income—at all times during the part of the year of income that followed the day on which the debt was incurred,

the same business as it carried on immediately before the change referred to in paragraph (a) took place; and

(c) the first-mentioned company did not derive income—

(i) if the debt was incurred before the year of income—at any time during the year of income; or

(ii) if the debt was incurred during the year of income—at any time during the part of the year of income that followed the day on which the debt was incurred,

from, a business of a kind that itdid notcarry on, or from a transaction of a kind that it had not entered into in the course of its business operations, before the change took place,

sections 63a and 63b do not prevent the debt being an allowable deduction.

“(2) Sub-section (1) does not apply in respect of a debt that is written off by a company as a bad debt during the year of income if—

(a) before the change referred to in that sub-section took place, the company commenced to carry on a business that it had not previously carried on, or entered, into, in the course of its business operations, a transaction of a kind that it had not previously entered into; and

(b) the company commenced to carry on that business or entered into that transaction for the purpose, or for purposes that included the purpose, of securing that a deduction would be allowable by virtue of sub-section (1) in respect of a debt that the company had written, off, or might write off, as a bad debt.”.

**Losses of previous years.**

**7.** Section 80 of the Principal Act is amended by omitting from sub-section (3a) the words “sub-paragraph (iii) of paragraph (b) of sub-section (2)” and substituting the words “paragraph (ca) of sub-section (2)”.

**8.** Section 80a of the Principal Act is repealed and the following section substituted:—

**Losses of previous years not to be taken into account unless there is substantial continuity of beneficial ownership of shares in company.**

“80a. (1) Notwithstanding sections 80 and 80aa but subject to this section and sections 80b, 80da and 80e, a loss incurred by a company in a year before the year of income shall not be taken into account for the purposes of section 80 or section 80aa unless—

(a) the company satisfies the Commissioner; or

(b) in the case of a company that is not a private company in relation to the year of income, the Commissioner considers that it is reasonable to assume,

that, at all times during the year of income, shares in the company carrying between them—

(c) the right to exercise more than one-half of the voting power in the company;

(d) the right to receive more than one-half of any dividends that may be paid by the company; and

(e) the right to receive more than one-half of any distribution of capital of the company,

were beneficially owned by persons who, at all times during the year in which the loss was incurred, beneficially owned shares in the company carrying between them rights of those kinds.

“(2) Where—

(a) sub-section (1) would, but for this sub-section, apply for the purpose of determining whether a loss incurred by a company in a year before the year of income is to be taken into account for the purposes of section 80 or section 80aa;

(b) during the whole or any part of the year in which the loss was incurred, or during the whole or any part of the year of income, another company or other companies beneficially owned all or any of the shares in the first-mentioned company or an interest or interests in all or any of those shares; and

(c) the first-mentioned company requests the Commissioner at the time when it furnishes to him a return (or, if more than one return is furnished, the first return) of its income of the year of income, or within such further period as the Commissioner allows, that sub-section (3) should apply for the purpose referred to in paragraph (a) or the Commissioner considers it reasonable that that sub-section should apply for that purpose,

then sub-section (3) applies for that purpose in lieu of sub-section (1).

“(3) Where, by virtue of sub-section (2), this sub-section applies for the purpose of determining whether a loss incurred by a company (in this sub-section referred to as the ‘loss company’) in a year before the year of income is to be taken into account for the purposes of section 80 or section 80aa, then, notwithstanding those sections but subject to sub-section (5) and sections 80b, 80da and 80e, that loss shall not be taken into account for the purposes of section 80 section 80aa unless the Commissioner is satisfied, or considers that it reasonable to assume, that—

(a) at all times during the year of income the voting power in the loss company was, either directly or through one or more interposed companies, trustees or partnerships, controlled, or capable of being controlled, by a person not being a company, or by two or more persons not being companies, who, either directly or through one or more interposed companies, trustees or partnerships, controlled, or was or were capable of controlling, the voting power in the loss company at all times during the year in which the loss was incurred;

(b) a person not being a company who had, or two or more persons not being companies who had between them, at all times during the year of income a right to receive, directly or indirectly, for his or their own benefit more than one-half of any dividends that might be paid by the loss company would, if the loss company had paid a dividend at any time during the year in which the loss was incurred, have had, or have had between them, as the case may be, a right to receive, directly or indirectly, for his or their own benefit more than one-half of that dividend; and

(c) a person not being a company who had, or two or more persons not being companies who had between them, at all times during

the year of income a right to receive, directly or indirectly, for his or their own benefit more than one-half of any distribution of capital of the loss company would, if the loss company had made a distribution of capital, at any time during the year in which the loss was incurred, have had, or have had between them, as the case may be, a right to receive, directly or indirectly, for his or their own benefit more than one-half of that distribution of capital.

“(4) For the purposes of this section, a person shall be deemed to be a person who had, or would have had, a right, to receive indirectly for his own benefit the whole or a particular fraction of a dividend that might be, or might have been, paid by a company or of a distribution of capital of a company, or two or more persons shall be deemed to be persons who had, or would have had, between them a right to receive indirectly for their own benefit the whole or a particular fraction of such a dividend or distribution of capital, if, in the event of a payment of a dividend by the company, or of a distribution of capital of the company, the person or persons would, otherwise than as a shareholder or shareholders of the company or as a trustee or trustees, receive or have received the whole or that fraction, as the case may be, of that dividend, or of that distribution of capital, if there had been successive distributions of the relative parts of that dividend, or of that distribution of capital, to and by each of any companies or trustees interposed between the company paying the dividend, or making the distribution of capital, and that person or those persons.

“(5) Subject to sections 80b, 80da and 80e, where a loss incurred by a company in a year before the year of income is not, by virtue of sub-section (1) or sub-section (3), as the case may be, to be taken into account for the purposes of section 80 or section 80aa but the company satisfies the Commissioner that that sub-section would, not have prevented the loss from being so taken into account if regard were had, for the purposes of that sub-section, to part only of the year in which the loss was incurred, the Commissioner may take into account for the purposes of section 80 or section 80aa such part of the loss as he considers to be the amount of the loss that was incurred during that part of that year.”.

**Special provisions relating to beneficial ownership of, or rights attached to, shares.**

**9.** Section 80b of the Principal Act is amended—

(a) by inserting in sub-section (1), after the word “loss”, the words “or a part of a loss”;

(b) by omitting sub-sections (2) and (4);

(c) by omitting paragraph (a) of sub-section (5) and substituting the following paragraph:—

“(a) the company claims that a person beneficially owned shares in the company at a time during the year in which the loss was incurred and also beneficially owned shares in the company at a time (in this sub-section referred to as the ‘relevant time’) during the year of income;”;

(d) by omitting from paragraph (b) of sub-section (5) the words “that person entered into a contract, agreement or arrangement, or granted or was granted a right, power or option (including a contingent right, power or option),” and substituting the words “an agreement was entered into, or a right, power or option (including a contingent right, power or option) was granted, being an agreement, right, power or option”;

(e) by omitting from paragraph (c) of sub-section (5) the words “contract, agreement or arrangement” (wherever occurring) and substituting the word “agreement”;

(f) by inserting in paragraph (c) of sub-section (5), after the word “granted” (first occurring), the words “or acquired”;

(g) by omitting from sub-sections (6) and (7) the words “or arrangement” (wherever occurring); and

(h) by adding at the end thereof the following sub-sections:—

“(9) In so far as sub-sections (5), (6), (7) and (8) have effect for the purposes of the application of sub-section (5) of section 80a indetermining whether a part of a loss incurred by a company in a year before the year of income is to be taken into account, a reference in those sub-sections to the year in which the loss was incurred shall be read as a reference to the part of that year referred to in sub-section (5) of section 80a.

“(10) A reference in this section to an agreement, right, power or option shall be read as including a reference to an agreement, right, power or option that is not enforceable by legal proceedings whether or not it was intended to be so enforceable.

“(11) For the purposes of this section, an arrangement or understanding, whether formal or informal and whether express or implied, shall be deemed to be an agreement.”.

**Repeal of sections 80c and 80d.**

**10.** Sections 80c and 80dof the Principal Act are repealed.

**11.** Before section 80e of the Principal Act the following section is inserted:—

**Losses of previous years not to be taken into account in certain circumstances.**

“80da. (1) Notwithstanding sections 80 and 80aa but subject to section 80e, a loss, or a part of a loss, incurred by a company in a year (in this section, referred to as ‘the year of loss’), before the year of income shall not be taken into account for the purposes of section 80 or section 80aa if—

(a) during the year of income the company derived income that the company would not have derived if the loss, or the part of the loss, had not been available to be taken into account for the purposes of section 80 or section 80aa;

(b) a person other than the company will, either directly or indirectly, receive any benefit or obtain any advantage in relation to the

application of this Act as a result of the operation of any agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business that would not have been entered into or carried out if the loss, or the part of the loss, had not been available to be taken into account for the purposes of section 80 or section 80aa;

(c) the affairs or business operations of the company were managed or conducted during the year of income without proper regard to the rights, powers or interests of continuing shareholders in the company; or

(d) during the whole or any part of the year of income the voting power in the company was, either directly or through one or more interposed companies, trustees or partnerships, controlled by a person who did not, either directly or through one or more interposed companies, trustees or partnerships, control the voting power in the company during the whole of the year of loss or, in a case to which sub-section (5) of section 80a applies, during the part of the year of loss referred to in that sub-section, and that person acquired the control of that voting power for the purpose, or for purposes that included the purpose, of receiving any benefit or obtaining any advantage in relation to the application of this Act or securing that another person would receive such a benefit or obtain such an advantage.

“(2) Paragraph (a) of sub-section (1) applies notwithstanding that the income was derived by the company in the course of ordinary family or commercial dealing but that paragraph does not apply where the continuing shareholders will benefit, from the derivation of the income to an extent that the Commissioner considers to be fair and reasonable having regard to their rights and interests in the company.

“(3) Without limiting the generality of paragraph (b) of sub-section (1), a person shall be deemed, for the purposes of that paragraph, to receive a benefit or obtain an advantage in relation to the application of (this Act if the person is not liable to pay income tax in respect of a year of income, or the liability of the person to pay income tax in respect of a year of income is reduced, by reason that the person has not derived income that the person would have derived if the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business had not been entered into or carried out.

“(4) Paragraph (b) of sub-section (1) applies notwithstanding that the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business was entered into or carried out in the course of ordinary family or commercial dealing but that paragraph does not apply in relation to a benefit or advantage that is received or obtained by a person who had a shareholding interest in the company in the year of income, being a benefit or advantage that the Commissioner considers to be fair and reasonable having regard to that shareholding interest.

“(5) For the purposes of this section—

(a) a person has a shareholding interest in a company if he is the beneficial owner of, or of an interest in any shares in the company; and

(b) where a person has a shareholding interest in a company that has a shareholding interest in another company (including a share-holding interest that the company has in that other company by any other application or applications of this paragraph) that person shall be deemed to have a shareholding interest in that other company.

“(6) For the purposes of the application of this section in relation to a loss, or a part of a loss, incurred by a company, a reference in this section to continuing shareholders in the company shall—

(a) if sub-section (1) of section 80a applies for the purpose of determining whether the loss, or the part of the loss, is to be taken into account for the purposes of section 80 or section 80aa—be read as a reference to persons referred to in sub-section (1) of section 80a; and

(b) if sub-section (3) of section. 80a applies for the purpose of determining whether the loss, or the part of the loss, is to be so taken into account—be read as a reference to persons referred to in sub-section (3) of section 80a.

“(7) In determining for the purposes of this section whether the affairs or business operations of a company were managed or conducted as mentioned in paragraph (c) of sub-section (1), regard shall be had to any act or thing done in the course of the management or conduct of those affairs or business operations, irrespective of the purpose or purposes for which that act or thing was done and notwithstanding that the doing of that act or thing took place in the course of ordinary family or commercial dealing.

“(8) For the purposes of this section, it shall be taken that—

(a) income would not have been derived by a company if a particular act had not been done;

(b) income would have been derived by a person if a particular act had not been done; or

(c) an agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business would not have been entered into or carried out if a particular act had not been, done,

where the income would not have been derived by the company, the income would have been derived by the person, or the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business would not have been entered into or carried out, as the case may be, if none of two or more acts (including that act) had been done.

“(9) A reference in sub-section (8) to the doing of an act includes a reference to the happening of an event or the existence of a matter or circumstance.”.

