**INCOME TAX ASSESSMENT ACT (No. 2)
1975**

**No. 117 of 1975**

An Act to amend the Law relating to Income Tax.

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* (*No.* 2) 1975.

(2) The *Income Tax Assessment Act* 1936-1974, as amended by the *Income Tax Assessment Act* 1975, is in this Act referred to as the Principal Act.

(3) Section 1 of the *Income Tax Assessment Act* 1975 is amended by omitting sub-section (3).

(4) The Principal Act, as amended by this Act, may be cited as the *Income Tax Assessment Act* 1936-1975.

**Commencement.**

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

(2) The amendment made by paragraph 11(1)(c) shall have effect on and from the date on which section 7 of the *Defence Force Reorganization Act* 1975 comes into operation.

(3) The amendment made by paragraph 11(1)(c) shall have effect on and from the date on which section 7 of the *Defence Force Reorganization Act* 1975 comes into operation.

(4) The amendment made by section 30 shall have effect on and from the date fixed by Proclamation under sub-section 2(2) of the *Australia Police Act* 1975.

**Interpretation**

**3**. Section 6 of the Principal Act is amended—

(a) by omitting paragraph (a) of the definition of “apportionable deductions” in sub-section (1) and substituting the following paragraph:—

“(a) deductions allowed or allowable under section 77b, 77c or 77d, paragraph (a) or (b) of sub-section (1) of section 78, section 79 or Subdivision C of Division 3 of Part III;”;

(b) by omitting the definition of “concessional deductions” in subsection (1) and substituting the following definition:—

“‘concessional deductions’ means the deductions allowable under Subdivision C of Division 3 of Part III;”; and

(c) by inserting in the definition of “foreign superannuation fund” in sub-section (1), after the word “deduction”, the words or in respect of which a rebate of tax has been allowed or is allowable,”.

**Income of Persons connected with certain projects of United States Government.**

**4.** Section 23aa of the Principal Act is amended by omitting from sub-section (3) the words “Subdivision B of Division 3” and substituting the words “Subdivision A of Division 17”.

**Income of certain persons serving with an armed force under the control of United Nations.**

**5.** Section 23ab of the Principal Act is amended—

(a) by omitting sub-section (7) and substituting the following sub-section:—

“(7) Subject to sub-section (8), a taxpayer is entitled to a rebate of tax in his assessment in respect of income of a year of income in which he has performed United Nations service and derived income by way of salary, wages or other allowances in respect of that service—

(a) where the total period of that service performed by the taxpayer during the year of income is more than one-half of the year of income or where the taxpayer dies while performing that service during the year of income—an amount equal to the sum of—

(i) $216; and

(ii) an amount equal to 25 per centum of the sum of the rebates (if any) to which the taxpayer is entitled in respect of the year of income under sections 159j, 159k and 159l; or

(b) in any other case—such amount as, in the opinion of the Commissioner, is reasonable in the circumstances, being an amount not greater than the amount of the rebate to which the taxpayer would have been entitled under this sub-section if paragraph (a) had applied to him in respect of the year of income.”; and

(b) by omitting sub-section (9) and substituting the following sub-section:—

“(9) Where a rebate is allowable under sub-section (7) in the assessment of a taxpayer in respect of income of a year of income, a rebate under section 79a is not allowable in that assessment.”.

**Expert market development allowance.**

**6.** Section 51acof the Principal Act is amended by omitting paragraph (b) of the definition of "the tax saving" in sub-section (1) and substituting the following paragraph:

“(b) in relation to a subsequent year of income—the amount (if any) by which the tax payable by the taxpayer for the year of tax is less than the amount that would have been payable but for the taking into account of the deductions referred to in paragraph (a) of this definition in ascertaining, for the purposes of section 80 or 80aa, the amount of a loss incurred in a previous year.

**7.** (1) After section 57ac of the Principal Act the following section is inserted:—

**Special depreciation on new plant first used or installed on or after 1 July 1975.**

“57ad. (1) In this section, ‘plant’ means property that is plant for the purposes of section 54, but a motor vehicle (including a vehicle known as a four wheel drive vehicle) that is—

(a) a motor car, station wagon, panel van, utility truck or similar vehicle;

(b) a motor cycle or similar vehicle; or

(c) any other road vehicle designed to carry a load of less than 1 tonne or fewer than 9 passengers,

shall not be treated as plant or as an article for the purposes of this section.

“(2) Subject to sub-section (4), this section applies to property, being plant or articles owned by a taxpayer, in respect of which depreciation is allowable under this Act and which—

(a) has been or is first used for the purpose of producing assessable income by the taxpayer on or after 1 July 1975 (not having been installed ready for use for that purpose before that date), or has been or is first installed ready for use for that purpose by the taxpayer on or after that date;

(b) before being used for that purpose by the taxpayer, or before being installed for that purpose by the taxpayer, had not been used, or held for use, for any other purpose by the taxpayer or for any purpose by another person; and

(c) is property in relation to expenditure on which a deduction has not been allowed, and is not allowable, in accordance with section 57aa or 57ab, or in respect of which sub-section (2) of section 55, or sub-section (5) of section 73a, applies.

“(3) Notwithstanding anything contained in sub-section (1) of section 55, sub-section (1) of section 56, or section 56a or 57, but subject to sub-sections (2) and (3) of section 56, the depreciation that is an allowable deduction under section 54 in respect of property to which this section applies shall be the amount that would be that amount of depreciation if the annual depreciation per centum fixed under sub-section of section 55 in respect of that property had been fixed at twice the percentage actually fixed.

“(4) A taxpayer may elect, for the purpose of the calculation of depreciation allowable as a deduction to him under this Act, that this section shall not apply in relation to all property to which this section would otherwise apply that is owned by the taxpayer and that, in a year of income specified in the election—

(a) was or is first used by the taxpayer for the purpose of producing assessable income (not having been installed ready for use for that purpose in a preceding year of income); or

(b) was or is first installed ready for use by the taxpayer for that purpose,

and, where an election is so made, this section does not apply in relation to that property.

“(5) An election referred to in sub-section (4)—

(a) shall be exercised by notice in writing to the Commissioner; and

(b) shall be lodged with the Commissioner on or before the date of lodgement of the return of income of the taxpayer for the year of income specified in the election or within such further period as the Commissioner allows.”.

(2) Nothing in section 170 of the Principal Act as amended by this Act prevents the amendment of an assessment made before the commencement of this Act for the purpose of giving effect to section 57ad of the Principal Act as amended by this Act.

