



Taxation Laws Amendment Act (No. 3) 1993

Act No. 118 of 1993 as amended

This compilation was prepared on 28 September 2010
taking into account amendments up to Act No. 75 of 2010

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

The operation of amendments that have been incorporated may be
affected by application provisions that are set out in the Notes section

Prepared by the Office of Legislative Drafting and Publishing,
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TABLE OF PROVISIONS

PART 1 - PRELIMINARY

Section

1. Short title [see Note 1]
2. Commencement [see Note 1]

PART 2 - AMENDMENT OF THE CRIMES (TAXATION OFFENCES) ACT 1980

3. Principal Act
4. Object of Part
5. Interpretation
6. Application of amendments

PART 3 - AMENDMENT OF THE FRINGE BENEFITS TAX ASSESSMENT ACT 1986

Division 1 - Principal Act

7. Principal Act

Division 2 - Amendments relating to airline transport fringe benefits

8. Object of Division
9. Interpretation
10. Application of amendments

Division 3 - Amendment relating to sources of information available for the compilation of FBT returns

11. Object of Division
12. Certificate of sources of information

PART 4 - AMENDMENT OF THE INCOME TAX ASSESSMENT ACT 1936

Division 1 - Principal Act

13. Principal Act

Division 2 - Amendments relating to petroleum activities

14. Object of Division
15. Interpretation
16. Allowable capital expenditure in respect of cash bidding payments for exploration permits and production licences
17. Exploration and prospecting expenditure
18. Application of amendments

Division 3 - Amendments relating to deductions allowable to life assurance companies

19. Object of Division
20. Reduction in deductions that do not exclusively relate to producing assessable income
21. Expenses of general management
22. Apportionment of current year deductions between classes
23. Application of amendments

Division 4 - Amendment relating to life assurance policies and capital gains

24. Object of Division
25. Policies of life assurance
26. Application of amendment

Division 5 - Amendments relating to the prescribed payment system (PPS)

27. Object of Division
28. Deductions where payee declaration
29. Deductions where no payee declaration
30. Application of amendments

Division 6 - Amendments relating to provisional tax

31. Object of Division
 32. Interpretation
-

-
33. Application of amendments
Division 7 - Technical correction of the gifts deduction provisions
34. Object of Division
35. Deduction for gifts, pensions etc.
*Division 8 - Amendment relating to the payment of superannuation
guarantee shortfalls to approved deposit funds*
36. Object of Division
37. Taxable contributions
38. Application of amendment
Division 9 - Amendments relating to dividend imputation
- Subdivision A - Object of Division*
39. Object of Division
Subdivision B - Amendments of the Principal Act
40. Interpretation
41. Ascertainment of surplus or deficit
42. Carry forward of franking surplus
43. Initial payment of tax
44. Subsequent payments of tax before determination of taxable income
45. Final payment of tax
46. Payments of tax made after the final payment of tax
47. Receipt of franked dividends
48. Receipt of franked dividends through trusts and partnerships
49. Payment of excess offset
50. Payment of excess foreign tax credit
51. Lapsing of estimated debit
52. Substituted estimated debit determination
53. Life assurance companies - credit reducing section 160APYBA debit
54. Life assurance companies - credit reducing section 160APYBB debit
55. Life assurance companies - credit reducing section 160APYB debit
56. Life assurance companies - credit reducing section 160APZ debit
57. Life assurance companies - credit reducing subsection 160AQCD(1) debit
58. Life assurance companies - credit reducing subsection 160AQCE(1) debit
59. Insertion of new section:
160APVH. Life assurance companies - statutory fund component
60. Under-franking
61. Excessive reduction in section 160APX debit
62. Refunds in respect of initial payment of tax by a company
63. Refunds of company tax
64. Foreign tax credits - actual payment or application against
non-franking credit liabilities
65. Waiver of franking deficit tax
66. Amended company tax assessment reducing tax
67. Payment of franked dividends
68. Estimated debit determination
69. Transfer of asset to insurance funds
70. Dividend streaming arrangements
71. On-market share buy-back arrangements
72. Life assurance companies - debit reducing section 160APMA credit
73. Life assurance companies - debit reducing section 160APMB credit
74. Life assurance companies - debit reducing section 160APMC credit
75. Life assurance companies - debit reducing section 160APMD credit
76. Life assurance companies - debit reducing section 160APQB credit
77. Life assurance companies - debit reducing subsection 160APVC(1) credit
78. Insertion of new section:
160AQCN. Life assurance companies - statutory fund component
79. Determination of estimated class A debit
-