**Losses of previous years may be taken into account where company carries on same business.**

**12.** Section 80e of the Principal Act is amended—

(a) by omitting sub-section (1) and substituting the following sub-section:—

“(1) Subject to sub-section (2), where—

(a) the whole or a part of a loss incurred by a taxpayer, being a company, in a year before the year of income would not, but for this section, by reason of a change that has taken place in the beneficial ownership of shares in the company or in any other company, be taken into account for the purposes of section 80 or section 80aa;

(b) the first-mentioned company carried on at all times during the year of income the same business as it carried on immediately before the change referred to in paragraph (a) took place; and

(c) the first-mentioned company did not, at any time during the year of income, derive income from a business of a kind that it did not carry on, or from a transaction, of a kind that it bad not entered into in the course of its business operations, before the change took place,

sections 80a and 80da do not prevent the whole of the loss being so taken into account.”;

(b) by omitting from sub-section (2) the words “The last preceding sub-section does” and substituting the words “Sub-section (1) does”; and

(c) by inserting in paragraph (b) of sub-section. (2), after the word “account”, the words “, by virtue of sub-section (1),”.

**13.** Section 80f of the Principal Act is repealed and the following section substituted:—

**Loss resulting from bad debt not to be taken into account in certain circumstances.**

“80f. Where—

(a) a debt that is written off by a taxpayer, being a company, as a bad debt during a year of income is an allowable deduction;

(b) the debt would not, but for sub-section (1) of section 63c, be an allowable deduction by reason of a change that has taken place in the beneficial, ownership of shares in the company or in any other company;

(c) the change referred to in paragraph (b) occurred before the debt was written off as a bad debt;

(d) by reason that the debt is an allowable deduction—

(i) the company incurred in that year of income a loss for the purposes of section 80 or section 80aa, that the company would not otherwise have incurred; or

(ii) a loss for the purposes of section 80 or section 80aa that the company would otherwise have incurred in that year of income has been increased; and

(e) the Commissioner is satisfied that the company carried on a business during that year of income for the purpose, or for purposes that included the purpose, of securing that a deduction would be allowable in respect of the debt by virtue of sub-section (1) of section 63c,

the loss, or the increase in the amount of the loss, as the case may be, shall not be taken into account for the purposes of section 80 or section 80aa in relation to a later year of income unless—

(f) the company carried on at all times during that later year of income the same business as it carried on immediately before the change referred to in paragraph (b) took place; and

(g) the company did not, at any time during that later year of income, derive income from a business of a kind that it did not carry on, or from a transaction of a kind that it had not entered into in the course of its business operations, before the change referred to in paragraph (b) took place.”.

**Life insurance premiums, &c.**

**14.** Section 82h of the Principal Act is amended by inserting after sub-section (1) the following sub-sections:—

“(1a) A premium paid under a policy of life insurance shall not be taken into account for the purposes of sub-section (1) if—

(a) the first premium paid under the policy was paid on or after 1st January, 1973; and

(b) benefits will, may or have become payable under the policy, otherwise than upon the death of the person on whose life the policy was effected or upon the forfeiture or surrender of the policy, before the expiration of ten years from the date of commencement of risk.

“(1b) Where the first premium paid under a policy of life insurance was paid on or after 1st January, 1973, and the amount of the premiums payable under the policy in any year of income, other than, the first year of income in which a premium was payable under the policy, exceeds—

(a) except where paragraph (b) applies—the amount of the premiums payable under the policy in the year of income last preceding that first-mentioned year of income, plus one-quarter of that amount; or

(b) where the amount of the premiums payable under the policy in the year of income last preceding the first-mentioned year of income was payable in respect of a period of less than one year—the amount of the premiums payable under the policy in respect of the period of one year from the date of commencement of risk, plus one-quarter of the last-mentioned amount,

sub-section (1) has effect as if the excess amount had not been paid and, for the purposes of the application of this sub-section, in relation to a year of income next following another year of income in relation to which this sub-section has applied, the amount of the premiums payable under the policy in that other year of income shall be deemed to be reduced by the amount of the excess.

“(1c) Where a policy of life insurance, being a policy under which the first premium was paid on or after 1st January, 1973, has been forfeited, or surrendered before the expiration of ten years from the date of commencement of risk*,* then, notwithstanding any change that may have taken place in the ownership of the policy before the forfeiture or surrender, sub-section (1) has effect, and shall be deemed to have had effect—

(a) where the policy has been forfeited or surrendered before the expiration of five years from the date of commencement of risk—as if no amount had been paid as a premium under the policy;

(b) where the policy has been forfeited or surrendered after the expiration of five years from the date of commencement of risk and—

(i) premiums under the policy were payable by way of equal amounts payable at equal intervals; or

(ii) premiums under the policy were not so payable but paragraph (c) is not applicable,

as if any premiums payable under the policy in the period, of five years that ended on the day on which the policy was forfeited or surrendered had not been paid; or

(c) where the policy has been forfeited or surrendered after the expiration of five years from the date of commencement of risk and the amount of the reduction referred to in this paragraph is greater than the amount, if any, paid in respect of premiums that became payable under the policy in the period of five years that ended on the day on which the policy was forfeited or surrendered as if—

(i) the total amount of premiums paid under the policy were the total amount in fact paid, reduced by an amount that bears to that total amount the same proportion as five bears to the number of years (including a part of a year) in the period commencing on the date of commencement of risk and ending on the day on which the policy was forfeited or surrendered; and

(ii) the reduced amount had been applied, so far as it extends, in payment of premiums paid under the policy in the order in which those premiums were paid.

“(1d) Where, otherwise than in accordance with the original terms of the policy, benefits have been paid under a policy of life insurance otherwise than on the death of the person on whose life the policy was effected or the forfeiture or surrender of the policy, before the expiration of ten years from the date of commencement of risk, sub-section (1c) has effect as if the policy had been forfeited or surrendered on the date on which those benefits were paid.

“(1e) Where a person receives a new policy of life insurance in lieu of another policy owned by him, this section has effect as if the new policy were a continuation of that other policy in the terms of the new policy.

“(1f) Sub-section (1c) does not apply in relation to premiums paid under a policy that has been forfeited or surrendered in circumstances arising out of serious financial difficulties, where the policy was not effected with a view to its being forfeited or surrendered within the period of ten years from the date of commencement of risk.

“(1g) An amount paid on or after 1st January, 1973, to a superannuation, sustentation, widows’ or orphans’ fund shall not be taken into account for the purposes of sub-section (1) unless—

(a) the income derived by the fund during the year of income of the fund in which the amount is paid is exempt from tax by virtue of paragraph (e) or (jaa) of section 23, or is exempt, or would, but for the provisions of section 121c, be exempt, from tax by virtue of paragraph (ja) of section 23; or

(b) the fund is a fund to which section 23f or section 79 applies in relation to the year of income of the fund in which the payment is made.

“(1h) In this section—

‘benefits’ does not include sickness or accident benefits or bonuses;

‘date of commencement of risk’, in relation to a policy of life insurance, means the date of commencement of the period in respect of which the first or only premium paid under the policy was paid or, if the first or only premium paid was not paid in respect of a period, the date on which that premium was paid;

‘policy of life insurance’ means a policy or contract for insurance on the life of the taxpayer or his spouse or child or for a deferred annuity or other like provision for the spouse or child of the taxpayer, not being—

(a) a policy or contract under which money is payable upon the death of a person only if the death occurs within a particular time and upon the forfeiture or surrender of which no amount will or may become payable; or

(b) a, policy or contract assigned or issued to a person by virtue of his rights as a member of a superannuation fund where—

(i) the income derived by the fund during the year of income of the fund in which the policy or contract was so assigned or issued is exempt from tax by virtue of paragraph (jaa) of section 23 or is exempt, or would, but for the provisions of section 121c, be exempt, from tax by virtue of paragraph (ja) of section 23; or

(ii) the fund is, in relation to that year of income, a fund to which section 23f or section 79 applies;

‘premium’ includes a part of a premium but, for the purposes of sub-section (1b), does not include so much of a premium or of a part of a premium as is charged by reason of an exceptional risk of death.”.

**Interpretation.**

**15.** Section 103 of the Principal Act is amended by omitting from, the definition of “the undistributed amount” in sub-section (1) the words “and dividends to which sub-section (3) of section one hundred and five A of this Act applies” and substituting the word “, dividends to which sub-section (3) of section 105a applies and dividends that, by virtue of sub-sections (5) to (11), inclusive, of that section or section 105aaa, are not to be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the year of income”.

**Sufficient distribution.**

**16.** Section 105a of the Principal Act is amended—

(a) by omitting from sub-section (2) the words “the first year of income of a private company” and substituting the words “the year of income in which a company was incorporated, being a year of income”; and

(b) by adding at the end thereof the following sub-sections:—

“(5) Notwithstanding sub-section (1) but subject to the following provisions of this section and to sections 105aaa and 105aab, an amount paid in a dividend by a private company during the first two months of the period that is the prescribed period in relation to the year of income (not being an amount paid on the day that is the first or last day of that period of two months) shall not be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the year of income unless the company satisfies the Commissioner that, at all times during the part of that period of two months that followed the day on which that amount was paid, shares in the company carrying between them—

(a) the right to exercise more than one-half of the voting power in the company;

(b) the right to receive more than one-half of any dividends that may be paid by the company; and

(c) the right to receive more than one-half of any distribution of capital of the company,

were beneficially owned by persons who, at all times during the part of that period of two months that commenced on the first day of that period and ended on the day on which that amount was paid, beneficially owned shares in the company carrying between them rights of those kinds.

“(6) Where a company has, whether before or after the commencement of this sub-section, declared a dividend in respect of shares in the company, a person who was the beneficial owner of any of those shares at the time when, the dividend was declared shall be deemed, for the purposes of the application of sub-section (5) or sub-section (9) in relation to that dividend, to have continued to be the beneficial owner of those shares until the time when the dividend was paid.

“(7) An amount paid in a dividend by a private company on the day that is the first or last day of the first two months of the period that is the prescribed period inrelation to the year of income shall not be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the year of income if—

(a) a change in the beneficial ownership of any shares in the company took place on that first or last day, as the case may be, of that period of two months;

(b) where the amount was paid in pursuance of a declaration of a dividend made before that first or last day, as the case may be, of that period of two months—a change in the beneficial ownership of any shares in the company took place after the declaration of the dividend and before that day; or

(c) on or before the last day of that period of two months an agreement was entered into, or a right, power or option (including a contingent right, power or option) was granted, that, in any way, directly or indirectly, related to shares in the company and the agreement was entered into, or the right, power or option was granted, for the purpose, or for purposes that included the purpose, of securing that an amount that was or might be paid in a dividend by the company during that period of two months would be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the year of income.

“(8) Where—

(a) sub-section (5) would, but for this sub-section, apply for the purpose of determining whether an amount paid in a dividend by a private company during the first two months of the period that is the prescribed period in relation to the year of income is to be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the year of income;

(b) at any time during that first two months another company or other companies beneficially owned all or any of the shares in the first-mentioned company or an interest or interests in all or any of those shares; and

(c) the first-mentioned company requests the Commissioner at the time when it furnishes to him a return (or, if more than one return is furnished, the first return) of its income of the year of income, or within such further period as the Commissioner allows, that sub-section (9) should apply for the purpose referred to in paragraph (a) or the Commissioner considers it reasonable that that sub-section should apply for that purpose,

then sub-section (9) applies for that purpose in lieu of sub-section (5).

“(9) Where, by virtue of sub-section (8), this sub-section applies for the purpose of determining whether an amount paid in a dividend by a private company (in this sub-section referred to as the ‘relevant company’) during the first two months of the period that is the prescribed period in relation to the year of income is to be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the year of income, then, notwithstanding sub-section (1) but subject to sub-section (12) and to sections 105aaa and 105aab, that amount shall not be so taken into account unless the Commissioner is satisfied, or considers that it is reasonable to assume, that—

(a) at all times during the part of that period of two months that followed the day on which that amount was paid, the voting power in the relevant company was, either directly or through one or more interposed companies, trustees or partnerships, controlled, or capable of being controlled, by a person not being a company, or by two or more persons not being companies, who, either directly or through one or more interposed companies, trustees or partnerships, controlled, or was or were capable of controlling, the voting power in the relevant company at all times during the part of that period of two months that commenced on the first day of that period and ended on the day on which that amount was paid;

(b) a person not being a company who had, or two or more persons not being companies who had between them, at all times during the part of that period of two months that followed the day on which that amount was paid a right to receive, directly or indirectly, for his or their own benefit more than one-half of any dividends that might be paid by the relevant company would, if the relevant company had paid a dividend at any time during the part of that period of two months that commenced on the first day of that period and ended on the day on which that amount was paid, have had, or have had between them, as the case may be, a right to receive, directly or indirectly, for his or their own benefit more than one-half of that dividend; and

(c) a person not being a company who had, or two or more persons not being companies who had between them, at all times during the part of that period of two months that followed the day on which that amount was paid a right to receive, directly or indirectly, for his or their own benefit more than one-half of any distribution of capital of the relevant company would, if the relevant company had made a distribution of capital at any time during the part of that period of two months that commenced on the first day of that period and ended on the day on which that amount was paid, have had, or have had between them, as the case may be, a right to receive, directly or indirectly, for his or their own benefit more than one-half of that distribution of capital.