**Rates and taxes.**

**8.** Section 72 of the Principal Act is amended—

(a) by inserting in paragraph (b) of sub-section (1b), before the words “the amount is paid”, the words “subject to sub-section (1g),”;

(b) by inserting after sub-section (1f) the following sub-sections:—

“(1g) Where the taxpayer is a resident, a deduction is not allowable under this section in respect of an amount paid by the taxpayer in the year of income that commenced on 1 July 1975, or in a subsequent year of income, in respect of a dwelling, flat or home unit that is used by the taxpayer during the relevant year of income as his sole or principal residence except to the extent that the amount is allowable as a deduction under subsection (1c) by reason that the amount is an amount of the kind referred to in paragraph (a) of sub-section (1a).

“(1h) In relation to assessments in respect of income of the year of income that commenced on 1 July 1975, the reference in sub-section (1g) to a taxpayer who is a resident shall be read as including a reference to a taxpayer who is a resident of Papua New Guinea.”; and

(c) by omitting from sub-section (3) the words “under sub-section (1a)” and substituting the words “, or in respect of which a rebate of tax has been allowed or is allowable,”.

**Gifts, calls on afforestation shares, pensions, &c.**

**9.** Section 78 of the Principal Act is amended—

(a) by omitting from paragraph (b) of sub-section (1) the words “One-third” and substituting the words “Subject to sub-section (7), one-third”; and

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

“(7) If Subdivision A of Division 17 of Part III applies in relation to an assessment in respect of the income of a taxpayer, a deduction is not allowable in that assessment under sub-section (1) by virtue of paragraph (b) of that sub-section.”.

**Rebates for residents of isolated areas.**

**10.** Section 79a of the Principal Act is amended—

(a) by omitting from sub-section (1) the words from and including the words “in the case of a resident of the prescribed area” and substituting the words “a taxpayer who is a resident of the prescribed area in the year of income is entitled, in his assessment in respect of income of that year of income, to a rebate of tax ascertained in accordance with this section”; and

(b) by omitting sub-section (2) and substituting the following sub-section:—

“(2) Subject to sub-section (4) of section 79b, the rebate allowable under this section in the assessment of a taxpayer in respect of income of the year of income is—

(a) in the case of a resident of Zone A—an amount equal to the sum of—

(i) $216; and

(ii) an amount equal to 25 per centum of the sum of the rebates (if any) to which the taxpayer is entitled in respect of the year of income under sections 159j, 159k and 159l;

(b) in the case of a resident of Zone B who has not resided or actually been in Zone A during any part of the year of income—an amount equal to the sum of—

(i) $36; and

(ii) an amount equal to 4 per centum of the sum of the rebates (if any) to which the taxpayer is entitled in respect of the year of income under sections 159j, 159k and 159l; or

(c) in any other case—such amount as, in the opinion of the Commissioner, is reasonable in the circumstances, being an amount not greater than the amount of the rebate to which the taxpayer would have been entitled under this section if paragraph (a) had applied to him in respect of the year of income and not less than the amount of the rebate to which he would have been so entitled if paragraph (b) had so applied to him.”.

**Rebates for members of Defence Force serving overseas.**

**11.** (1) Section 79b of the Principal Act is amended—

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

“(1) Subject to this section, a taxpayer who, during the year of income, serves as a member of the Defence Force at an overseas locality is entitled, in his assessment in respect of income of the year of income, to a rebate of tax ascertained in accordance with this section. ’

(b) by omitting from sub-section (1a) the word “deduction” and substituting the word “rebate”;

(c) by omitting from sub-section (1b) the words “the Naval Board, the Military Board or the Air Board or a person authorized by one of those Boards” and substituting the words “a chief of staff or a person authorized by a chief of staff.”;

(d) by omitting from sub-section (1b) the word “deduction” and substituting the word “rebate”;

(e) by omitting sub-section (2) and substituting the following sub-section:—

“(2) The rebate allowable under this section in the assessment of a taxpayer in respect of income of the year of income is—

(a) where the total period of service of the taxpayer at overseas localities during the year of income is more than one-half of the year of income, or where the taxpayer dies at an overseas locality during the year of income—an amount equal to the sum of—

(i) $216; and

(ii) an amount equal to 25 per centum of the sum of the rebates (if any) to which the taxpayer is entitled in respect of the year of income under sections 159j, 159k and 159l; or

(b) in any other case—such amount as, in the opinion of the Commissioner, is reasonable in the circumstances, being an amount not greater than the amount of the rebate to which the taxpayer would have been entitled under this section if paragraph (a) had applied to him in respect of the year of income.”;

(f) by omitting sub-section (4) and substituting the following sub-section:—

“(4) The aggregate of the rebates allowable under this section and under section 79a in the assessment of a taxpayer in respect of income of a year of income shall not exceed an amount equal to the sum of—

(a) $216; and

(b) an amount equal to 25 per centum of the sum of the rebates (if any) to which the taxpayer is entitled in respect of the year of income under sections 159j, 159k and 159l.”; and

(g) by omitting from sub-section (5b) the word “deduction” and substituting the word “rebate”.

(2) The reference in sub-section 79b(5b) of the Principal Act as amended by this Act to a rebate shall, in relation to assessments in respect of income of a year of income earlier than the year of income that commenced on 1 July 1975, be read as a reference to a deduction.

(3) A certificate given by the Naval Board, the Military Board or the Air Board or a person authorized by one of those Boards for the purposes of sub-section 79b(1b) of the Principal Act, being a certificate that is in force immediately before the amendment made by paragraph (1) of this section comes into operation, shall, after that amendment comes into operation, have effect as if it had been given immediately after that amendment had come into operation by a chief of staff, or a person authorized by a chief of staff, for the purposes of sub-section 79b(1b) of the Principal Act as amended by paragraph (1)(c) of this section.

**12**. Section 79c of the Principal Act is repealed and the following section substituted:—

**Limitation on certain deductions.**

“79c. Subject to sub-section (5) of section 121ba, the aggregate of the deductions allowable under sections 77b, 77c, 78 and 79 shall not exceed the amount of income remaining after deducting from the assessable income all other allowable deductions except deductions allowable under section 80 or section 80aa in respect of losses of previous years and any deduction allowable under Division 10, Division 10aa or Division 16b.”.

**13.** After section 82 of the Principal Act the following section is inserted in Subdivision A of Division 3 of Part III:—

**Deductions for expenses of self-education.**

“82a. (1) Where a deduction is, or but for this section would be, allowable to the taxpayer under section 51 in respect of a year of income in respect of expenses of self-education, the deduction, or the aggregate of the deductions, so allowable to the taxpayer in respect of those expenses shall not be greater than the amount by which the net amount of expenses of self-education exceeds $250.