-
80. Insertion of new section:
160AQDA. Determination of estimated class B debit
81. Insertion of new section:
160AQDB. How to work out the class A required franking amount and the
class B required franking amount
82. How to work out the required franking amount
83. What constitutes franking
84. Company to give dividend statement to shareholders
85. Liability to franking deficit tax
86. Entitlement to offset
87. Extra amount to be included in assessable income where franked
dividend paid
88. Franking rebate for certain beneficiaries
89. Franking rebate in trustee's assessment
90. Franking rebate for trustees of superannuation funds, ADFs and PSTs
91. Franking rebate for certain partners
92. Franking rebates for certain life assurance companies
93. Adjustment where franking credit arises
94. Adjustment for non-resident beneficiary
95. Adjustment where trustee assessed for non-resident beneficiary
96. Adjustment where trustee assessed for company
97. Adjustment for non-resident partner
98. First return deemed to be an assessment
99. Part-year assessment
100. Default assessment
101. Amendment of assessments
102. Interpretation
103. Penalty for over-franking
104. Penalty for failure to lodge return
105. Penalty tax because of position taken
106. Company to keep records
107. Duties of payers
- Subdivision C - Application and transitional provisions*
108. Interpretation
109. Application of amendments
110. Transitional - carry forward of franking surplus from 1993-94
111. Transitional - receipt of class A franked dividends or class B franked
dividends etc. by a corporate shareholder before the start of the
shareholder's 1994-95 franking year
112. Transitional - estimated debit determinations etc.
113. Transitional - reversing entries in class A franking account etc.
- Division 10 - Amendments relating to tax concessions for grape
growing*
114. Object of division
115. Insertion of new section:
75AA. Deduction for capital expenditure incurred in establishing
grape vines
- PART 5 - AMENDMENT OF THE INCOME TAX (INTERNATIONAL AGREEMENTS) ACT
1953
117. Principal Act
118. Object of Part
119. Schedule 38
120. Application of amendments
- PART 6 - AMENDMENT OF THE OCCUPATIONAL SUPERANNUATION STANDARDS ACT
1987
121. Principal Act
-

| | | |
|---|---|--|
| 122. | Object of Part | |
| 123. | Interpretation | |
| 124. | Application of amendments | |
| PART 7 - AMENDMENT OF THE PETROLEUM RESOURCE RENT TAX ASSESSMENT ACT | | |
| 1987 | | |
| 125. | Principal Act | |
| 126. | Object of Part | |
| 127. | Transfer of expenditure - general | |
| 128. | Transfer of expenditure - group companies | |
| 129. | Insertion of new section: | |
| 48A. | Transfer on or after 1 July 1993 of part of entitlement to assessable receipts | |
| 130. | Annual returns | |
| 131. | Defined terms | |
| 132. | Rule - person must have held interests in relation to transferring entity and receiving project | |
| 133. | Rule - loss company and profit company to have held interests and been group companies | |
| PART 8 - AMENDMENT OF THE SALES TAX ASSESSMENT ACT 1992 | | |
| 134. | Principal Act | |
| 135. | General definitions | |
| 136. | Insertion of new section: | |
| 15C. | Eligible repair goods | |
| 137. | Amending Acts cannot impose penalties etc. earlier than 28 days after Royal Assent | |
| 138. | Schedule 1 | |
| 139. | Application | |
| PART 9 - AMENDMENT OF THE SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT 1992 | | |
| 140. | Object of Part | |
| 141. | Principal Act | |
| 142. | Interpretation | |
| 143. | Insertion of new section: | |
| 3B. | Meaning of "exempt child care body" | |
| 144. | Schedule 1 | |
| 145. | Application | |
| 146. | Transitional | |
| PART 10 - AMENDMENT OF THE SUPERANNUATION GUARANTEE (ADMINISTRATION) ACT 1992 | | |
| <i>Division 1 - Preliminary</i> | | |
| 147. | Principal Act | |
| 148. | Object of Part | |
| <i>Division 2 - The OSS system</i> | | |
| 149. | Interpretation: general | |
| 150. | Insertion of new section: | |
| 7A. | Interpretation: complying approved deposit fund | |
| 151. | Payment of shortfall component | |
| 152. | Application of amendments | |
| <i>Division 3 - The SIS system</i> | | |
| 153. | Interpretation: general | |
| 154. | Payment of shortfall component | |
| 155. | Application of amendments | |
| PART 11 - AMENDMENT OF THE SUPERANNUATION INDUSTRY (SUPERVISION) ACT 1993 | | |
| 156. | Principal Act | |