“(10) For the purposes of this section, a person shall be deemed to be a person who had, or would have had, a right to receive indirectly for his own benefit the whole or a particular fraction of a dividend that might be, or might have been, paid by a company or of a distribution of capital of a company, or two or more persons shall be deemed to be persons who had, or would have had, between them a right to receive indirectly for their own benefit the whole or a particular fraction of such a dividend or distribution of capital, if, in the event of a payment of a dividend by the company, or of a distribution of capital of the company, the person or persons would, otherwise than as a shareholder or shareholders of the company or as a trustee or trustees, receive or have received the whole or that fraction, as the case may be, of that dividend, or of that distribution of capital, if there had been successive distributions of the relative parts of that dividend, or of that distribution of capital, to and by each of any companies or trustees interposed between the company paying the dividend, or making the distribution of capital, and that person or those persons.

“(11) Section 80b applies for the purposes of the application of sub-section (5) or sub-section (9) in determining whether an amount paid in a dividend by a private company during the first two months of the period that is the prescribed period in relation to the year of income is to be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the year of income in like manner as that section applies for the purposes of the application of section 80a in determining whether a loss incurred by a company in a year before the year of income is to be taken into account for the purposes of section 80 or section 80aa but, for the purposes of section 80b as so applying—

(a) a reference in that section to the year in which the loss was incurred shall be read as a reference to the part of that period of two months that commenced on the first day of that period and ended on the day on which the amount was paid;

(b) a reference in that section to the year of income shall be read as a reference to the part of that period of two months that followed the day on which the amount was paid; and

(c) the reference in paragraph (c) of sub-section (5) of that section to the purpose of enabling the company to take into account for the purposes of section 80 or section 80aa a loss that the company had incurred, or might incur, shall be read as a reference to the purpose of securing that an amount that the company had paid, or might pay, in a dividend during that period of two months would be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the year of income.

“(12) Sub-sections (5) to (11), inclusive, do not apply in relation to an amount paid in a dividend if the Commissioner considers that, having regard to the persons who were the beneficial owners of shares in the company at the time when the amount was paid, it would be unreasonable for those sub-sections to apply in relation to that amount.”.

**17.** After section 105a of the Principal Act the following sections are inserted:—

**Dividends paid in first two months of prescribed period not to be taken into account in certain circumstances.**

“105aaa. (1) Notwithstanding section 105a but subject to section 105aab, an amount paid in a dividend by a private company during the first two months of the period that is the prescribed period in relation to the year of income shall not be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the year of income if—

(a) where the amount was paid before the last day of that period of two months, the company derived, during the part of that

period of two months that followed the day on which the amount was paid, income that the company would not have derived if the company had not paid the amount in a dividend;

(b) a person other than the company will, either directly or indirectly, receive any benefit or obtain any advantage in relation to the application of this Act as a result of the operation of any agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business that would not have been entered into or carried out if the company had not paid the amount in a dividend;

(c) where the amount was paid before the last day of that period of two months, the affairs or business operations of the company were, during the part of that period of two months that followed the day on which the amount was paid, managed or conducted without proper regard to the rights, powers or interests of continuing shareholders in the company; or

(d) where the amount was paid otherwise than on the first day or the last day of that period of two months, at any time during the part of that period of two months that followed the day on which the amount was paid the voting power in the company was, either directly or through one or more interposed companies, trustees or partnerships, controlled by a person who did not, either directly or through one or more interposed companies, trustees or partnerships, control the voting power in the company at all times during the part of that period of two months that commenced on the first day of that period and ended on the day on which the amount was paid, and that person acquired the control of that voting power for the purpose, or for purposes that included the purpose, of receiving any benefit or obtaining any advantage in relation to the application of this Act or of securing that another person would receive such a benefit or obtain such an advantage.

“(2) Paragraph (a) of sub-section (1) applies notwithstanding that the income was derived by the company in the course of ordinary family or commercial dealing but that paragraph does not apply where the continuing shareholders will benefit from the derivation of the income to an extent that the Commissioner considers to be fair and reasonable having regard to their rights and interests in the company.

“(3) Without limiting the generality of paragraph (b) of sub-section (1), a person shall be deemed, for the purposes of that paragraph, to receive a benefit or obtain an advantage in relation to the application of this Act if the person is not liable to pay income tax in respect of a year of income, or the liability of the person to pay income tax in respect of a year of income is reduced, by reason that the person has not derived income that the person would have derived if the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business had not been entered into or carried out.

“(4) Paragraph (b) of sub-section (1) applies notwithstanding that the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business was entered into or carried out in the course of ordinary family or commercial dealing but that paragraph does not apply in relation to a benefit or advantage that is received or obtained by a person who had a shareholding interest in the company during the part of the period of two months that followed the day on which the amount was paid, being a benefit or advantage that the Commissioner considers to be fair and reasonable having regard to that shareholding interest.

“(5) For the purposes of this section—

(a) a person has a shareholding interest in a company if he is the beneficial owner of, or of an interest in, any shares in the company; and

(b) where a person has a shareholding interest in a company that has a shareholding interest in another company (including a shareholding interest that the company has in that other company by any other application or applications of this paragraph) that person shall be deemed to have a shareholding interest in that other company.

“(6) For the purposes of the application of this section in relation to an amount paid in a dividend by a company, a reference in this section to continuing shareholders in the company shall—

(a) if sub-section (5) of section 105a applies for the purpose of determining whether the amount is to be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the year of income—be read as a reference to persons referred to in sub-section (5) of section 105a; and

(b) if sub-section (9) of section 105a applies for the purpose referred to in paragraph (a)—be read as a reference to persons referred to in sub-section (9) of section 105a.

“(7) In determining for the purposes of this section whether the affairs or business operations of a company were managed or conducted as mentioned in paragraph (c) of sub-section (1), regard shall be had to any act or thing done in the course of the management or conduct of those affairs or business operations, irrespective of the purpose or purposes for which that act or thing was done and notwithstanding that the doing of that act or thing took place in the course of ordinary family or commercial dealing.

“(8) For the purposes of this section, it shall be taken that—

(a) income would not have been derived by a company if a particular act had not been done;

(b) income would have been derived by a person if a particular act had not been done; or

(c) an agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business would not have been entered into or carried out if a particular act had not been done,

where the income would not have been derived by the company, the income would have been derived by the person, or the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business would not have been entered into or carried out, as the case may be, if none of two or more acts (including that act) had been done.

“(9) A reference in sub-section (8) to the doing of an act includes a reference to the happening of an event or the existence of a matter or circumstance.

**Dividend may be taken into account where company carries on same business.**

“105aab. (1) Subject to sub-section (2), where—

(a) an amount paid in a dividend by a private company during the first two months of the period that is the prescribed period in relation to the year of income, other than a dividend paid on the last day of that period of two months, would not, but for this section, by reason of a change that has taken place in the beneficial ownership of shares in the company or in any other company, be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the year of income;

(b) the first-mentioned company carried on at all times during the part of that period of two months that followed the day on which the amount was paid the same business as it carried on immediately before the change referred to in paragraph (a) took place; and

(c) the first-mentioned company did not, at any time during that part of the period of two months, derive income from a business of a kind that it did not carry on, or from a transaction of a kind that it had not entered into in the course of its business operations, before the change took place,

sub-sections (5), (7) and (9) of section 105a and section 105aaa do not prevent the amount from being so taken into account.

“(2) Sub-section (1) does not apply in respect of an amount paid in a dividend by a private company during the first two months of the period that is the prescribed period in relation to the year of income if—

(a) before the change referred to in that sub-section took place, the company commenced to carry on a business that it had not previously carried on, or entered into, in the course of its business operations, a transaction of a kind that it had not previously entered into; and

(b) the company commenced to carry on that business or entered into that transaction for the purpose, or for purposes that included the purpose, of securing that an amount that the company had paid, or might pay, in a dividend would be taken into account by virtue of sub-section (1), in whole or in part, in ascertaining

whether the company is deemed to have made a sufficient distribution in relation to the year of income.

**Special provisions relating to year of incorporation or winding up of company.**

“105aac. For the purposes of sections 105a, 105aaa and 105aab—

(a) where a private company paid, in the year of income in which it was incorporated, a dividend to which sub-section (2) of section 105a applies—a reference to the first two months of the period that is the prescribed period in relation to the company in relation to a year of income shall, in relation to the year of income in which the company was incorporated, be read as a reference to the period that commenced on the day on which the company was incorporated and ended on the last day of that year of income;

(b) where a private company was incorporated during the last two months of a year of income (excluding the case where the company was incorporated on the first day of that period of two months)—a reference to the first two months of the period that is the prescribed, period in relation to the company in relation to a year of income shall, in relation to the year of income in which the company was incorporated, be read as a reference to the period that commenced on the day on which the company was incorporated and ended on the last day of that year of income; and

(c) where a private company is wound up during the last two months of a year of income (excluding the case where the company is wound up on the first day of that period of two months)—a reference to the first two months of the period that is the prescribed period in relation to the company in relation to a year of income shall, in relation to the year of income in which the company was wound up, be read as a reference to the period that commenced on the first day of that prescribed period and ended on the day on which the company was wound up.”.

**Excess distributions carried forward.**

**18.** Section 106 of the Principal Act is amended—

(a) by omitting from sub-section (1) the words “and dividends to which sub-section (3) of section one hundred and five a of this Act applies” and substituting the words “, dividends to which sub-section (3) of section 105a applies and dividends that, by virtue of sub-sections (5) to (11), inclusive, of that section or section 105aaa, are not to be taken into account in ascertaining whether the company is deemed to have made a sufficient distribution in relation to the first-mentioned year of income”; and

(b) by adding at the end thereof the following sub-section:—

“(5) This section has effect subject to sections 106a, 106b, 106c and 106d.”.

**19.** After section 106 of the Principal Act the following sections are inserted:—

**Notional dividends.**

“106a. (1) In this section and sections 106b, 106c and 106d—

(a) a reference to a notional dividend that is deemed to have been paid by a private company during the period that is the prescribed

period in relation to a year of income shall be read as a reference to an amount that is deemed, by virtue of sub-section (2) of section 106, to be a dividend paid by the company during that period; and

(b) a reference to a dividend paid by a private company during the period that is the prescribed period in relation to a year of income shall (except in the expression ‘notional dividend’) be read as not including a reference to a notional dividend that is deemed to have been paid by the company during that period.

“(2) For the purposes of sub-section (3) and sections 106b, 106c and 106d, a notional dividend that is deemed to have been paid by a private company during the period that is the prescribed period in relation to a year of income shall be treated as if it consisted of the separate dividends or parts of dividends by reason of the payment of which the notional dividend is so deemed to have been paid.

“(3) In determining whether a private company has made an excess distribution for a year of income and in calculating the amount of that excess distribution—

(a) any dividends paid by the company during the period that is the prescribed period in relation to that year of income shall be taken into account in the order in which those dividends were paid and shall be so taken into account before any notional dividend that is deemed to have been paid by the company during that period is taken into account; and

(b) where such a notional dividend is taken into account—the notional dividend shall be taken into account by successively applying the dividends or the parts of the dividends constituting that notional dividend in the order in which those dividends were paid.

“(4) For the purposes of the application of this section and sections 106b, 106c and 106d in respect of a prescribed period in which a private company was wound up, any part of that period that occurred after the day on which the company was wound up shall be treated as not forming part of that period.

**Dividends not to be taken into account unless there is substantial continuity of beneficial ownership of shares in company.**

“106b. (1) Notwithstanding section 106 but subject to the following provisions of this section and to sections 106c and 106d, an amount paid in a dividend by a private company during the period that is the prescribed period in relation to a year of income shall not be included, in whole or in part, in any notional dividend that is deemed to have been paid by the company during the period that is the prescribed period in relation to a later year of income unless the company satisfies the Commissioner that, at all times during the last-mentioned prescribed period, shares in the company carrying between them—

(a) the right to exercise more than one-half of the voting power in the company;

(b) the right to receive more than one-half of any dividends that may be paid by the company; and

(c) the right to receive more than one-half of any distribution of capital of the company,

were beneficially owned by persons who, at all times during the first-mentioned prescribed period, beneficially owned shares in the company carrying rights of those kinds.

“(2) Where—

(a) sub-section (1) would, but for this sub-section, apply for the purpose of determining whether an amount paid in a dividend by a private company during the period that is the prescribed period in relation to a year of income is to be included, in whole or in part, in any notional dividend that is deemed to have been paid by the company during the period that is the prescribed period in relation to a later year of income;

(b) during the whole or any part of the first-mentioned prescribed period, or during the whole or any part of the second-mentioned prescribed period, another company or other companies beneficially owned all or any of the shares in the first-mentioned company or an interest or interests in all or any of those shares; and

(c) the first-mentioned company requests the Commissioner within one month after the expiration of the second-mentioned prescribed period, or within such further period as the Commissioner allows, that sub-section (3) should apply for the purpose referred to in paragraph (a) or the Commissioner considers it reasonable that that sub-section should apply for that purpose,

then sub-section (3) applies for that purpose in lieu of sub-section (1).