“(2) In this section—

‘expenses of self-education’ means expenses necessarily incurred by the taxpayer for or in connexion with a prescribed course of education;

‘net amount of expenses of self-education’ means the amount ascertained by subtracting from the total amount of expenses of self-education incurred by the taxpayer in the year of income the sum of—

(a) any payment or payments of scholarship benefits (other than a payment that was capable of being claimed in an earlier year of income, or a payment that has been, or is to be, taken into account in calculating the amount that is to be treated, under section 159t, as a rebatable amount for the purpose of determining the rebate allowable to any person under section 159n) that was, or that were, as the case may be, capable of being claimed, in the year of income, by the taxpayer or by any other person in respect of the taxpayer; and

(b) any payment or payments (other than a payment the amount of which has been, or will be, included in the assessable income of the taxpayer of any year of income) received by the taxpayer, or that the taxpayer was entitled to receive, in the year of income, from his employer or from any other person in respect of expenses of self-education that were incurred by the taxpayer during the year of income, or in respect of expenses of self-education in respect of which a deduction has been allowed, or is allowable, or in respect of which a rebate of tax has been allowed, or is allowable, in an assessment in respect of income derived by the taxpayer in a preceding year of income;

‘prescribed course of education’ has the same meaning as in section 159u;

‘scholarship benefits’ has the same meaning as in section 159t.”.

**Deductions for contributions to funds for employees not allowable under other provisions of Act.**

**14.** Section 82aar of the Principal Act is amended by omitting the words “Except as provided by section 82h, a deduction” and substituting the words “A deduction”.

**Concessional deductions.**

**15.** (1) Subdivision B of Division 3 of Part III of the Principal Act is repealed.

(2) Notwithstanding the repeal of section 82h of the Principal Act effected by sub-section (1) of this section, the provisions of that section, and, in particular, of sub-section (1c) of that section, continue to apply in relation to amounts paid by a taxpayer in a year of income prior to the year of income that commenced on 1 July 1975.

(3) Notwithstanding the repeal of section 82k of the Principal Act effected by sub-section (1) of this section, the provisions of that section continue to apply in relation to an amount paid by the trustee of the estate of a deceased person in respect of a liability incurred by the deceased person in a year of income prior to the year of income that commenced on 1 July 1975.

**16.** Section 95a of the Principal Act is repealed.

**Certain income to be treated as income from personal exertion.**

**17.** After the heading to Division 17 of Part III of the Principal Act the following Subdivision is inserted: —

*“Subdivision A—Concessional Rebates*

**Application.**

“159h. (1) This Subdivision applies in relation to an assessment in respect of the income of a taxpayer if and only if—

(a) the taxpayer is a resident and is not a company, and the assessment is not in respect of income derived by him in a representative capacity as an agent or trustee; or

(b) the taxpayer is a trustee who is liable to be assessed under section 98 in respect of a share of the net income of a trust estate and the beneficiary who is presently entitled to the share of the income of the trust estate is a resident and is not a company.

“(2) A reference in this Subdivision to a resident shall, in relation to assessments in respect of income of the year of income that commenced on 1 July 1975, be read as including a reference to a resident of Papua New Guinea.

**Rebates for dependants.**

“159j. (1) Where, during the year of income, a taxpayer contributes to the maintenance of a person (in this section referred to as a ‘dependant’) specified in the second column of the table set out in subsection (2), the taxpayer is entitled, in his assessment in respect of income of that year of income, to a rebate of tax ascertained in accordance with this section.

“(2) Subject to this section, the amount of the rebate allowable in the assessment of the taxpayer in respect of a dependant under this section is the relevant amount specified in column 3 of the following table:—

|  |  |  |
| --- | --- | --- |
| Column 1 Class | Column 2 | Column 3 |
| Dependant | Amounts of Rebate |
| 1 | Spouse of the taxpayer . | $400.00 |
| 2 | Daughter-housekeeper  | $400.00 |
| 3 | Child less than 16 years of age (not being a student) | In respect of 1 such child—$200.00In respect of each other such child—$150.00 |
| 4 | Student  | $200.00 |
| 5 | Invalid relative  | $200.00 |
| 6 | Parent of the taxpayer or of his spouse | $400.00 |

“(3) Where—

(a) the taxpayer contributes to the maintenance of a dependant during part only of the year of income;

(b) during the whole or part of the year of income, 2 or more persons contribute to the maintenance of a person who is a dependant in relation to 1 or more of the persons so contributing;

(c) a dependant, being the spouse of the taxpayer, is married to the taxpayer during part only of the year of income;

(d) a dependant, being a daughter-housekeeper, is wholly engaged in keeping house for the taxpayer during part only of the year of income; or

(e) a dependant, being a child included in class 3 in the table in sub-section (2), a student or an invalid relative, is such a dependant during part only of the year of income,

the rebate allowable to the taxpayer in respect of that dependant shall be such part of the relevant amount specified in column 3 of that table as, in the opinion of the Commissioner, is reasonable in the circumstances.

“(4) The amount of the rebate otherwise allowable under this section in respect of a dependant shall be reduced by $1 for every $4 by which the separate net income derived by the dependant in the year of income exceeds $150.

“(5) Where, during the whole or a part of the year of income, the taxpayer and a person of a kind specified in column 2 of the table in sub-section (2) resided together and that person has a separate net income in that year, then, for the purposes of this section, the taxpayer shall be regarded, unless the contrary is established to the satisfaction of the Commissioner, as having contributed to the maintenance of that person during the whole or that part of the year of income, as the case may be.

“ (6) In this section—

‘daughter-housekeeper’ means the daughter of a taxpayer who is a widow or widower, being a daughter who is wholly engaged in keeping house for the taxpayer;

‘invalid relative’ means a person who is not less than 16 years of age and is a child, brother or sister of the taxpayer and in respect of whom—

(a) an invalid pension is being paid under the *Social Services Act* 1947-1975; or

(b) the taxpayer produces to the Commissioner a certificate issued by a medical officer of the Department of Health, or by a medical practitioner appointed by the Director- General of Social Services for the purpose of examining claimants for invalid pensions under that Act, certifying that the person is permanently incapacitated for work within the meaning of Part III of that Act;

‘separate net income’, in relation to a dependant—

(a) does not include child endowment, or a handicapped child’s allowance, paid under the *Social Services Act* 1947-1975 or domiciliary nursing care benefit paid under Division 5b of Part V of the *National Health Act* 1953-1975; and

(b) in the case of a dependant included in class 3 or class 4 in the table in sub-section (2)—

(i) includes the value or amount of any assistance (other than child endowment or a handicapped child’s allowance) provided to the dependant or any other person by Australia or a State by way of, or for the purpose of, maintenance or accommodation of the dependant in connexion with the education of the dependant; and

(ii) does not include the value or amount of any scholarship, bursary, exhibition or prize, except to the extent that it consists of assistance referred to in sub-paragraph (i);

‘student’ means a person who is less than 25 years of age and is receiving full-time education at a school, college or university.

