

Taxation (Deficit Reduction) Act (No. 2) 1993

Act No. 55 of 1993 as amended

This compilation was prepared on 1 July 2000  
taking into account amendments up to Act No. 58 of 2000

The text of any of those amendments not in force   
on that date is appended in the Notes section

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An Act to amend the law relating to taxation

## Part 1—Preliminary

##### 1 Short title [*see* Note 1]

This Act may be cited as the *Taxation (Deficit Reduction) Act (No. 2) 1993*.

##### 2 Commencement [*see* Note 1]

(1) Subject to this section, this Act commences on the day on which it receives the Royal Assent.

(2) Subdivision B of Division 3 of Part 3 commences on 1 July 1995.

(3) Subdivision D of Division 3 of Part 3 commences on 1 July 2000.

(4) Subdivision C of Division 2 of Part 4 commences on 1 July 2000.

## Part 2—Amendment of the Fringe Benefits Tax Act 1986 to give effect to an increase in the rate of FBT

##### 3 Object of Part

The object of this Part is to increase the rate of fringe benefits tax from 48.25% to 48.4%.

##### 4 Principal Act

In this Part, ***Principal Act*** means the *Fringe Benefits Tax Act 1986*.

##### 5 Rate of tax

Section 6 of the Principal Act is amended by omitting “48.25%” and substituting “48.4%”.

##### 6 Application of amendments

The amendments made by this Part apply to the year of tax beginning on 1 April 1994 and all later years of tax.

## Part 3—Amendment of the Income Tax Assessment Act 1936

### Division 1—Principal Act

##### 7 Principal Act

In this Part, ***Principal Act*** means the *Income Tax Assessment Act 1936*.

### Division 2—Amendments to allow deductions to registered organisations for expenditure incurred in gaining the investment component of certain premiums

##### 8 Object of Division

The object of this Division is to allow deductions to registered organisations for expenditure incurred in gaining the investment component of certain premiums.

##### 9 Interpretation

Section 116E of the Principal Act is amended by inserting the following definitions in subsection (1):

***investment component***, in relation to a premium received in respect of a life assurance policy, means so much of the premium as does not consist of a risk component.

***risk component***,in relation to a premium received in respect of a life assurance policy, means the risk component (if any) of the premium worked out on the basis specified in the regulations.

##### 10 Insertion of new section

After section 116HA of the Principal Act the following section is inserted:

**116HAA Deductions to be allowable for expenditure incurred in gaining the investment component of certain premiums**

Premiums to which section applies

(1) This section applies to premiums received in respect of life assurance policies other than:

(a) superannuation premiums; or

(b) premiums received in respect of eligible policies; or

(c) specified roll-over amounts; or

(d) premiums exempt from tax under section 23AH.

Assumption to be made in determining allowable deductions

(2) For the purposes of determining the deductions allowable to a registered organization, the investment component of a premium to which this section applies is to be treated as assessable income.

Actuary’s certificate

(3) This section does not apply to premiums derived by a registered organization in a year of income unless the organization obtains a certificate by an authorised actuary with respect to the operation of this section. The certificate must be in a form approved in writing by the Commissioner. The organization must obtain the certificate:

(a) before the date of lodgment of the organization’s return of income of the year of income; or

(b) within such further time as the Commissioner allows.

Definition

(4) In this section:

***authorised actuary*** means a Fellow or an Accredited Member of the Institute of Actuaries of Australia.

##### 11 Application of amendments

The amendments made by this Division apply in relation to expenditure incurred by a registered organisation on or after 1 July 1994.

### Division 3—Amendments relating to rebates for bonuses received by holders of life assurance policies issued by friendly societies

#### Subdivision A—Object of Division

##### 12 Object of Division

The object of this Division is to increase the rebates for bonuses paid to holders of life assurance policies issued by friendly societies.

#### Subdivision B—Increase for 1995‑96, 1996‑97, 1997‑98, 1998‑99 and 1999‑2000

##### 13 Rebate in respect of amounts assessable under section 26AH

(1) Section 160AAB of the Principal Act is amended by omitting “30%”from paragraph (a) of the definition of ***statutory percentage*** in subsection (1) and substituting “33%”.

(2) The amendments made by subsection (1) apply to amounts received (within the meaning of section 26AH of the Principal Act) on or after 1 July 1995.

#### Subdivision D—Increase for 2000‑2001 and later years

##### 15 Rebate in respect of amounts assessable under section 26AH

(1) Section 160AAB of the Principal Act is amended:

(a) by omitting from subsection (1) the definition of ***statutory percentage***;

(b) by omitting from subsections (2) to (6) (inclusive) “the statutory percentage” (wherever occurring) and substituting “39%”.