“(3) Where, by virtue of sub-section (2), this sub-section applies for the purpose of determining whether an amount paid in a dividend by a private company (in this sub-section referred to as the ‘relevant company’) during the period that is the prescribed period in relation to a year of income is to be included, in whole or in part, in any notional dividend that is deemed to have been paid by the company during the period that is the prescribed period in relation to a later year of income, then, not-withstanding section 106 but subject to sub-section (5) and sections 106c and 106d, that amount shall not be included, in whole or in part, in any such notional dividend unless the Commissioner is satisfied, or considers that it is reasonable to assume, that—

(a) at all times during the second-mentioned prescribed period the voting power in the relevant company was, either directly or through one or more interposed companies, trustees or partnerships, controlled, or capable of being controlled, by a person not being a company, or by two or more persons not being companies, who, either directly or through one or more interposed companies, trustees or partnerships, controlled, or was or were capable of controlling, the voting power in the relevant company at all times during the first-mentioned prescribed period;

(b) a person not being a company who had, or two or more persons not being companies who had between them, at all times during the second-mentioned prescribed period a right to receive, directly or indirectly, for his or their own benefit more than one-half of any dividends that might be paid by the relevant company would, if the relevant company had paid a dividend at any time during the first-mentioned prescribed period, have had, or have had between them, as the case may be, a right to receive, directly or indirectly, for his or their own benefit more than one-half of that dividend; and

(c) a person not being a company who had, or two or more persons not being companies who had between them, at all times during the second-mentioned prescribed period a right to receive, directly or indirectly, for his or their own benefit more than one-half of any distribution of capital of the relevant company would, if the relevant company had made a distribution of capital at any time during the first-mentioned prescribed period, have had, or have had between them, as the case may be, a right to receive, directly or indirectly, for his or their own benefit more than one-half of that distribution of capital.

“(4) For the purposes of this section, a person shall be deemed to be a person who had, or would have had, a right to receive indirectly for his own benefit the whole or a particular fraction of a dividend that might be, or might have been, paid by a company or of a distribution, of capital of a company, or two or more persons shall be deemed to be persons who had, or would have had, between them a right to receive indirectly for their own benefit the whole or a particular fraction of such a dividend or distribution of capital, if, in the event of a payment of a dividend by the company, or of a distribution of capital of the company, the person or persons would, otherwise than as a shareholder or shareholders of the company or as a trustee or trustees, receive or have received the whole or that fraction, as the case may be, of that dividend, or of that distribution of capital, if there had been successive distributions of the relative parts of that dividend, or of that distribution of capital, to and by each of any companies or trustees interposed between the company paying the dividend, or making the distribution of capital, and that person or those persons.

“(5) Subject to sections 106c and 106d, where an amount paid in a dividend by a private company during the period that is the prescribed period in relation to a year of income is not, by virtue of sub-section (1) or sub-section (3), as the case may be, to be included, in whole or in part, in a notional dividend that is deemed to have been paid by the company during the period that is the prescribed period in relation to a later year of income but the company satisfies the Commissioner that that sub-section would not have prevented the amount from being so included if regard were had, for the purposes of that sub-section, to part only of the prescribed

period first-mentioned in that sub-section, the Commissioner may treat that amount as being included in that notional dividend.

“(6) Section 80b applies for the purposes of the application of sub-sections (1), (3) and (5) in determining whether an amount paid in a dividend by a private company during the period that is the prescribed period in relation to a year of income is to be included, in whole or in part, in a notional dividend that is deemed to have been paid by the company during the period that is the prescribed period in relation to a later year of income in like manner as that section applies for the purposes of the application of section 80a in determining whether a loss incurred by a company in a year before the year of income is to be taken into account for the purposes of section 80 or section 80aa but, for the purposes of section 80b as so applying—

(a) a reference in that section to the year in which the loss was incurred shall be read as a reference—

(i) in the case of the application of that section in relation to sub-sections (1) and (3)—to the prescribed period in which the amount was paid; and

(ii) in the case of the application of that section in relation to sub-section (5)—to the part of the prescribed period in which the amount was paid that commenced on the day on which the amount was paid and ended at the expiration of that prescribed period;

(b) a reference in that section to the year of income shall be read as a reference to the period that is the prescribed period in relation to the later year of income; and

(c) the reference in paragraph (c) of sub-section (5) of that section to the purpose of enabling the company to take into account for the purposes of section 80 or section 80aa a loss that the company had incurred, or might incur, shall be read as a reference to the purpose of securing that an amount that was, or might be, paid in a dividend by the company in the period that is the prescribed period in relation to a year of income would be included, in whole or in part, in a notional, dividend that is, or might be, deemed to be paid by the company during the period that is the prescribed period in relation to a later year of income.

**Dividends included in excess distributions not to be taken into account in certain circumstances.**

“106c. (1) Notwithstanding section 106b but subject to section 106d, an amount paid in a dividend by a private company during the period that is the prescribed period in relation to a year of income shall not be included, in whole or in part, in a notional dividend that is deemed to have been paid by the company during the period that is the prescribed period in relation to a later year of income if—

(a) during that later year of income the company derived income that the company would not have derived if the company had not made an excess distribution for the year of income that immediately preceded that later year of income;

(b) a person other than the company will, either directly or indirectly, receive any benefit or obtain any advantage in relation to the application of this Act as a result of the operation of any agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business that would not have been entered into or carried out if the company had not made an excess distribution for the year of income that immediately preceded that later year of income;

(c) the affairs or business operations of the company were managed or conducted during the second-mentioned prescribed period without proper regard to the rights, powers or interests of continuing shareholders in the company; or

(d) during the whole or any part of the second-mentioned prescribed period the voting power in the company was, either directly or through one or more interposed companies, trustees or partnerships, controlled by a person who did not, either directly or through one or more interposed companies, trustees or partnerships, control the voting power in the company during the whole of the first-mentioned prescribed period or, in a case to which sub-section (5) of section 106b applies, during the part of the first-mentioned prescribed period referred to in that sub-section, and that person acquired, the control of that voting power for the purpose, or for purposes that included the purpose, of receiving any benefit or obtaining any advantage in relation to the application of this Act or securing that another person would receive such a benefit or obtain such an advantage.

“(2) Paragraph (a) of sub-section (1) applies notwithstanding that the income was derived by the company in the course of ordinary family or commercial dealing but that paragraph does not apply where the continuing shareholders will benefit from the derivation of the income to an extent that the Commissioner considers to be fair and reasonable having regard to their rights and interests in the company.

“(3) Without limiting the generality of paragraph (b) of sub-section (1), a person shall be deemed, for the purposes of that paragraph, to receive a benefit or obtain an advantage in relation to the application of this Act if the person is not liable to pay income tax in respect of a year of income, or the liability of the person to pay income tax in respect of a year of income is reduced, by reason that the person has not derived income that the person would have derived if the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business had not been entered into or carried out.

“(4) Paragraph (b) of sub-section (1) applies notwithstanding that the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business was entered into or carried out in the course of ordinary family or commercial dealing but that paragraph does not apply in relation to a benefit or advantage that is received or obtained

by a person who had a shareholding interest in the company in the prescribed period second mentioned in that sub-section, being a benefit or advantage that the Commissioner considers to be fair and reasonable having regard to that shareholding interest.

“(5) For the purposes of this section—

(a) a person has a shareholding interest in a company if he is the beneficial owner of, or of an interest in, any shares in the company; and

(b) where a person has a shareholding interest in a company that has a shareholding interest in another company (including a share-holding interest that the company has in that other company by any other application or applications of this paragraph) that person shall be deemed to have a shareholding interest in that other company.

“(6) For the purposes of the application of this section in relation to an amount paid in a dividend by a company, a reference in this section to continuing shareholders in the company shall—

(a) if sub-section (1) of section 106b applies for the purpose of determining whether the amount is to be included in whole or in part in a notional dividend—be read as a reference to persons referred to in sub-section (1) of section 106b; and

(b) if sub-section (3) of section 106b applies for the purpose referred to in paragraph (a)—be read as a reference to persons referred to in sub-section (3) of section 106b.

“(7) In determining for the purposes of this section whether the affairs or business operations of a company were managed or conducted as mentioned in paragraph (c) of sub-section (1), regard shall be had to any act or thing done in the course of the management or conduct of those affairs or business operations, irrespective of the purpose or purposes for which that act or thing was done and notwithstanding that the doing of that act or thing took place in the course of ordinary family or commercial dealing.

“(8) For the purposes of this section, it shall be taken that—

(a) income would not have been derived by a company if a particular act had not been done;

(b) income would have been derived, by a person if a particular act had not been done; or

(c) an agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business would not have been entered into or carried out if a particular act had not been done,

where the income would not have been derived by the company, the income would have been derived by the person, or the agreement, scheme, arrangement, understanding, transaction, course of conduct or course of business would not have been entered into or carried out, as the case may be, if none of two or more acts (including that act) had been done.

“(9) A reference in sub-section (8) to the doing of an act includes a reference to the happening of an event or the existence of a matter or circumstance.

**Dividend may be taken into account where company carries on same business.**

“106d. (1) Subject to sub-section (2), where—

(a) an amount paid in a dividend by a private company during the period that is the prescribed period in relation to a year of income would not, but for this section, by reason of a change that has taken place in the beneficial ownership of shares in the company or in any other company, be included, in whole or in part, in a notional dividend that is deemed to have been paid by the company in the period that is the prescribed period in relation to a later year of income;

(b) the first-mentioned company carried on at all times during the period that is the prescribed period in relation to the later year of income the same business as it carried on immediately before the change referred to in paragraph (a) took place; and

(c) the first-mentioned company did not, at any time during that last-mentioned prescribed period, derive income from a business of a kind that it did not carry on, or from a transaction of a kind that it had not entered into in the course of its business operations, before the change took place,

sections 106b and 106c do not prevent the amount being so included.

“(2) Sub-section (1) does not apply in respect of an amount paid in a dividend by a private company during the period that is the prescribed period in relation to a year of income if—

(a) before the change referred to in that sub-section took place, the company commenced to carry on a business that it had not previously carried on, or entered into, in the course of its business operations, a transaction of a kind that it had not previously entered into; and

(b) the company commenced to carry on that business or entered into that transaction for the purpose, or for purposes that included the purpose, of securing that an amount that the company had paid, or might pay, in a dividend, would be Included by virtue of sub-section (1), in whole or in part, in a notional dividend that would be deemed to have been paid by the company during the period that is the prescribed period in relation to a later year of income.”.

**Rebate for export market development expenditure.**

**20.** Section 160ac of the Principal Act is amended by omitting from sub-section (3) the words “the first day of July, One thousand nine hundred and seventy-three” and substituting the words “1st July, 1974”.

**Amendment of assessments.**

**21.** Section 170 of the Principal Act is amended—

(a) by omitting sub-section (10) and substituting the following sub-section:—

“(10) Nothing in this section prevents the amendment, at any time, of an assessment for the purpose of giving effect to the provisions of section 23ab, section 36aa, sub-section (2b) of section 47, sub-section (7) or (8) of section 51ac, sub-section (7) of section 53a, sub-section (3) of section 53b, section 53c, sub-section (2d) of section 59, section 77c, section 77d, sub-section (1c) of section 82h, sub-section (3) of section 82s, section 105aa, sub-section (2) of section 122b, sub-section (2) of section 124de, sub-section (9) or (15) of section 160ac or sub-section (2) of section 221yra.”; and

(b) by adding at the end thereof the following sub-section:—

“(13) Notwithstanding anything in any other provision of this Act, the Commissioner may amend an assessment for the purpose of giving effect to the provisions of section 63b, sub-sections (5) to (11), inclusive, of section 80b (including those provisions as applied by any other provision of this Act), section 80da, section 105aaa or section 106c if the amendment is made within six years after the date upon which the tax became due and payable under the assessment.”.

**Formal amendments**

**22.** The Principal Act is amended as set out in the Schedule.

**Application of amendments**

**23.** (1) The amendment made by section 5 applies to assessments in respect of income of the year of income that commenced on 1st July, 1971, and in respect of income of all subsequent years of income.

(2) The amendments made by sections 4, 6 and 7, paragraphs 9 (a), (c), (d), (e), (f), (g) and (h), and sections 11, 12 and 13 apply to assessments in respect of income of the year of income that commenced on 1st July, 1972, and in respect of income of all subsequent years of income.

(3) The amendments made by section 8, paragraph 9 (b) and section 10 apply to assessments in respect of income of the year of income that commences on 1st July, 1973, and in respect of income of all subsequent years of income.

(4) The amendments made by sections 9, 15, 16 and 17 apply for the purpose of determining whether a private company is deemed, for the purposes of Division 7 of Part III of the Principal Act as amended by this Act, to have made a sufficient distribution in relation to the year of income that commenced on 1st July, 1972, or in relation to a subsequent year of income.