**Sole parent rebate.**

“159k. (1) Where, during the whole of the year of income, a taxpayer has the sole care of a dependant or dependants included in class 3 or class 4 in the table in sub-section (2) of section 159j, being a dependant or dependants in respect of whom he is entitled under that section to a rebate of tax in his assessment in respect of income of the year of income, he is entitled, subject to sub-section (3), to a rebate of tax, in his assessment in respect of income of that year of income, of—

(a) if he is not entitled, in respect of the year of income, to a rebate of tax under section 159j in respect of a spouse or daughter-housekeeper or under section 159l in respect of a housekeeper—an amount of $200; and

(b) if he is entitled to a rebate of tax under section 159j in respect of a daughter-housekeeper, or under section 159l in respect of a housekeeper, in respect of a period that is part of the year of income, or the taxpayer contributed during a period that is part of the year of income, to the maintenance of his spouse—an amount of $200 less an amount that bears to $200 the same proportion as the number of days in that period (or, if there is more than one such period, in those periods) bears to 365.

“(2) Where, during part only of the year of income, a taxpayer has the sole care of a dependant or dependants included in class 3 or class 4 in the table in sub-section (2) of section 159j, being a dependant or dependants in respect of whom he is entitled under that section to a rebate of tax in his assessment in respect of income of the year of income, and the taxpayer would, if he had had the sole care of that dependant or those dependants during the whole of the year of income, have been entitled to a rebate under sub-section (1), the taxpayer is entitled, subject to sub-section (3), to a rebate of tax, in his assessment in respect of income of the year of income, of an amount not exceeding $200 that, in the opinion of the Commissioner, is reasonable in the circumstances.

“(3) Where the taxpayer is the spouse of another person during the whole or part of the year of income—

(a) the taxpayer is not entitled to a rebate under this section in respect of that year of income unless the Commissioner is of the opinion that, because of special circumstances, it is just to allow a rebate; and

(b) the rebate (if any) shall be such amount not exceeding $200 as, in the opinion of the Commissioner, is reasonable in the circumstances.

“(4) Where, during any period, a man and a woman have lived together as husband and wife on a *bona fide* domestic basis although they were not legally married to each other, this section applies in relation to each of them as if they were legally married to each other during that period.

**Housekeeper.**

“159l. (1) Where, during the year of income, a person (in this section referred to as a ‘housekeeper’) is wholly engaged in keeping house in Australia for a taxpayer and in caring for—

(a) a child of the taxpayer less than 16 years of age;

(b) a dependant included in class 3, a dependant less than 16 years of age included in class 4, or a dependant included in class 5, in the table in sub-section (2) of section 159j in respect of whom the taxpayer is entitled to a rebate under that section in his assessment in respect of income of the year of income; or

(c) the spouse of the taxpayer, being a spouse in receipt of an invalid pension under the *Social Services Act* 1947-1975,

the taxpayer is entitled, in his assessment in respect of income of that year of income, to a rebate of tax ascertained in accordance with this section.

“(2) Subject to this section, the amount of the rebate allowable under this section in the assessment of the taxpayer in respect of income of a year of income shall be $400.

“(3) Where, by reason of the fact that, during a part of the year of income, the taxpayer contributes to the maintenance of a dependant included in class 1 or class 2 in the table in sub-section (2) of section 159j, not being a dependant specified in paragraph (c) of sub-section (1) of this section, the taxpayer is entitled to a rebate of tax under that section in his assessment in respect of income of the year of income, a housekeeper shall be deemed not to have been wholly engaged in keeping house for the taxpayer during that part of the year of income.

“(4) Where a taxpayer is married and the housekeeper is not, during the year of income, engaged in caring for the spouse of the taxpayer, being a spouse in receipt of an invalid pension under the *Social Services Act* 1947-1975—

(a) he is not entitled to a rebate under this section in his assessment in respect of income of the year of income unless the Commissioner is of the opinion that, because of special circumstances, it is just to allow a rebate; and

(b) the rebate (if any) shall be of such amount, not exceeding $400 as, in the opinion of the Commissioner, is reasonable in the circumstances.

“(5) Where a housekeeper is wholly engaged in keeping house for the taxpayer and in caring for the child, dependant or spouse during part only of the year of income, the rebate allowable in respect of that housekeeper under this section in the assessment of the taxpayer in respect of income of that year of income shall be such part of the amount of $400 as, in the opinion of the Commissioner, is reasonable in the circumstances.

**Double concessional rebates.**

“159m. Where, but for this section, a taxpayer would be entitled, under the provisions of sections 159j and 159l, to more than one rebate of tax in his assessment in respect of income of a year of income in respect of the same person, the rebate or rebates shall be of such amount as is or such amounts as are, in the opinion of the Commissioner, reasonable in the circumstances.

**General concessional rebates.**

“159n. (1) In this section, ‘rebatable amount’ means an amount that, under any of the sections 159p to 159x (inclusive), is to be treated as a rebatable amount for the purposes of this section.

“(2) Where there is no rebatable amount applicable to a taxpayer in respect of a year of income, the taxpayer is, subject to sub-section (4), entitled to a rebate of tax in his assessment in respect of income of that year of income of $540.

“(3) Where a rebatable amount is, or rebatable amounts are, applicable to a taxpayer in respect of a year of income—

(a) the taxpayer is entitled to a rebate of tax in his assessment in respect of income of that year of income of an amount equal to 40 per centum of that rebatable amount or of the aggregate of those rebatable amounts, as the case may be; and

(b) if the rebate allowable by virtue of paragraph (a) is less than $540—the taxpayer is, subject to sub-section (5), entitled to an additional rebate of tax in his assessment in respect of income of that year of income of an amount equal to the amount by which $540 exceeds the rebate allowable by virtue of paragraph (a).