(2) The amendments made by subsection (1) apply to amounts received (within the meaning of section 26AH of the Principal Act) on or after 1 July 2000.

## Part 4—Amendment of the Income Tax Rates Act 1986

### Division 1—Principal Act

##### 16 Principal Act

In this Part, ***Principal Act*** means the *Income Tax Rates Act 1986*.

### Division 2—Registered organisations

#### Subdivision A—Preliminary

##### 17 Object of Division

The object of this Division is to increase the rate of tax payable by a registered organisation in respect of its eligible insurance business.

#### Subdivision B—Rate for 1994‑95, 1995‑96, 1996‑97, 1997‑98, 1998‑99 and 1999‑2000

##### 18 Rates of tax payable by companies

(1) Section 23 of the Principal Act is amended by omitting from paragraph (4)(b) “30%” and substituting “33%”.

(2) The amendments made by subsection (1) apply to assessments in respect of income of the 1994-95 year of income, of the 1995-96 year of income, of the 1996‑97 year of income, of the 1997‑98 year of income, of the 1998‑99 year of income and of the 1999‑2000 year of income.

#### Subdivision C—Rate for 2000‑01 and later years

##### 19 Rates of tax payable by companies

(1) Section 23 of the Principal Act is amended by omitting from paragraph (4)(b) “33%” and substituting “39%”.

(2) The amendment made by subsection (1) applies to assessments in respect of income of the 2000‑01 year of income and of all later years of income.

Notes to the Taxation (Deficit Reduction) Act (No. 2) 1993

Note 1

The *Taxation (Deficit Reduction) Act (No. 2) 1993* as shown in this compilation comprises Act No. 55, 1993 amended as indicated in the Tables below.

Table of Acts

| Act | Number  and year | Date  of Assent | Date of commencement | Application, saving or transitional provisions |
| --- | --- | --- | --- | --- |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Taxation (Deficit Reduction) Act (No. 2) 1993 | 55, 1993 | 27 Oct 1993 | S. 13: 1 July 1995 Ss. 15 and 19: 1 July 2000 Remainder: Royal Assent |  |
| Taxation Laws Amendment (Budget Measures) Act 1995 | 94, 1995 | 27 July 1995 | Schedule 3 (Part 2 (items 5, 6)): 1 July 1995 Schedule 9: Royal Assent Remainder: 9 May 1995 | — |
| Taxation Laws Amendment Act (No. 4) 1997 | 174, 1997 | 21 Nov 1997 | Schedule 8: 1 July 1997 Remainder: Royal Assent | — |
| Taxation Laws Amendment Act (No. 2) 2000 | 58, 2000 | 31 May 2000 | Schedule 7: Royal Assent *(a)* | — |

*(a)* The *Taxation (Deficit Reduction) Act (No. 2) 1993* was amended by Schedule 7 only of the *Taxation Laws Amendment Act (No. 2) 2000*, subsection 2(1) of which provides as follows:

(1) Subject to this section, this Act commences on the day on which it receives the Royal Assent.

Table of Amendments

| ad. = added or inserted am. = amended rep. = repealed rs. = repealed and substituted | |
| --- | --- |
| Provision affected | How affected |
| S. 2 | am. No. 94, 1995; No. 174, 1997; No. 58, 2000 |
| Heading to Subdiv. B of  Div. 3 of Part 3 | am. No. 94, 1995  rs. No. 174, 1997 |
|  |  |
| Subdiv. C of Div. 3 of  Part 3 (s. 14) | rep. No. 94, 1995 |
| S. 14 | rep. No. 94, 1995 |
| Heading to Subdiv. D of  Div. 3 of Part 3 | rs. No. 174, 1997 |
| S. 15 | am. No. 174, 1997 |
| Heading to Subdiv. B of  Div. 2 of Part 4 | am. No. 94, 1995  rs. No. 174, 1997; No. 58, 2000 |
|  |  |
| S. 18 | am. No. 94, 1995; No. 174, 1997; No. 58, 2000 |
| Heading to Subdiv. C of  Div. 2 of Part 4 | rs. No. 174, 1997; No. 58, 2000 |
| Subdiv. C of Div. 2 of  Part 4 (s. 19) | rs. No. 94, 1995 |
| S. 19 | rs. No. 94, 1995  am. No. 174, 1997; No. 58, 2000 |
| Subdiv. D of Div. 2 of  Part 4 (s. 20) | rep. No. 94, 1995 |
| S. 20 | rep. No. 94, 1995 |