(5) The amendment made by paragraph 18 (a) applies for the purpose of determining whether a private company has made an excess distribution for the year of income that commenced on 1st July, 1972, or for a subsequent year of income.

(6) The amendments made by section 9, paragraph 18 (b) and section 19 apply for the purpose of determining whether the amount of any excess distribution made by a private company for a year of income is deemed, for the purposes of Division 7 of Part III of the Principal Act as amended by this Act, to be a dividend paid during the period that is the prescribed period in relation to the year of income that commenced on 1st July, 1971, or in relation to a subsequent year of income.

**Transitional provisions.**

**24.** (1) In relation to assessments in respect of income of the year of income that commenced on 1st July, 1972, section 63a of the Principal Act as amended by this Act has effect as if there were substituted in that section for the words “more than one-half” (wherever occurring) the words “not less than two-fifths”.

(2) If a company has, in pursuance of section 18 of the *Income Tax Assessment Act* 1936, or of that Act as amended and in force at any time, adopted in lieu of the year that ends on 30th June, 1973, an accounting period that ended or ends before that date, then, for the purposes of the application of section 63a or section 80a of the Principal Act as amended by this Act in relation to the accounting period of the company for the next financial year, in so far as that last-mentioned accounting period constitutes a year of income for the purposes of that section, the Commissioner may, having regard to the persons who beneficially owned shares in the company carrying rights referred to in that section, or had rights referred to in that section, during the part of that accounting period that commenced on the first day of that accounting period and ended on 30th June, 1973, treat a person who beneficially owned shares in the company carrying rights referred to in that section, or had any rights referred to in that section, at all times during the part of that accounting period that occurred after 30th June, 1973, as having beneficially owned shares in the company carrying rights referred to in that section, or as having had rights referred to in that section, at all times during that accounting period.

(3) In relation to assessments in respect of income of the year of income that commenced on 1st July, 1972, sub-section 80b(2) of the Principal Act has effect as if a reference in that sub-section to the allotment of shares in a company did not include a reference to an allotment that took place after 11th April, 1973.

(4) In relation to assessments in respect of income of the year of income that commenced on 1st July, 1972—

(a) sub-sections 80b(9) and 80da(1) of the Principal Act as amended by this Act have effect as if the references in those sub-sections to sub-section 80a(5) of that Act as so amended were references to sub-section 80a(2) of the Principal Act; and

(b) section 80da of the Principal Act as amended by this Act has effect for the purposes of the application of that section in relation to a loss, or a part of a loss, incurred by a company as if a reference in that section to continuing shareholders in the company were—

(i) in a case to which sub-paragraphs (ii) and (iii) do not apply—a reference to persons referred to in sub-section 80a(1) of the Principal Act;

(ii) if section 80c of the Principal Act applies for the purpose of determining whether the loss, or the part of the loss, is to be taken into account for the purposes of section 80 or section 80aa of that Act—a reference to persons referred to in paragraph 80c(1)(b) of the Principal Act; or

(iii) if section 80d of the Principal Act applies in relation to section 80a of that Act for the purpose of determining whether the loss, or the part of the loss, is to be so taken into account—a reference to persons referred to in sub-section 80a(1) of the Principal Act as affected by section 80d of that Act.

(5) Where—

(a) a debt owing to a company that was written off by the company as a bad debt during a year of income before the year of income that commenced on 1st July, 1972, was an allowable deduction in the assessment of the company in respect of income of a year of income;

(b) by reason that the debt was such an allowable deduction—

(i) the company incurred a loss for the purposes of section 80 or section 80aa of the Principal Act as amended by this Act that the company would not otherwise have incurred; or

(ii) a loss for the purposes of section 80 or section 80aa of the Principal Act as so amended that the company would otherwise have incurred was increased; and

(c) if the debt had been written off as a bad debt during the year of income that commenced on 1st July, 1972, the debt would not have been an allowable deduction in the assessment of the company in respect of income of that year of income,

then, so much of the amount of the loss as has not been taken into account for the purposes of section 80 or section 80aa of the Principal Act in respect of a year of income before the year of income that commenced on 1st July, 1972 (in this sub-section referred to as the “residue of the loss”)—

(d) in a case to which sub-paragraph (b)(i) applies—shall not be taken into account for the purposes of section 80 or section 80aa of the Principal Act as amended by this Act in respect of the year of income that commenced on 1st July, 1972 or any later year of income; or

(e) in a case to which sub-paragraph (b)(ii) applies—may be taken into account for the purposes of section 80 or section 80aa of the Principal Act as so amended in respect of the year of income that commenced on 1st July, 1972, or a later year of income only to the extent (if any) to which the residue of the loss exceeds the amount of the increase.

(6) For the purposes of the application of the amendment made by section 19 as that amendment applies in accordance with sub-section 23(6)—

(a) the provisions of sub-section 106a(3) of the Principal Act as amended by this Act; and

(b) the provisions of sub-section 106a(2) of that Act as so amended in so far as they apply for the purposes of the provisions of sub-section 106a(3),

shall be deemed to have been in force at all times before the year of income that commenced on 1st July, 1971, and to have applied to assessments of private companies in respect of income of years of income before that year of income.

(7) For the purpose of determining whether the amount of any excess distribution made by a private company for the year of income that ended on 30th June, 1971, is deemed for the purposes of Division 7 of Part III of the Principal Act as amended by this Act to be a dividend paid during the period that is the prescribed period in relation to the year of income that ended on 30th June, 1972, section 106b of the Principal Act as amended by this Act has effect as if there were substituted in that section for the words “more than one-half” (wherever occurring) the words “not less than two-fifths”.

(8) For the purposes of the application of section 106b of the Principal Act as amended by this Act in determining whether the amount of any excess distribution made by a private company for the year of income that ended on 30th June, 1972, is deemed for the purposes of Division 7 of Part III of the Principal Act as amended by this Act to be a dividend paid during the period that is the prescribed period in relation to the year of income that ends on 30th June, 1973, being a prescribed period that, in the case of that company, commences before 1st July, 1973, the Commissioner may, having regard to the persons who beneficially owned shares in the company carrying rights referred to in that section, or had rights referred to in that section, during the part of that prescribed period that commenced on the first day of that prescribed period and ended on 30th June, 1973, treat a person who beneficially owned shares in the company carrying rights referred to in that section, or had rights referred to in that section, at all times during the part of that prescribed period that occurred after 30th June, 1973, as having beneficially owned shares in the company carrying rights referred to in that section, or as having had rights referred to in that section, at all times during that prescribed period.

(9) Paragraph 63b(1)(d) of the Principal Act as amended by this Act does not prevent a debt owed to a company being an allowable deduction in the assessment of the company in respect of income of the year of income that commenced on 1st July, 1972, if the person referred to in that paragraph did not have, at any time during the year of income, a right to receive, directly or indirectly, for his own benefit more than three-fifths of any dividend that might be paid by the company or more than three-fifths of any distribution of capital of the company.

(10) Paragraph 63b(1)(e) of the Principal Act as amended by this Act does not prevent a debt owed, to a company being an allowable deduction in the assessment of the company in respect of income of the year of income that commenced on 1st July, 1972, if the person referred to in that paragraph did not have, at any time during the part of the year of income that followed the day on which the debt was incurred, a right to receive, directly or indirectly, for his own benefit more than three-fifths of any dividend that might be paid by the company or more than three-fifths of any distribution of capital of the company.

(11) Paragraph 80da(1)(d) of the Principal Act as amended by this Act does not prevent a loss, or a part of a loss, incurred by a company being taken into account, for the purposes of section 80 or section 80aa of the Principal Act as so amended, in the assessment of the company in respect of income of the year of income that commenced on 1st July, 1972, if the person referred to in that paragraph did not have, at any time during the year of income, a right to receive, directly or indirectly, for his own benefit more than three-fifths of any dividend that might be paid by the company or more than three-fifths of any distribution of capital of the company.

(12) Paragraph 106c(1)(d) of the Principal Act as amended by this Act does not prevent the amount of an excess distribution made by a private company for the year of income that ended on 30th June, 1971, being deemed, for the purposes of Division 7 of Part III of the Principal Act as so amended, to be a dividend paid during the period that is the prescribed period in relation to the year of income that ended on 30th June, 1972, if the person referred to in that paragraph did not have, at any time during that prescribed period, a right to receive, directly or indirectly, for his own benefit more than, three-fifths of any dividend that might be paid by the company or more than three-fifths of any distribution of capital of the company.

(13) For the purposes of this section, a person shall be deemed to be a person who had, or would have had, a right to receive indirectly for his own benefit the whole or a particular fraction of a dividend that might be, or might have been, paid by a company or of a distribution of capital of a company, or two or more persons shall be deemed to be persons who had, or would have had, between them a right to receive indirectly for their own benefit the whole or a particular fraction of such a dividend or distribution of capital, if, in the event of a payment of a dividend by the company, or of a distribution of capital of the company,

the person or persons would, otherwise than as a shareholder or shareholders of the company or as a trustee or trustees, receive or have received the whole or that fraction, as the case may be, of that dividend, or of that distribution of capital, if there had been successive distributions of the relative parts of that dividend, or of that distribution of capital, to and by each of any companies or trustees interposed between the company paying the dividend, or making the distribution of capital, and that person or those persons.

(14) Where, but for this sub-section—

(a) there would be an undistributed amount in relation to a private company in relation to the year of income that ended on 30th June, 1972; or

(b) the undistributed amount in relation to a private company in relation to that year of income would be increased,

by reason that the whole or any part of an excess distribution made by the company for an earlier year of income is not, by reason of the amendment made by section 19, included in a notional dividend, that is deemed to have been paid by the company during the period that is the prescribed period in relation to the first-mentioned year of income, then, any dividends paid by the company during the period that commenced at the expiration of that prescribed period and ends on 15th June, 1973, to persons who were shareholders in the company at the expiration of that prescribed period and continued to be shareholders in the company until the dividends were paid, shall, if the company elects not later than 30th June, 1973, by notice in writing to the Commissioner, that this sub-section should apply in relation to the company, be deemed, to the extent to which those dividends do not exceed the undistributed amount or the amount of the increase, as the case may be—

(c) to have been paid by the company during that prescribed period; and

(d) not to have been paid by the company in any period that is the prescribed period in relation to another year of income in so far as the time of payment of those dividends is relevant for determining whether the company is deemed, for the purposes of Division 7 of Part III of the Principal Act as amended by this Act, to have made a sufficient distribution, or to have paid in dividends an amount in excess of the lowest amount that would have been a sufficient distribution, in relation to that other year of income.

**Transitional provisions in relation to capital expenditure on mining.**

**25.** (1) Section 21 of the *Income Tax Assessment Act* (*No.* 2) 1968 is amended by adding at the end thereof the following sub-section:—

“(9) Where—

(a) a taxpayer who is a party to an agreement referred to in sub-section (8) with the Commonwealth or a State has, with the consent of the Commonwealth or of the State, as the case may be, assigned to one or more other taxpayers rights under that agreement;

(b) capital expenditure of a kind referred to in paragraph (d) of that sub-section is incurred by the assignee, or any of the assignees, as the case may be; and

(c) if the assignment had not been made and the expenditure had been incurred by the assignor, any of the expenditure would, by virtue of sub-section (8), have been required to be deemed to be allowable capital expenditure within the meaning of section 122a of the *Income Tax Assessment Act* 1936–1968 (either generally or for the purpose specified in sub-section (2) of this section),

sub-section (8) applies in relation to that expenditure as if the assignee or assignees had been a party or parties to the agreement in lieu of the assignor.”.

(2) The amendment made by sub-section (1) shall be deemed to have had effect from and including 25th June, 1968.

(3) The *Income Tax Assessment Act* (*No.* 2) 1968, as amended by this section, may be cited as the *Income Tax Assessment Act* 1968–1973.