“(4) Where—

(a) an amount of further tax is payable by a taxpayer in a year of income in pursuance of sub-section (9) or (11) of section 94; and

(b) a rebate of tax is, or, but for this sub-section, would be, allowable in the taxpayer’s assessment in respect of income of that year of income by virtue of sub-section (2) of this section,

the amount of that rebate shall not exceed—

(c) if the taxpayer is not entitled in his assessment in respect of income of that year of income to a rebate of tax by virtue of section 159j, 159k or 159l—the amount of tax which would, but for the amount of further tax and but for any rebate or credit to which the taxpayer is entitled, be payable by the taxpayer in respect of income of that year of income; or

(d) in any other case—the amount by which the amount of tax which would, but for the amount of further tax and but for any rebate or credit to which the taxpayer is entitled, be payable by the taxpayer in respect of income of that year of income exceeds any rebate of tax, or the sum of any rebates of tax, allowable in that assessment by virtue of sections 159j, 159k and 159l.

“(5) Where—

(a) an amount of further tax is payable by a taxpayer in a year of income in pursuance of sub-section (9) or (11) of section 94; and

(b) an additional rebate of tax is, or, but for this sub-section, would be, allowable in the taxpayer’s assessment in respect of income of that year of income by virtue of paragraph (b) of sub-section of this section,

the amount of that additional rebate shall not exceed the amount by which the amount of tax which would, but for that amount of further tax and but for any rebate or credit to which the taxpayer is entitled, be payable by the taxpayer in respect of income of that year of income exceeds any rebate of tax, or the sum of any rebates of tax, allowable in that assessment by virtue of sections 159j, 159k and 159l and paragraph (a) of sub-section (3) of this section.

**Medical expenses.**

“159p. (1) An amount paid by the taxpayer in the year of income as medical expenses in respect of himself, or in respect of a dependant who is a resident, less any amount paid to the taxpayer or any other person, and any amount which the taxpayer or any other person is entitled to be paid, in respect of those medical expenses by a government or public authority or by a society, association or fund (whether incorporated or not) shall, for the purposes of section 159n, be treated as a rebatable amount in respect of that year of income.

“(2) For the purposes of sub-section (1), an amount which is paid to a person, or which a person is entitled to be paid, as domiciliary nursing care benefit under Division 5b of Part V of the *National Health Act* 1953-1975 shall be deemed not to be in respect of medical expenses.

“(3) Where an amount is paid in the year of income by the trustee of a trust estate out of income of the trust estate as medical expenses in respect of a beneficiary who is a resident, that amount, less the sum of any amounts that have been paid to the trustee or any other person or that the trustee or any other person is entitled to be paid, in respect of those medical expenses by a government or public authority, or by a society, association or fund (whether incorporated or not) shall, for the purposes of section 159n, be treated as a rebatable amount—

(a) where the trustee is liable to be assessed under section 98 in respect of income of the year of income to which that beneficiary is presently entitled—in the assessment of the trustee in respect of that income; and

(b) where that beneficiary is liable to be assessed in respect of any income of the year of income—in the assessment of that beneficiary in respect of that income.

“(4) In this section—

‘dependant’ means—

(a) the spouse of the taxpayer;

(b) a child of the taxpayer less than 21 years of age; or

(c) a person in respect of whom the taxpayer is entitled to a rebate under section 159j;

‘medical expenses’ means payments—

(a) to a legally qualified medical practitioner, nurse or chemist, or a public or private hospital, in respect of an illness or operation;

(b) to a legally qualified dentist for dental services or treatment or the supply, alteration or repair of artificial teeth;

(c) to a person registered under a law of a State or Territory as a dental mechanic in respect of charges lawfully made by that person for the supply, alteration or repair of artificial teeth;

(d) for therapeutic treatment administered by direction of a legally qualified medical practitioner;

(e) in respect of an artificial limb (or part of a limb), artificial eye or hearing aid;

(f) in respect of a medical or surgical appliance (not otherwise specified in this definition) prescribed by a legally qualified medical practitioner;

(g) for—

(i) the testing of eyes or the prescribing of spectacles by a person legally qualified to perform those services; or

(ii) the supply of spectacles in accordance with any such prescription;

(h) as remuneration of a person for services rendered by him as an attendant of a person who is blind or permanently confined to a bed or an invalid chair; or

(i) for the maintenance of a dog used for the guidance of a blind person, being a dog that the Commissioner is satisfied is properly trained in the guidance of the blind by a public institution.

**Funeral expenses.**

“159q. (1) An amount equal to the total of the amounts (if any) paid by the taxpayer in the year of income for funeral, burial or cremation expenses arising out of the death of a dependant who was, at the time of death, a resident, less any amount which the taxpayer has been, or is entitled to be, paid in respect of those expenses by a government, public authority, society or association shall, for the purposes of section 159n, be treated as a rebatable amount in respect of that year of income.

“(2) The amount, or the total of the amounts, that may, under sub-section (1), be treated as a rebatable amount in respect of any one deceased person shall not exceed $ 100.

“(3) Where, in the year of income, 2 or more taxpayers have paid amounts to which this section refers in relation to funeral, burial or cremation expenses of a person who, at the time of his death, was a dependant of each of those taxpayers and the total of the amounts that would, but for this sub-section, be treated as rebatable amounts under this section in respect of those expenses exceeds $ 100, the amounts to be treated (for the purpose of determining the rebates respectively allowable to those taxpayers under section 159n) as the rebatable amounts in respect of those expenses, shall be such respective amounts, amounting in the aggregate to $100, as, in the opinion of the Commissioner, are reasonable in the circumstances.

“(4) In this section, ‘dependant’ has the same meaning as in section 159p.

Life insurance premiums, &c.

“159r. (1) An amount equal to the total of the amounts (if any) paid by the taxpayer in the year of income (not being amounts referred to in section 159s) as—

(a) premiums or sums—

(i) for insurance on the life of, or against sickness of, or against personal injury or accident to, the taxpayer or his spouse or child; or

(ii) for a deferred annuity or other like provision for his spouse or child; or

(b) payments for the personal benefit of the taxpayer or his spouse or child—

(i) made to a superannuation, sustentation, widows’ or orphans’ fund;

(ii) made to Australia in pursuance of an Act by which a scheme for the provision of benefits upon retirement or death is constituted;

(iii) made to a fund established by an Act or State Act relating to insurance; or

(iv) made to a friendly society,

shall, for the purposes of section 159n, be treated as a rebatable amount in respect of that year of income.

“(2) 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 1 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 10 years from the date of commencement of risk.

“(3) Where the first premium paid under a policy of life insurance was paid on or after 1 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 1 year— the amount of the premiums payable under the policy in respect of the period of 1 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.

