



# Income Tax Act 1986

No. 108 of 1986

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## An Act to impose a tax upon incomes

[Assented to 4 November 1986]

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

### Short title

1. This Act may be cited as the *Income Tax Act 1986*.

### Commencement

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

### Interpretation

3. (1) In this Act, unless the contrary intention appears—

“Assessment Act” means the *Income Tax Assessment Act 1936*;

“non-profit company” means—

- (a) a company that is not carried on for the purposes of profit or gain to its individual members and is, by the terms of the company’s constituent document, prohibited from making any distribution, whether in money, property or otherwise, to its members; or
- (b) a friendly society dispensary;

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“prescribed unit trust” means a trust estate that—

- (a) is a corporate unit trust within the meaning of Division 6B of Part III of the Assessment Act; or
- (b) is a public trading trust within the meaning of Division 6C of Part III of the Assessment Act;

“registered organization” means a registered organization within the meaning of Division 8A of Part III of the Assessment Act.

(2) In this Act, a reference to taxable income shall be read as a reference to taxable income of the year of income.

**Incorporation**

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

**Imposition of income tax**

5. (1) Income tax is imposed in accordance with this Act and at the relevant rates declared by the *Income Tax Rates Act 1986*.

(2) This Act does not impose tax payable in accordance with section 121H, 126, 128B, 128N, 128NA, 128T, 128V, 136A or 159C of the Assessment Act.

(3) This Act does not impose tax upon the taxable income of a non-profit company, not being a registered organization, where that taxable income does not exceed \$416.

**Adjustment where amount to be paid by, or refunded to, taxpayer would not exceed 49 cents**

6. (1) This section applies for the purposes of the making of an assessment of tax (other than further tax payable under sub-section 94 (9), (11) or (12) of the Assessment Act) in respect of the income of a taxpayer of a year of income where, upon the making of the assessment and the serving of notice of the assessment upon the taxpayer, there would, but for this section, be a net amount of not more than 49 cents payable by the Commissioner to the taxpayer, or by the taxpayer to the Commissioner, under the law relating to income tax, after taking into account all liabilities of the taxpayer, and all rebates and credits allowable to the taxpayer, under that law.

(2) Where this section applies in relation to the making of an assessment—

- (a) if the amount of not more than 49 cents would be an amount payable to the taxpayer—additional tax equal to that amount is imposed by this Act in respect of the income of the taxpayer of the year of income; and
- (b) if the amount of not more than 49 cents would be an amount payable to the Commissioner—the amount that, but for this section, would be the amount of income tax imposed in respect of the income of the taxpayer of the year of income before the allowance

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of any rebates to which the taxpayer is entitled, is reduced by so much of that amount of not more than 49 cents as does not exceed the amount calculated by deducting the amount of any such rebates from the sum of the amount that is to be so reduced and any amount of further tax payable by the taxpayer in respect of that year of income under sub-section 94 (9), (11) or (12) of the Assessment Act.

(3) A reference in this section to a liability of the taxpayer shall be read as including a reference to a liability in respect of income tax or provisional tax notified to the taxpayer by the Commissioner, notwithstanding that the amount of the liability has not become due and payable.

(4) For the purposes of any calculation under the law relating to income tax that depends upon the amount of tax paid or payable by, or assessed in respect of the income of, a taxpayer, the tax assessed and payable under an assessment in relation to which this section applies shall be deemed to be the tax that would have been so assessed and payable if this section had not applied.

**Levy of tax**

7. The tax imposed by sub-section 5 (1) is levied, and shall be paid, for the financial year commencing on 1 July 1986 and, until the Parliament otherwise provides, for the next succeeding financial year.

**Provisional tax**

8. Provisional tax is imposed and is payable, in accordance with the provisions of the Assessment Act, in respect of the income of the year of income commencing on 1 July 1986.

**Act to be deemed to be the Act imposing income tax**

9. For the purposes of sub-section 221YB (3) of the Assessment Act, this Act shall be deemed to be the Act imposing income tax upon taxable income of the financial year commencing on 1 July 1986.

**Instalments of tax**

10. Instalments of tax are payable by a company, and by a trustee of a prescribed unit trust, in accordance with the provisions of Division 1A of Part VI of the Assessment Act, in respect of the year of income commencing on 1 July 1986.

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*[Minister's second reading speech made in—  
House of Representatives on 19 August 1986  
Senate on 9 October 1986]*