SCHEDULE Section 22

FORMAL AMENDMENTS

1. The following provisions of the Principal Act are amended by omitting any number expressed in words that is used, whether with or without the addition of a letter or letters, to identify a section of that Act or of another Act and substituting that number expressed in figures:—

Sections 3, 4, 6 (1) (definitions of “apportionable deductions” and “withholding tax”), 6c (2), 6d (2), 10 (3), 23ab (1) (definition of “the prescribed area”), (6), (7) and (9), 23a (3), 23c (2), 23f (2), 24a, 26 (f), (k) and (l), 26ab (5)26ba (2), 36a (1) and (2), 37 (2), 44 (1), (1a), (2) (d), (2c) and (6), 45 (1) and (5), 46 (7a) and (9), 46a (13) and (16), 51ac (1) (definitions of “prescribed agent”, “prescribed outgoings” and “the tax saving”), (2), (3) and (8), 51a (1) and (3) (definitions of “employee” and “living-away-from-home allowance”), 53a (5) and (8), 53c (1), 53d (1) and (4), 53e (1), 54 (2), 56 (3), 56a (2), 57, 57aa (2), (3) and (8), 57ab (1), (2), (4) and (7), 58 (1), (4) and (6), 59ab (1) and (7), 60 (1) and (1a), 61, 62 (2), 62aa (10) and (11), 62ab (3), (7) and (8), 64a (1) and (3), 65 (1b) and (1d), 69(3)*,* 70 (1) (definition of “telephone line”), 70 (3) and (4), 72 (j), 73a (5), 73a (6) (definition of “consideration received or receivable in respect of the disposal, loss or destruction”), 77b (3), (5) and (6), 77c (3) and (4), 77d (1) (definitions of “asset” and “mining or prospecting outgoings”), (11), (16), (18) and (20), 78 (1), 79 (1) (definition of “superannuation fund”), (2) (g), (13), (14), (15) and (16), 79a (1), (2) and (3a), 79b (2), (3a), (4) and (5b), 79c, 80 (3) and (3a), 80ac, 80b (5) (c), 80e (2), 82 (3), 82aaa (3), 82aaf (2), 82aag (7), (8) and (10), 82aaj (1), (2), (3), (6) and (7), 82aal, 82aan, 82aap. 82aar, 82d (1) and (3), 82e, 82f (2), 82f (3) (definition of “dependant”), 82j (6) (definition of “student”), 82jaa, 82k, 82p (2) and (3), 82r (5) and (6), 82s (1), 83 (1) (definition of “premium”), 83 (2), 83aa (2), (3), (4) and (5), 86 (2), 88a (1), 88b, 90 (definitions of “net income” and “partnership loss”), 94 (2) (b), (c) and (e), 94 (4), (11) and (12), 94 (13) (definition of “prescribed deductions”), 95, 99 (2), 99a (4) and (5), 102b (4), 103 (l) (definitions of “special fund dividends”, “the distributable income”, “the relevant holding company or holding companies” and “the retention allowance”), 103 (4.), 103a (2) (b) and (d), 104, 105c (1) (b), 106 (4) (a), 107 (1) (c), 107a, 110 (definition of “exempt superannuation fund”), 110a (12), 112a (1), 115 (j) and (3), 115a (2) and (5), 116a (1), 116b (2), 116c, .120 (1), 121a, 121b (definition of “investment income”), 121ba (1) and (5), 121c (1a), (1), (2), (3) and (12), 121ca, 12cb, 121d, 121dc, 121dd, 121de, 121e (1) (b), 122 (1) (definition of “prescribed purposes”), 122a (1), 122b (2), (4) and (6), 122c, 122d (3), 122f (3), 122g (5), 122j, 122k (4), 122m, 122n (2) and (3), 122p, 122q, 123 (2) (a), 123c (1), (4), (5) and (6), 123e (2), 124dd (a) (ii), 124de (3), 124de, 124dh (3), 124dm (2), 124dn (2), 124g (4), 124jb (4), 124jc (2) (b), 124r (1) (a), 125, 126 (3), 127 (2) (b), 128a (1) (definition of “interest”), 128a (4), 128e (3), 328d, 128e (1) (b) (iii) and (d), 128m, 128n (1) (definition of” the relevant part”), 128n (2) (a) and (c), 128n (5), 128p (1) (c), 128q, 135a, 148 (9) (a), 158, 158aa (4), 158ab, 158d (5), 159 (2) and (4) (a) (i) and (ii), 159a (3), (4) and (7), 159b (1) and (3), 159c (6), 159d (2), 159g (1), 160 (1) (e) and (5), 160ab (1) (a), 160aba (1), 160ac (1) (definitions of “prescribed agent” and “prescribed outgoings”), 160ac (2), (3) (a) and (b), (10) (a) (ii) and (b) and (15) (b), 60ae (2), 160af (2) and (5), 160ag (1), 160ai (1.) (b), 160al (1), 160an (1a), 160ao, 170 (9a), (10a), (11) and (12), 193 (2), 221, 221a (1), 221c (6), 221f (2), 221f (5) (d) and (8), 221g (2), 221h (1), 221l (1) and (la), 221s (4), 221ya (1) (definitions of “estimated taxable income” and “salary or wages”), 221ya (1a) and (2), 221yda (1) (e) and (2) (b), 221ydb (1a), 221 ydc, 221 yk (1) (definition of “interest”), 221yk (2), 221yn (1), 221yp (1) and (2), 221yq (1) and (4), 221yr (2) and (3), 221yra (1)*,* 221ys, 221yv, 251n (1) and (3), 251o, 25lq.

2. The following provisions of the Principal Act are amended by omitting the words “of this Act” “to this Act”, “of this Part”, “of this section”, “of this sub-section”, “of this paragraph” and “of this definition” (wherever occurring):—

Sections 6 (1) (definitions of “apportionable deductions”, “concessional deductions”, “dividend” “petroleum”, “relative” and “withholding tax”), 6a (2) (c), 6c (2) and (4), 6d (2) and (4), 7 (2), 10 (3), 16 (5) and (5a), 23 (c) and (g), 23ab (1) (definition of

Schedule—*continued*

“the prescribed area”), (6), (7) and (9), 23a (3), 23f (4), (7), (8), (9), (10), (13), (14) and (18), 24a, 26 (f), (k) and (1), 26ab (5), 26b (4), (5) and (6), 26ba (2) (b), (5) and (8), 31a (5), 36 (3), (4), (5) and (7), 36aaa (2) (c) and (d), (3), (4), (5), (6), (7), (9), (10), (11) (a), (12), (13) (c) and (14), 36aa (3), (4) and (6), 36a (1), (2) and (4), 37 (2), 44 (1), (1a), (2c) and (6), 44a (3), 45 (1) and (1a), 46 (6), (7), (8) and (9), 46a (8), (9), (12), (13), (14) (a) and (b), (15) and (16), 51aa (3), (7), (8), (10), (13) and (14), 51ac (1) (definitions of “export market development expenditure” “prescribed agent” “prescribed outgoings” and “the tax saving”) and (8), 51a (1), 51a (3) (definitions of “employee” and “living-away-from-home allowance”), 53a (4), (5), (7) and (8), 53b (3), 53c (1), 53d (1.) and (4), 53e (1) and (4), 54 (2), 56 (3), 56a (4), 57, 57aa (2) and (6), 57ab (1), (2) and (6), 58 (1) and (4), 59 (2c) and (2d), 59ab (1), (5) and (7), 60 (1a), 61, 62 (2), 62aaa (5), (6) and (7), 62aa (4) and (10), 62ab (3) and (7), 64a (1) and (3), 69 (3), 70 (3), 72 (3), 73a (5), 73a (6) (definition of “consideration received or receivable in respect of the disposal, loss or destruction”), 77b (3), (5) and (6), 77c (3), 77d (1) (definitions of “raining or prospecting outgoings” and “prescribed mining operations”), (3), (6), (7), (8), (9), (10), (11), (12), (14), (16), (18) and (20), 78 (3), (4) and (5), 79 (1) (definition of “superannuation fund”), (2) (g), (4), (5), (6), (9), (10), (11), (13), (14), (15), (16), (17), (18), (19), (20), (22) and (23), 79a (1), (2), (3a) and (4), 79b (2), (3a), (4), (5a) and (5b), 79c, 80 (3), (3a), (3b) and (4b), 80aa (2) (c) and (d), (8) (b) and (c), 80ac (1) and (2), 80e (2), 82aaa (3), 82aaf (2), 82aag (7), (8), (10) and (12), 82aai (2), 82aaj, 82aal, 82aan, 82aap, 82b (4), 82b (5) (definition of “separate net income”), 82d (1) and (3), 82e, 82f (2), 82f (3) (definition of “dependant”), 82j (6) (definition of “student”), 82jaa (1), (2) and (3), 82jaa (5) (definition of “scholarship benefits”), 82k, 82l (3) (b), 82p (2) and (3), 82r (5) and (6), 82s (3), (5), (6) and (7), 83 (3) (definition of “premium”), 83 (2), 83aa (3), 85 (6), 86 (2), 88a (6), 88b (1), (2), (3), (5b), (5c) and (6), 90 (definitions of “net income” and “partnership loss”), 94 (2) (b), (c), (d) and (e), (6) (a), (7) and (12) (a), 94 (13) (definition of “prescribed deductions”), 95. 99 (2), 99a (3), (4) (a) and (b) and (5), 102b (4), 103 (1) (definitions of “the relevant holding company or holding companies” and “the retention allowance”), 103 (4) (a) and (b), 103a (2), (3), (4d) (a) and (b), 104, 105a (3), 105aa (5) (b) (i), 105c (1) and (4), 106 (4) (a), 107a (a) and (b), 110 (definition of “exempt superannuation fund”), 110a (4), (8) and (12), I 12a (1)and (3), 115 (1), 115a (2), (3) and (5), 516a (1), 116b (2), 116c, 120, 121b (definition of “investment income”), 121ba (4) and (5), 121c (1a), (1), (2), (3) and (7), 121db, 121dd, 121de, 121e (1) (b), 122 (1) (definition of “prescribed purposes”), 122a (1) (e) (ii), 122b (2) (a), (b), (c) and (d) and (4), 122c (1) (c), (d), (e) and (g) and (3), 122d (3), 122f (3), 122g (5), 122s, 122k (4), 322m (b), 122n (2) and (3), 122q (1) to (7), inclusive, 122q (8) (b) and (c), 123, 123c (1), (4) and (6), 123e (2), 124dd (a) (ii), 124de (3), 124df (b), (c), (f ) and (g), 124dh (3), 124dm (2), 124f (5), 124g (4), 124ja (4), 124jb (4), 124jc (2) (b), 124p (1), 124r (1) (a), 124u (3) and (4), 125, 126 (3), 127 (2) (b), 128a (1) (definition of “interest”), 128b (1), (3) and (7), 128d, 128e (3), 128r (1) (e) and (3), 128h (4), 128n (1) (definition of “the relevant part”), 128n (2) (a) and (c), (4) and (5), 128p (.1) (c), 128q, 148 (3), (5), (7) and (9) (a), 158, 158a (3), 158aa (4), (5) and (6), 158ab, 158b (2) (b), 158d (3) and (5), 159 (4) (a) (i) and (ii), 159a (7) and (12), 159b (3), 159c (4) (a) (i) and (ii), 159d (2) and (6), 159g (1) and (3), 160 (1) (c) and (d), (3) (b)(i), (4) (c) (i) and (5), 160aba (1) and (3), 160ac (1) (paragraph (d) of definition of “export market development expenditure” paragraphs (a) and (b) of definition of “prescribed agent” and definition of “prescribed outgoings”), 160ac (3) (a), (b), (c) and (d), (4) (b), (5), (9), (10) (b) and (c), (12), (13) and (15) (b), 160ae (1) (definitions of “the average rate of Australian tax” and “the undistributed amount”) and (2) (a), (b) and (c), 160af (2) (b) and (5), 160ag (1), 160ah (definition of “credit”), 160al, 160ao, 170 (9a), (11) and (12), 193 (2), 221a (1) (definitions of “deduction”, “employee” employer “group certificate” “group employer”, “interim stamps receipt” and “tax deduction sheet”), 221c (6), 221e (2), 221f (5) (d), (7), (8) and (12), 221g (2) and (6), 221h (1) and (5), 221l, 221n (3), 221s (3) and (4), 221ya (1) (definitions of “estimated taxable income” and “salary or wages”) and (1a), 221yda. 221ydb (1a) and (2), 221ydc, 221yk (1) (definition of “interest”), 221yk (2), 22lyn (1) and (3), 221yp (1) and (2), 221yq (1), (3) and (4), 221yr (2) and (3), 221yra (1) and (3), 221ys, 251k (6) and (7), 251l (4), 251n (1) and (3), 251o, 262a (1), 265 (9), (10) and (11), 265a (3) and (5) and The Second Schedule.