“(4) Where a policy of life insurance, being a policy under which the first premium was paid on or after 1 January 1973, has been forfeited or surrendered before the expiration of 10 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 5 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 5 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 5 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 5 years from the date of commencement of risk and the amount of the reduction referred to in this paragraph is greater than (i) the amount (if any) paid in respect of premiums that became payable under the policy in the period of 5 years that ended on the day on which the policy was forfeited or surrendered as if—

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 5 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.

“(5) 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 10 years from the date of commencement of risk, sub-section (4) has effect as if the policy had been forfeited or surrendered on the date on which those benefits were paid.

“(6) 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.

“(7) Sub-section (4) 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 10 years from the date of commencement of risk.

“(8) An amount paid 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.

“(9) In this section—

‘benefits’, in relation to a policy of life insurance, 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 (3), 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.

“(10) The amount, or the total of the amounts, that may be treated, under this section, as a rebatable amount, for the purposes of section 159n, in relation to a taxpayer shall not exceed, in the aggregate, $1,200 in respect of any one year of income.

**Payments to medical and hospital benefits funds.**

“159n. An amount equal to the total of the amounts (if any) paid by the taxpayer in the year of income to a medical or hospital benefits fund for the personal benefit of the taxpayer or his spouse or child shall, for the purposes of section 159n, be treated as a rebatable amount in respect of that year of income.

**Education expenses.**

“159t. (1) Where, in the year of income—

(a) the taxpayer has paid education expenses in respect of a student; and

(b) no payment of any scholarship benefits (other than scholarship benefits payment of which was capable of being claimed in an earlier year of income) was capable of being claimed by any person in respect of that student,

the total amount of those expenses shall, for the purposes of section 159n, be treated as a rebatable amount in respect of that year of income.

“(2) Where, in the year of income—

(a) the taxpayer has paid education expenses in respect of a student; and

(b) payment of any scholarship benefits (other than scholarship benefits payment of which was capable of being claimed in an earlier year of income) was capable of being claimed by any person in respect of that student,

the amount (if any) by which the total amount of those expenses exceeds the total amount of those scholarship benefits shall, for the purposes of section 159n, be treated as a rebatable amount in respect of that year of income.

“(3) Where, in the year of income—

(a) each of 2 or more taxpayers has paid education expenses in respect of the one student; and

(b) payment of any scholarship benefits (other than scholarship benefits payment of which was capable of being claimed in an earlier year of income) was capable of being claimed by any person in respect of that student,

sub-section (2) does not apply but the amount to be treated, for the purposes of section 159n, as the rebatable amount in respect of the education expenses so paid by each of those taxpayers shall be the amount (if any) by which the total amount of education expenses so paid by him exceeds such part of the total amount of those scholarship benefits as is reasonably related to the total amount of education expenses so paid by him.

“(4) The amount that may, under the preceding provisions of this section, be treated as a rebatable amount in relation to the education of any one student shall not exceed $250 in respect of any one year of income.

“(5) Where, in respect of the year of income, 2 or more taxpayers have paid education expenses in respect of the one student and the total of the amounts that would, but for this sub-section, be treated as rebatable amounts under this section in respect of those education expenses exceeds $250, the amounts to be treated (for the purpose of determining the rebates respectively allowable to those taxpayers under section 159n) as the rebatable amounts in respect of those expenses, shall be such respective amounts, amounting in the aggregate to $250, as, in the opinion of the Commissioner, are reasonable in the circumstances.

“(6) In this section—

‘education expenses’ means expenses necessarily incurred by the taxpayer for or in connexion with full-time education at a school, college or university or from a tutor;

‘scholarship benefits’ means amounts (other than amounts in the nature of an allowance for maintenance or accommodation) payable under a scheme for the provision by Australia of secondary scholarships or technical scholarships or of assistance in connexion with the education of isolated children;

‘student’ means a person who is less than 25 years of age and—

(a) is a child of the taxpayer; or

(b) is a person in respect of whom the taxpayer is entitled to a rebate under section 159j in his assessment in respect of income of the year of income.

**Expenses of self-education.**

“159u. (1) Where—

(a) the taxpayer has, in the year of income, paid expenses of self-education;

(b) no payment of any scholarship benefits (other than a payment that was capable of being claimed in an earlier year of income or a payment that has been, or is to be, taken into account in calculating the amount that is to be treated under section 159t as a rebatable amount for the purpose of determining the rebate allowable to any person under section 159n in respect of the year of income) was capable of being claimed, in the year of income, by the taxpayer or by any other person in respect of the taxpayer; and

(c) the taxpayer did not receive, and was not entitled to receive, in the year of income, any payment (other than a payment the amount of which has been, or will be, included in the assessable income of the taxpayer of any year of income) from his employer or from any other person in respect of expenses of self-education paid by the taxpayer in the year of income that commenced on 1 July 1972, or in a later year of income,

the total amount of those first-mentioned expenses of self-education shall be treated, for the purposes of section 159n, as a rebatable amount in respect of that year of income.

“(2) Where the taxpayer has, in the year of income, paid expenses of self-education and—

(a) a payment of scholarship benefits (other than a payment that was capable of being claimed in an earlier year of income or a payment that has been, or is to be, taken into account in calculating the amount that is to be treated under section 159t as a rebatable amount for the purpose of determining the rebate allowable to any person under section 159n in respect of the year of income) was capable of being claimed, or 2 or more such payments were capable of being claimed, in the year of income by the taxpayer or by any other person in respect of the taxpayer; or

(b) the taxpayer received, or was entitled to receive, in the year of income, a payment or payments (other than a payment the amount of which has been, or will be, included in the assessable income of the taxpayer of any year of income) from his employer or from any other person in respect of expenses of self-education paid by the taxpayer in the year of income that commenced on 1 July 1972, or in a later year of income,

the amount (if any) by which the total amount of those first-mentioned expenses of self-education exceeds the amount of the payment referred to in paragraph (a) or paragraph (b), or the sum of the amounts of any payments referred to in either or both of those paragraphs, as the case may be, shall be treated, for the purposes of section 159n, as a rebatable amount in respect of that year of income.

“(3) The amount that, under this section, may be treated, for the purposes of section 159n, as a rebatable amount in respect of the year of income shall not be greater than the amount (if any) remaining after deducting from $250 any amount that has been, or is to be, treated under section 159t as a rebatable amount for the purpose of determining the rebate allowable to any person under section 159n in respect of the year of income in relation to the education of the taxpayer.