Schedule—*continued*

3. The Principal Act is further amended as set out in the following table:—

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| Provision | Amendment |
| Section 2  | (a) Omit “the First Schedule to this Act”, substitute “Schedule 1” |
|  | (b) Omit “the first day of July, One thousand nine hundred and thirty-six”, substitute “1st July, 1936”. |
| Section 4  | Omit “the thirty-first day of July, One thousand nine hundred and thirty-one”, substitute “31st July, 1931”. |
| Section 6(1) (definition of “present war”) | Omit “the third day of September, One thousand nine hundred and thirty-nine” substitute “3rd September, 1939”, |
| Section 6 (4)  | Omit “of this section”. |
| Section 6 (6)  | Omit “of this section”. |
| Section 6aa (3)  | Omit “the eighteenth day of October, One thousand nine hundred and sixty-eight”, substitute “18th October, 1968”. |
| Section 6b (2) (a)  | Omit “the nineteenth day of October, One thousand nine hundred and sixty-seven” substitute “19th October, 1967”. |
| Section 6c (1)  | Omit “the first day of July, One thousand nine hundred and sixty-eight”, substitute “1st July, 1968”. |
| Section 17  | Omit “the first day of July, One thousand nine hundred and sixty-five” substitute “1st July 1965” |
| Section 23 (kab)  | Omit “three hundred and eighty”, substitute “380”. |
| Section 23 (p)  | Omit “of Part III.”. |
| Section 23 (q)  | Omit “the nineteenth day of October, One thousand nine hundred and sixty-seven”, substitute “19th October, 1967”. |
| Section 23 (t) (ii) (1)  | Omit “the first day of July, One thousand nine hundred and forty-seven”, substitute “1st July, 1947”. |
| Section 23 (za)  | Omit “the twenty-eighth day of August, One thousand nine hundred and sixty-four”, substitute “28th August, 1964”. |
| Section 23aa (1) (definition of “the Joint Defence Space Communications Station”) | Omit “the tenth day of November, One thousand nine hundred and sixty-nine”, substitute “10th November, 1969”. |
| Section 23aa (1) (definition of “the Joint Defence Space Research Facility”)  | Omit “the ninth day of December, One thousand nine hundred and sixty-six substitute “9th December, 1966”. |
| Section 23aa (1) (definition of “the Sparta Project”)  | Omit “the thirtieth day of March, One thousand nine hundred and sixty-six”, substitute “30th March, 1966”. |
| Section 23aa (3)  | Omit “of this Part”. |
| Section 23ac (3) (c)  | Omit “the first day of July, One thousand nine hundred and sixty-five”, substitute “1st July, 1965”. |
| Section 23ac (4)  | Omit “the first day of July. One thousand nine hundred and sixty-five”, substitute “1st July, 1965”. |
| Section 23c (2)  | Omit “of this Act”. |
| Section 23d (1)  | Omit “the thirtieth day of June, One thousand nine hundred and sixty-eight”, substitute “30th June, 1968”. |
| Section 23f (2)  | Omit “of this Act”. |
| Section 23f (2) (e)  | Omit “the thirty-first day of March, One thousand nine hundred and sixty-six”, substitute “31st March, 1966”. |
| Section 23f (11)  | Omit “of this section” (wherever occurring). |
| Section 26 (d)  | Omit “the first day of July, One thousand nine hundred and forty-seven”, substitute “1st July, 1947”. |
| Section 26a (a)  | Omit” the nineteenth day of October, One thousand nine hundred and sixty-seven”, substitute “19th October, 1967”. |
| Section 26b (7)  | Omit “of this section” (first occurring). |
| Section 26ba (6)  | Omit “of this section”. |
| Section 26ba (7)  | Omit “of this section”. |
| Section 27 (1)  | Omit “the thirty-first day of December, One thousand nine hundred and twenty-three”, substitute “31st December, 1923”. |
| Section 31a (2)  | Omit “the thirtieth day of June, One thousand nine hundred and fifty-two”, substitute “30th June, 1952”. |
| Section 36 (6)  | Omit “of this section” (first occurring). |
| Section 36aaa (13) (a)  | Omit “of this section”. |
| Section 36aaa (13) (d)  | Omit “of this section” (second occurring). |
| Section 36aaa (16)  | Omit “of this section” (first and third occurring). |
| Section 36aa (5)  | Omit “of this section” (first occurring). |
| Section 44 (2) (d)  | Omit “of this Part” and “of this Act”. |

Schedule—*continued*

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| Provision | Amendment |
| Section 44 (2d)  | Omit “of this section”. |
| Section 44a (1)  | Omit “the first day of April, One thousand nine hundred and sixty-five”, substitute “1st April, 1965”. |
| Section 45 (1a)  | Omit “the nineteenth day of October, One thousand nine hundred and sixty-seven”, substitute “19th October, 1967”. |
| Section 45 (5)  | Omit “of this Act” (wherever occurring). |
| Section 46a (1)  | Omit “the thirty-first day of August, One thousand nine hundred and seventy-one”, substitute “31st August, 1971”. |
| Section 46 (7a)  | Omit “of this Act” (wherever occurring). |
| Section 47 (2a)  | Omit “the nineteenth day of October, One thousand nine hundred and sixty-seven”, substitute “19th October, 1967”. |
| Section 51aa (1), (2), (4), (5), (6), (9), (10), (11) and (14)  | Omit “the thirtieth day of June, One thousand nine hundred and sixty-one” (wherever occurring), substitute “30th June, 1961”. |
| Section 51aa (1)  | Omit “the thirtieth day of June, One thousand nine hundred and sixty” (wherever occurring), substitute “30th June, 1960”. |
| Section 51aa (1) (definition of “interest”)  | Omit “of Part III.”. |
| Section 51aa (9)  | Omit “of Part III.”. |
| Section 51aa (5), (6), (10), (11) and (12)  | Omit “the fifteenth day of November, One thousand nine hundred and sixty” (wherever occurring), substitute “15th November, 1960”. |
| Section 51ac (2)  | Omit “of this Act”. |
| Section 51ac (3)  | (a) Omit “the thirtieth day of June, One thousand nine hundred and sixty-one”, substitute “30th June, 1961”.(b) Omit “the first day of July, One thousand nine hundred and sixty-eight”, substitute “1st July, 1968”.(c) Omit “of this Act”. |
| Section 51 ac (9)  | Omit “of Part III.”. |
| Section 51ac (10)  | (a) Omit “eighty-two of this Act”, substitute “82”.(b) Omit “fifty-one, or sub-section (2) of section seventy-three, of this Act”, substitute “51 or sub-section (2) of section 73”. |
| Section 53a (6)  | Omit “the thirtieth day of June, One thousand nine hundred and forty-five” (wherever occurring), substitute “30th June, 1945”. |
| Section 53a (7)  | Omit “the thirtieth day of June, One thousand nine hundred and forty-five”, substitute “30th June, 1945”. |
| Section 53f (4)  | Omit “the first day of July, One thousand nine hundred and sixty-five”, substitute “1st July, 1965”. |
| Section 54 (2)  | (a) Omit “the thirtieth day of June, One thousand nine hundred and sixty-three”, substitute “30th June, 1963”.(b) Omit “the thirtieth day of June, One thousand nine hundred and fifty-eight”, substitute “30th June, 1958”.(c) Omit “the thirtieth day of June, One thousand nine hundred and thirty-eight”, substitute “30th June, 1938”. |
| Section 56a (2)  | Omit “the thirtieth day of June, One thousand nine hundred and fifty-seven”, substitute “30th June, 1957”. |
| Section 57aa (3)  | (a) Omit “the thirtieth day of June, One thousand nine hundred and fifty-one” (wherever occurring), substitute “30th June, 1951”.(b) Omit “the thirtieth day of June, One thousand nine hundred and fifty-eight”, substitute “30th June, 1958”.(c) Omit “the thirtieth day of June, One thousand nine hundred and sixty-three”, substitute “30th June, 1963”. |
| Section 57aa (8)  | Omit “of this Act”. |
| Section 57ae (1)  | Omit “the thirtieth day of June, One thousand nine hundred and fifty-two” (wherever occurring), substitute “30th June, 1952”. |
| Section 57ab (7)  | Omit “of this Act”. |
| Section 58 (2)  | (a) Omit “the thirtieth day of June, One thousand nine hundred and sixty-eight” (wherever occurring), substitute “30th June, 1968”.(b) Omit “the thirty-first day of December, One thousand nine hundred and sixty-nine” (wherever occurring), substitute “31st December, 1969”. |
| Section 58 (3)  | Omit “of this section” (second occurring). |
| Section 58 (6)  | Omit “of this Act”. |

Schedule—*continued*

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| Provision | Amendment |
| Section 59 (2b)  | Omit “of this section”. |
| Section 59ab (2)  | Omit “of this Part”. |
| Section 60 (1)  | Omit “of this Act” (second occurring). |
| Section 62aa (7), (8) and (9)  | Omit “the seventh day of February, One thousand, nine hundred and sixty-two” (wherever occurring), substitute “7th February, 1962 |
| Section 62aa (11)  | Omit “of this Act” (first occurring). |
| Section 62aa (13)  | (a) Omit “the third day of February, One thousand nine hundred and seventy-one”, substitute “3rd February, 1971”.(b) Omit “the fourteenth day of February, One thousand nine hundred and seventy-two”, substitute “14th February, 1972”. |
| Section 62ab (4) and (5)  | Omit “the fourteenth day of August, One thousand nine hundred and sixty-three”, substitute “14th August, 1963”. |
| Section 62ab (8)  | Omit “of this Act” (first occurring). |
| Section 65 (1b)  | Omit “of this section”, “of this Act” (first occurring) and “of this Part”. |
| Section 65 (1d)  | Omit “of this section” (first occurring) and “of this Act”. |
| Section 65 (1e)  | Omit “of this section”. |
| Section 65 (1f)  | Omit “of this section” (wherever occurring). |
| Section 70 (1) (definition of “telephone line”) | Omit “of this Act” (second occurring). |
| Section 70 (1) (definition of “the cost of a telephone line”) | Omit “the thirtieth day of June, One thousand nine hundred and sixty-three”, substitute “30th June, 1963”. |
| Section 70 (4)  | Omit “of this Act” (second occurring). |
| Section 73a (2)  | Omit “the thirtieth day of June, One thousand nine hundred and forty-six”, substitute “30th June, 1946”. |
| Section 73a (4)  | Omit “of this section”. |
| Section 77b (1) (definition of “moneys paid on shares”) | Omit “the first day of July, One thousand nine hundred and: sixty-one”, substitute “1st July, 1961”. |
| Section 77c (1) (definition of “calls paid on shares”) | Omit “the ninth day of May, One thousand nine hundred and sixty-eight” (wherever occurring), substitute “9th May, 1968”. |
| Section 77c (4)  | Omit “of this section” and “of this Act”. |
| Section 77d (1) (definition of “moneys paid on shares”) | (a) Omit “the first day of July, One thousand nine hundred and sixty-nine”, substitute “1st July, 1969”.(b) Omit “the twenty-eighth day of August, One thousand nine hundred and sixty-nine”, substitute “28th August, 1969”. |
| Section 77d (5)  | Omit “of this section”. |
| Section 77d (13)  | Omit “of this section” (wherever occurring). |
| Section 77d (15)  | Omit “of this Part”. |
| Section 78 (1)  | Omit “of this Act” (wherever occurring). |
| Section 78 (1) (a) (iii)  | (a) Omit “of this paragraph”.(b) Omit “the twenty-third day of October, One thousand nine hundred and sixty-three”, substitute “23rd October, 1963”. |
| Section 78 (1) (a) (vii)  | (a) Omit “the fourth day of August, One thousand nine hundred and fourteen”, substitute “4th August, 1914”.(b) Omit “the third day of September, One thousand nine hundred and thirty-nine”, substitute “3rd September, 1939”. |
| Section 78 (1) (b)  | Omit “the ninth day of May, One thousand nine hundred and sixty-eight”, substitute “9th May, 1968”. |
| Section 78 (3)  | Omit “the first day of July, One thousand nine hundred and sixty-three”, substitute “1st July, 1963”. |
| Section 78 (4)  | Omit “the first day of July, One thousand sine hundred and sixty-four”, substitute “1st July, 1964”. |
| Section 79 (2) (c)  | Omit “the thirty-first day of March, One thousand nine hundred and sixty-six”, substitute “31st March, 1966”. |
| Section 79 (7)  | Omit “of this section” (wherever occurring). |
| Section 79a (3)  | Omit “the Second Schedule to this Act”, substitute “Schedule 2”. |
| Section 79a (4)  | Omit “the Second Schedule” (wherever occurring), substitute “Schedule 2”. |
| Section 79b (1)  | Omit “of this Act”. |
| Section 80aa (1) and (1a)  | Omit “the first day of July, One thousand nine hundred and fifty-seven”, substitute “1st July, 1957”. |