“(4) Where—

(a) an amount would, but for sub-section (2) or (3) of section 159t, be treated under section 159t as a rebatable amount for the purpose of determining the rebate allowable to any person under section 159n in respect of the year of income by reason that that person has paid expenses, being education expenses as defined by sub-section (6) of section 159t, in respect of the taxpayer;

(b) a payment of scholarship benefits (other than a payment that was capable of being claimed in an earlier year of income) was capable of being claimed, or 2 or more such payments were capable of being claimed, in the year of income, by any person in respect of the taxpayer; and

(c) the amount of the payment, or the sum of the amounts of the payments, as the case may be, exceeds the total amount of those education expenses,

so much of the amount of the payment or of the sum of the amounts of the payments as is equal to the excess shall be deemed, for the purposes of this section, not to have been, or not to be, taken into account in calculating the amount referred to in paragraph (a).

“(5) In this section—

‘expenses of self-education’ means expenses necessarily incurred by the taxpayer for or in connexion with a prescribed course of education, but does not include expenses in respect of which a deduction has been allowed or is allowable to the taxpayer in respect of any year of income under any other provision of this Act;

‘prescribed course of education’ means a course of education provided by a school, college, university or other place of education and undertaken by the taxpayer for the purpose of gaining qualifications for use in the carrying on of a profession, business or trade or in the course of any employment;

‘scholarship benefits’ has the same meaning as in section 159t.

**Rates and land tax in respect of sole or principal residence of taxpayer.**

“159v. An amount equal to the amount, or the total of the amounts, that, but for sub-section (1g) of section 72 would, in respect of the year of income, be allowable as a deduction or deductions under that section in respect of an amount or amounts paid by the taxpayer in the year of income for rates or land tax, or in respect of, or in respect of a share of, an amount or amounts of rates or land tax paid or payable by a person other than the taxpayer, shall, for the purposes of section 159n, be treated as a rebatable amount in respect of that year of income.

**Calls on afforestation shares.**

“159w. An amount equal to one-third of the amount of calls paid in the year of income by a taxpayer on shares owned by him in a company carrying on as its principal business afforestation in Australia (other than shares that are, or at the option of the company may become, liable to be redeemed), being calls for use by the company in that business, shall, for the purposes of section 159n, be treated as a rebatable amount in respect of that year of income.

**Expenses in connexion with adoption of child.**

“159x. (1) An amount equal to the total of the amounts (if any) paid by the taxpayer in the year of income in respect of expenses in connexion with the adoption by the taxpayer, or by the taxpayer and his or her spouse, of a child under the age of 21 years, to the extent to which those amounts have not been repaid to the taxpayer in the year of income shall, for the purposes of section 159n, be treated as a rebatable amount in respect of that year of income.

“(2) In sub-section (1), ‘expenses’ means—

(a) expenses for the services of a barrister or solicitor;

(b) expenses of proceedings before a Court; or

(c) fees payable to Australia, a State, the Administration of a Territory or an organization approved as a private adoption agency under a law of Australia or of a State or Territory,

but does not include expenses in connexion with the obtaining of an order of a Court dispensing with the consent of a person to the adoption.

**Amounts paid by trustee after death of a taxpayer.**

“159y. Where the trustee of the estate of a deceased person pays an amount in respect of a liability incurred by the deceased person in his lifetime, being an amount that would have been treated, for the purposes of section 159n, as a rebatable amount under section 159p, 159q, 159t, 159u or 159x if it had been paid by the deceased person during his lifetime, there shall be allowed, in the assessment of the trustee upon the assessable income derived by the deceased person during the year of income in which he died, a rebate of tax equal to the rebate that would have been allowable to the deceased person under section 159n in respect of that amount if it had been paid by the deceased person during the year of income in which he died.

**Subdivision heading.**

**18.** The Principal Act is amended by inserting before section 160 the following heading: —

*“Subdivision B—Miscellaneous”.*

**Rebate in case of disposal of assets of a business of primary production.**

**19.** Section 160 of the Principal Act is amended by omitting from the definition of “tax” in sub-section (5) the words “or additional tax in respect of income from property payable in accordance with an Act imposing income tax for the year of tax”.

**Rebate in respect of deductions for dependants.**

**20.** Section 160aa of the Principal Act is repealed.

**Rebate for export market development expenditure.**

**21.** Section 160ac of the Principal Act is amended by omitting from the definition of “‘tax payable’ or ‘tax’” in sub-section (1) the words “or additional tax in respect of income from property payable in accordance with an Act imposing income tax for the year of tax”.

**Interpretation.**

**22.** Section 160ae of the Principal Act is amended—

(a) by omitting from paragraph (a) of the definition of “average rate of Australian tax” in sub-section (1) the words “other than a rebate under section 160aa” and substituting the words “other than a rebate under sub-section (7) of section 23ab, section 79a or 79b or Subdivision A of Division 17 of Part III,”; and

(b) by omitting from paragraph (b) of the definition of “average rate of Australian tax” in sub-section (1) the words “or additional tax in respect of income from property payable in accordance with an Act imposing income tax for the year of tax,”.

**Credits in respect of tax paid in Papua New Guinea.**

**23.** Section 160af of the Principal Act is amended by omitting sub-sections (3) and (4).

**Amendment of assessments.**

**24.** (1) Section 170 of the Principal Act is amended—

(a) by omitting from sub-section (9a) the words “to section 82k” and substituting the words “to section 159y”;

(b) by omitting from sub-section (10) the words “, sub-section (1c) of section 82h”; and

(c) by inserting in sub-section (10), before the words “, sub-section (9) or (15) of section 160ac”, the words “, sub-section (4) of section 159r”.

(2) Notwithstanding the amendment made by paragraph (1)(a) of this section, nothing in section 170 of the Principal Act as amended by this Act prevents the amendment, for the purpose of giving effect to section 82k of the Principal Act, including the application of that section by virtue of sub-section 15(3) of this Act, of an assessment of a trustee of the estate of a deceased person upon the assessable income derived by the deceased person during the year of income in which he died if the trustee has, within 3 years from the date of death of that person—

(a) applied in writing to the Commissioner for an amendment of that assessment for the purpose of giving effect to section 82k of the Principal Act; and

(b) supplied to the Commissioner all the information needed by the Commissioner for the purpose of deciding the application.

(3) Notwithstanding the amendment made by paragraph (1)(b) of this section, nothing in section 170 of the Principal Act as amended by this Act prevents the amendment, at any time, of an assessment for the purpose of giving effect to sub-section 82h(1c) of the Principal Act, including the application of that sub-section by virtue of sub-section 15(2) of this Act.

**Powers of Board.**

**25.** Section 193 of the Principal Act is amended by inserting in paragraph (b) of sub-section (2), after the word “deduction”, the words “or rebate”.