Schedule—*continued*

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| Provision | Amendment |
| Section 80ab  | (a) Omit “eighty” (first occurring), substitute “80”.(b) Omit “eighty aa, of this Act, any deductions”, substitute “80aa, any deductions”.(c) Omit “eighty of this Act”, substitute “80”.(d) Omit “eighty aa of this Act.”, substitute “80**aa.”.** |
| Section 80b (5) (c)  | Omit “of this Act”. |
| Section 82 (3)  | Omit “of this Act” (wherever occurring). |
| Section 82aag (13)  | Omit “of this section”. |
| Section 82aah  | Omit “the first day of July, One thousand nine hundred and sixty-five”, substitute “1st July, 1965”. |
| Section 82aar  | Omit “of this Act” (first occurring.) |
| Section 82jaa (1) and (2)  | Omit “the first day of July, One thousand nine hundred and seventy- two”, substitute “1st July, 1972”. |
| Section 82jaa (4)  | Omit “of this Act” and “of this sub-section”. |
| Section 82r (1)  | Omit “the fifteenth day of November, One thousand nine hundred and sixty”, substitute “15th November, 1960”. |
| Section 82s (1) (a) and (d) (ii) | Omit “of this Act”. |
| Section 82s (1) (d) (viii) and (xi) | Omit “of this section”. |
| Section 82s (4)  | Omit “of this section” (first occurring). |
| Section 83aa (1), (2), (3) and (4)  | Omit “the twenty-second day of October, One thousand nine hundred and sixty-four”, substitute “22nd October, 1964”. |
| Section 83aa (4) and (5)  | Omit “of this Act”. |
| Section 83a (1) (a)  | Omit “the thirty-first day of December, One thousand nine hundred and fifty-two”, substitute “31st December, 1952”. |
| Section 88a (4) and (5)  | Omit “the first day of January, One thousand nine hundred and thirty-seven”, substitute “1st January, 1937”. |
| Section 88b (5a), (5b), (5c) and (5d) | Omit “the ninth day of May, One thousand nine hundred and sixty-eight”, substitute “9th May, 1968”. |
| Section 88 b (5d)  | Omit “of this section” and “of this Act”. |
| Section 94 (4)  | Omit “of this Act” and “of this sub-section ” (wherever occurring). |
| Section 94 (11)  | Omit “of this Act” (wherever occurring). |
| Section 102b (1)  | Omit “the twenty-second day of October, One thousand nine hundred and sixty-four”, substitute “22ndOctober, 1964”. |
| Section 102b (5) and (6)  | Omit “of this section”. |
| Section 103 (1) (definition of “special fund dividends”) | Omit “of this Act,”. |
| Section 103 (1) (definition of “the distributable income”) | (a) Omit “of Part III.”.(b) Omit from sub-paragraph (i) of paragraph (b) “the first day of July, One thousand nine hundred and forty-seven”, substitute “1st July, 1947”. |
| Section 103a (4)  | Omit “of this section” (first, third, fourth and sixth occurring). |
| Section 103a (4b)  | Omit “of this section” (first arid second occurring). |
| Section 103a (5)  | Omit “of this section” (second and third occurring). |
| Section 103a (6)  | Omit “of this section” (second and third occurring). |
| Section 105a (2)  | Omit “the thirtieth day of June, One thousand nine hundred and fifty-one”, substitute “30th June, 1951”. |
| Section 105aa (6)  | Omit “the thirtieth day of June, One thousand nine hundred and sixty-three”, substitute “30th June, 1963”. |
| Section 105c (1) (a)  | Omit “the first day of July, One thousand nine hundred and forty-seven”, substitute “1st July, 1947”. |
| Section 105c (1) (b)  | Omit “the thirtieth day of June, One thousand nine hundred and forty-seven”, substitute “30th June, 1947”. |
| Section 106 (1) and (3)  | Omit “the thirtieth day of June, One thousand nine hundred and fifty-one”, substitute “30th June 1951”. |
| Section 106 (3)  | Omit “the thirtieth day of June, One thousand nine hundred and fifty-two”, substitute “30th June, 1952”. |
| Section 106 (4)  | Omit “the thirtieth day of June, One thousand nine hundred and seventy-one” (wherever occurring), substitute “30th June, 1971”, |
| Section 106 (4) (b)  | Omit “the first day of July, One thousand nine hundred and seventy-one”, substitute “1st July, 1971”. |
| Section 106 (4) (c)  | Omit “the twenty-ninth day of April, One thousand nine hundred and seventy-one”, substitute “29th April, 1971”. |
| Section 106 (4)  | Omit “the thirtieth day of June, One thousand nine hundred and seventy”, substitute “30th June, 1970”. |

Schedule—*continued*

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| Provision | Amendment |
| Section 107 (1) (a)  | Omit “the first day of January, One thousand nine hundred and sixty-five”, substitute “1st January, 1965”. |
| Section 107 (1) (d)  | Omit “the first day of July, One thousand nine hundred and forty-seven”, substitute “1st July, 1947”. |
| Section 107 (1) (e)  | (a) Omit “the thirtieth day of June, One thousand nine hundred and forty-seven”, substitute “30th June, 1947”.(b) Omit “the first day of July, One thousand nine hundred and fifty-one”, substitute “1st July, 1951”. |
| Section 110 (definition of “exempt superannuation fund”)  | Omit from paragraph (b) “of Part III.”. |
| Section 110a (1) (b) and (2) (a)  | Omit “the first day of July, One thousand nine hundred and seventy-two”, substitute “1st July, 1972”, |
| Section 110a (2) (c), (e) and (4)  | Omit “the first day of March, One thousand nine hundred and sixty-one” (wherever occurring), substitute “1st March, 1961”. |
| Section 110a (3) and (8)  | Omit “the first day of July, One thousand nine hundred and seventy-one”, substitute “1st July, 1971”. |
| Section 110a (6)  | Omit “of this section” (second occurring). |
| Section 110a (7)  | Omit “of this section” (second occurring). |
| Section 110a (10)  | Omit “of this section” (second occurring). |
| Section 115 (1)  | Omit “the first day of March, One thousand nine hundred and sixty-one”, substitute “1st March, 1961”. |
| Section 115 (3)  | Omit “of this Act”. |
| Section 115 (7)  | Omit “of this sub-section”. |
| Section 116a (1)  | Omit “the thirtieth day of June, One thousand nine hundred and sixty-one” (wherever occurring), substitute “30th June, 1961”. |
| Section 116a (2)  | (a) Omit “the first day of March, One thousand nine hundred and sixty-one” (wherever occurring), substitute “1st March, 1961”.(b) Omit “the first day of July, One thousand nine hundred and sixty”, substitute “1st July, 1960”.(c) Omit “the twenty-eighth day of February, One thousand nine hundred and sixty-one”, substitute “28th February, 1961”, |
| Section 12ba (1)  | Omit “of this Act”. |
| Section 121c (1), (2), (3) and (10) | Omit “the first day of March, One thousand nine hundred and sixty-one” (wherever occurring), substitute “1st March, 1961”. |
| Section 121c (2) and (10)  | Omit “the first day of July, One thousand nine hundred and sixty”, substitute “1st July, 1960”. |
| Section 121c (10)  | Omit “the twenty-eighth day of February, One thousand nine hundred, and sixty-one”, substitute “28th February, 1961”. |
| Section 121ca  | Omit “of this Act” (wherever occurring). |
| Section 121cb  | Omit “of this Act” (wherever occurring). |
| Section 121d  | Omit “of this Act” (wherever occurring). |
| Section 121dc  | Omit “of this Act” (first occurring). |
| Section 121de  | (a) Omit “the first day of March, One thousand nine hundred and sixty-one”, substitute “1st March, 1961”.(b) Omit “the first day of July, One thousand nine hundred and sixty” (wherever occurring), substitute “1st July, 1960”. |
| Section 122 (1) (definition of “prescribed purposes”) | Omit “the ninth day of May, One thousand nine hundred and sixty-eight”, substitute “9th May, (968”. |
| Section 122b (6)  | Omit “of this Act” (wherever occurring) and “of this section” (last occurring). |
| Section 122c  | Omit “the thirtieth day of June, One thousand nine hundred and sixty-seven” (wherever occurring), substitute “30th June, 1967”. |
| Section 122c (2)  | Omit “of this Act” (wherever occurring). |
| Section 122c (2) (b)  | Omit “the first day of July, One thousand nine hundred and sixty-eight”, substitute “1st July, 1968”. |
| Section 122j (5) (a)  | Omit “the thirtieth day of June, One thousand nine hundred and sixty-seven”, substitute “30th June, 1967”. |
| Section 122k (4) (definition of “expenditure”) | Omit “the first day of July, One thousand nine hundred and fifty-one”, substitute “1st July, 1951”. |
| Section 122p  | Omit “of this Act” (second, third and fourth occurring). |

Schedule—*continued*

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| Provision | Amendment |
| Section 122q (1) (definition of “net declared capital”) | Omit from paragraph (a) “the thirtieth day of June, One thousand nine hundred and sixty-seven”, substitute “30th June, 1967”. |
| Section 123a (1)  | (a) Omit “the first day of July, One thousand nine hundred and sixty-one”, substitute “1st July, 1961”.(b) Omit “the thirtieth day of June, One thousand nine hundred and sixty-seven” (wherever occurring) substitute “30th June, 1967”. |
| Section 123a (1b)  | (a) Omit “the thirtieth day of June, One thousand nine hundred and sixty-eight”, substitute “30th June, 1968”.(b) Omit “the thirty-first day of December, One thousand nine hundred and sixty-nine”, substitute “31st December, 1969”. |
| Section 123b (1)  | Omit “the thirtieth day of June, One thousand nine hundred and sixty-seven”, substitute “30th June, 1967”. |
| Section 123c (5)  | (a) Omit “the first day of July, One thousand nine hundred and sixty-seven”, substitute “1st July, 1967”.(b) Omit “of this Act” (wherever occurring). |
| Section 124dn (2)  | Omit “of this Part” and “of this Act” (second and third occurring). |
| Section 124f (3)  | Omit “of this section” (second occurring). |
| Section 124f (5)  | Omit “the first day of July, One thousand nine hundred and fifty-six”, substitute “1st July, 1956”. |
| Section 124ja (3)  | Omit “of this section” (second occurring). |
| Section 124ja (4)  | Omit “the first day of July, One thousand nine hundred and sixty-three”, substitute “1st July, 1963”. |
| Section 124s (3)  | Omit “the first day of July, One thousand nine hundred and fifty-six”, substitute “1st July, 1956”. |
| Section 128a (4)  | Omit “of this Act” (first occurring). |
| Section 128b  | Omit “the first day of January, One thousand nine hundred and sixty-eight” (wherever occurring), substitute “1st January, 1968”. |
| Section 128e (1) (a)  | Omit “the first day of January, One thousand nine hundred and sixty-eight”, substitute “1st January, 1968”. |
| Section 128e (1) (b) (i)  | Omit “the fifth day of May, One thousand nine hundred and sixty-seven”, substitute “5th May, 1967”. |
| Section 157 (1)  | Omit “the thirtieth day of June, One thousand nine hundred and thirty-eight”, substitute “30th June, 1938”. |
| Section 158aa (1) and (3)  | Omit “the first day of July, One thousand nine hundred and sixty-six” (wherever occurring), substitute “1st July, 1966”. |
| Section 158ac (1) (a)  | Omit “the thirtieth day of June, One thousand nine hundred and sixty-six”, substitute “30th June, 1966”. |
| Section 158ac (1) (d)  | Omit “the thirtieth day of June, One thousand nine hundred and sixty-seven”, substitute “30th June, 1967”. |
| Section 159a (11)  | Omit “of this section” (second occurring). |
| Section 160ab (2)  | Omit “the first day of November, One thousand nine hundred and sixty-eight”, substitute “1st November, 1968”. |
| Section 160ac (1) (definition of “tax payable” or “tax”) | Omit “of this Part”. |
| Section 160ac (2)  | Omit “of this Act” (wherever occurring). |
| Section 160ac (3)  | Omit “the thirtieth day of June, One thousand nine hundred and sixty-eight”, substitute “30th June, 1968”. |
| Section 160ac (10) (a) (ii)  | Omit “of this Act” (first occurring). |
| Section 160ac (15)  | Omit “of this sub-section”. |
| Section 160ae (3)  | Omit “the nineteenth day of October, One thousand nine hundred and sixty-seven”, substitute “19th October, 1967”. |
| Section 160af (2)  | Omit “of this section” (first occurring). |
| Section 160af (4)  | (a) Omit “of this Part”.(b) Omit “of this section” (first occurring). |
| Section 160ai (1) (b)  | Omit “of this Act” (first occurring). |
| Section 160an (1a)  | (a) Omit “of this Part”.(b) Omit “of this Act” (first occurring). |
| Section 160an (4)  | Omit “of this Part”. |
| Section 165 (1a)  | Omit “of this Act” (second occurring). |
| Section 170 (10a)  | Omit “of this Act,”. |
| Section 170b  | Omit “the fourteenth day of February, One thousand nine hundred and sixty-six” (wherever occurring), substitute “14th February, 1966”. |

Schedule—*continued*

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| Provision | Amendment |
| Section 170c  | Omit “the first day of July, One thousand nine hundred and sixty-six”, substitute “1st July, 1966”. |
| Section 221ya (2)  | Omit “of this Act” (first occurring). |
| Section 221yb (2)  | Omit “the thirtieth day of June, One thousand nine hundred and sixty-six”, substitute “30th June, 1966”. |
| Section 221yv  | Omit “of this Act”. |
| Section 251j (12)  | Omit “of this section”. |
| Section 251ja  | Omit “the thirtieth day of June, One thousand nine hundred and forty-seven”, substitute “30th June, 1947”. |
| Section 251o  | Omit “of this Act”. |
| Section 261 (1) (a)  | Omit “the thirteenth day of September, One thousand nine hundred and fifteen”, substitute “13th September, 1915”. |
| The First Schedule  | Omit “THE FIRST SCHEDULE”, substitute “SCHEDULE 1”. |
| The Second Schedule  | Omit “THE SECOND SCHEDULE”, substitute “SCHEDULE 2”. |