**Amount of provisional tax.**

**26.** Section 221yc of the Principal Act is amended by omitting from paragraph (b) of sub-section (1) the words “and had been derived from income from property to such extent, if any, as the Commissioner determines”.

**Provisional tax on estimated income.**

**27.** Section 221yda of the Principal Act is amended—

(a) by omitting paragraphs (d) and (da) of sub-section (1) and substituting the following paragraphs:—

“(d) the respective amounts included in that estimated taxable income that represent salary or wages and income other than salary or wages;

“(da) the sum of the rebates to which he will be entitled in his assessment in respect of income of that year of income under sub-section (7) of section 23ab, under section 79a or 79b or under Subdivision A of Division 17 of Part III;”;

(b) by omitting sub-paragraphs (i) and (ii) of paragraph (a) of sub-section (2) and substituting the following sub-paragraphs:—

“(i) the taxable income of the year of income were an amount equal to the estimated taxable income and included the amounts of salary or wages and of income other than salary or wages included in that estimated taxable income; and

(ii) the sum of the rebates under sub-section (7) of section 23ab, under section 79a or 79b or under Subdivision A of Division 17 of Part III to which the taxpayer was entitled in his assessment in respect of income of the year of income were an amount equal to the estimated sum of those rebates”; and

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

“(5) The amount estimated by the Commissioner in accordance with sub-section (4) as the amount of the taxable income of the taxpayer shall not be greater than the taxable income of the taxpayer for the year last preceding the year of income and the amount so estimated by the Commissioner as the amount of salary or wages or income other than salary or wages shall not be greater than the amount of the salary or wages or the income other than salary or wages, as the case may be, derived by the taxpayer in the year last preceding the year of income.”.

**Penalty where income underestimated.**

**28.** Section 221ydb of the Principal Act is amended by omitting paragraphs (a) and (b) of sub-section (1) and substituting the following paragraphs:—

“(a) the amount by which the amount of tax that would be payable in respect of a taxable income equal to four-fifths of the taxpayer’s taxable income exceeds the amount of provisional tax payable in respect of the estimated taxable income; or

(b) the amount by which the amount of tax that would be payable in respect of a taxable income equal to four-fifths of the taxpayer’s taxable income for the year last preceding that year of income exceeds the amount of provisional tax payable in respect of the estimated taxable income,”.

**Additional tax in certain cases.**

**29.** Section 226 of the Principal Act is amended by inserting in sub-section (2), after the words “as a deduction for”, the words “, or as a rebate in respect of,”.

**Release of taxpayers in cases of hardship.**

**30.** Section 265 of the Principal Act is amended by omitting from sub-section (1) the words “Comptroller-General of Customs” and substituting the words “Secretary to the Department of Police and Customs”.

**Calculation of provisional tax for year of income that commenced on 1 July 1975.**

**31.** (1) Subject to sub-section (2), for the purposes of the application to a taxpayer of sub-section 221yc (1) of the Principal Act as amended by this Act in ascertaining the amount of provisional tax payable by the taxpayer in respect of the income of the year of income that commenced on 1 July 1975—

(a) if paragraph (a) of sub-section 221yc(1) of the Principal Act applies to the taxpayer—the amount of provisional tax payable by him in respect of the income of that year of income by virtue of that paragraph shall be taken to be an amount equal to the income tax that would have been assessed in respect of his taxable income of the year next preceding that year of income if section 8 of the *Income Tax Act* 1974 had not been enacted; and

(b) if paragraph (b) of that sub-section applies to the taxpayer—the amount of provisional tax payable by him in respect of the income of that year of income by virtue of that paragraph shall be taken to be an amount equal to the income tax that would have been assessed in respect of his taxable income of the year next preceding that year of income if—

(i) his taxable income of that next preceding year had been equal to his provisional income; and

(ii) section 8 of the *Income Tax Act* 1974 had not been enacted.

(2) Where the Commissioner is of the opinion that, if the amendments of the Principal Act made by paragraphs 3(a) and (b), sections 5, 8, 9 and 10, sub-section 11(1) (except paragraph (1)(c)), sections 12, 13, 14, 15, 17, 18 and 20 and paragraph 22(a) of this Act, and the *Income Tax Act* 1975, had applied to assessments in respect of income of the year of income that commenced on 1 July 1974, no income tax would have been payable by a taxpayer in respect of the taxpayer’s income of that year of income, the Commissioner may determine that no provisional tax is payable by the taxpayer by virtue of sub-section (1) of this section.

**Operation of certain Income Tax Regulations.**

**32.** Notwithstanding anything contained in the Principal Act as amended by this Act, the provisions of Subdivision A of Division 2 of Part VI of the Income Tax Regulations, as in force immediately before the day on which this Act receives the Royal Assent, continue to have effect to and including 31 December 1975, or such earlier date as is prescribed by regulation under the Principal Act as so amended, as if the amendments of the Principal Act made by this Act had not been enacted, but an employer may, for a period not exceeding 1 month after that date or that earlier date, as the case may be, in such circumstances as the Commissioner determines, make deductions from the salary or wages of an employee or employees in accordance with those provisions.

**Transitional provision in relation to calculation of deductions for dependants for year of income that commenced 1 July 1974.**

**33.** (1) Section 82b of the Principal Act has effect, in relation to the year of income that ended on 30 June 1975, as if it were amended, with effect from 1 July 1974, by inserting in the definition of “separate net income” in sub-section (5), before the words “or domiciliary nursing care benefit” the words “, a handicapped child’s allowance paid under the *Social Services Act* 1947, or that Act as amended and in force from time to time,”.

(2) Notwithstanding anything contained in section 170 of the Principal Act as amended by this Act, the Commissioner may at any time amend an assessment in order to give effect to sub-section (1) of this section.

**Application of amendments.**

**34.** (1) The amendments made by sections 3, 4, 5, 6, 9 and 10, sub-section 11(1) (other than paragraph 11(1)(c)), sections 12, 13 and 14, sub-section 15(1) and sections 16, 17, 19, 20, 21, 25 and 29 apply to assessments in respect of income of the year of income that commenced on 1 July 1975, and in respect of income of all subsequent years of income.

(2) The amendments made by sections 22 and 23 apply in relation to the determination of credits in respect of income of the year of income that commenced on 1 July 1975, and in respect of income of all subsequent years of income.

(3) The amendments made by sections 26, 27 and 28 apply in relation to provisional tax in respect of income of the year of income that commenced on 1 July 1975, and in respect of income of all subsequent years of income.