| | |
|--|--|
| 157. Object of Part | |
| 158. Interpretation | |
| 159. Application of amendments | |
| PART 12 - AMENDMENT OF THE TAXATION (INTEREST ON OVERPAYMENTS) ACT | |
| 1983 | |
| <i>Division 1 - Principal Act</i> | |
| 160. Principal Act | |
| <i>Division 2 - Amendments relating to the prescribed payment system</i> | |
| 161. Object of Division | |
| 162. Interpretation | |
| 163. Application of amendments | |
| <i>Division 3 - Amendment relating to penalties for late payment of</i> | |
| <i>estimates of amounts payable under Divisions 2, 3A, 3B</i> | |
| <i>and 4 of Part VI of the Income Tax Assessment Act 1936</i> | |
| 164. Object of Division | |
| 165. Interpretation | |
| 166. Application of amendment | |
| PART 13 - DEFERRAL OF INITIAL PAYMENTS OF COMPANY TAX FOR 1993-94 | |
| <i>Division 1 - Interpretation</i> | |
| 167. Interpretation | |
| <i>Division 2 - Deferral of initial payments of tax for 1993-94</i> | |
| 168. 9-week deferral of initial payments of tax for 1993-94 | |
| <i>Division 3 - Deferred initial payments of tax for 1993-94 to be</i> | |
| <i>offset by prior payments of franking deficit tax</i> | |
| 169. Deferred initial payments of tax for 1993-94 to be offset by prior | |
| payments of franking deficit tax | |
| 170. IP offset provision to be ignored in calculating certain company tax | |
| thresholds | |
| 171. Eliminated or reduced initial payments of tax to be treated as fully | |
| paid for credit/refund purposes | |
| 172. Franking credits and debits - effect of elimination or reduction of | |
| initial payment of tax | |
| 173. Reduction of liability for franking deficit tax | |
| 174. No refunds of amounts of franking deficit tax overpaid because of the | |
| FDT reduction provision | |
| 175. Reduction of liability for franking deficit tax does not give rise to | |
| a franking credit under section 160APQA of the Assessment Act | |
| PART 14 - AMENDMENTS RELATED TO TOURISM INDUSTRY ORGANISATIONS | |
| <i>Division 1 - Object of Part</i> | |
| 176. Object of Part | |
| <i>Division 2 - Amendment of the Income Tax Assessment Act 1936</i> | |
| 177. Principal Act | |
| 178. Exemptions | |
| 179. Application of amendment | |
| <i>Division 3 - Amendment of the Fringe Benefits Tax Assessment Act</i> | |
| <i>1986</i> | |
| 180. Principal Act | |
| 181. Rebate for certain non-profit employers etc. | |
| 182. Application of amendment | |

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993 - LONG TITLE

An Act to amend the law relating to taxation

PART 1 - PRELIMINARY

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 1

Short title [see Note 1]

1. This Act may be cited as the Taxation Laws Amendment Act (No. 3) 1993.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 2

Commencement [see Note 1]

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

(2) Sections 125, 132 and 133 are taken to have commenced on 1 July 1991.

(3) Sections 129 and 131 are taken to have commenced on 1 July 1993.

(4) Division 3 of Part 10 and Part 11 commence on whichever is the later of the following days:

(a) the date of commencement of Part 3 of the Superannuation Industry (Supervision) Act 1993;

(b) the day after the date of commencement of this section.

(5) Division 3 of Part 14 commences immediately after the commencement of the Taxation Laws Amendment (Fringe Benefits Tax Measures) Act 1992.

PART 2 - AMENDMENT OF THE CRIMES (TAXATION OFFENCES) ACT 1980

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 3

Principal Act

3. In this Part, "Principal Act" means the Crimes (Taxation Offences) Act 1980.*1*

Crimes (Taxation Offences) Act 1980

1 No. 156, 1980, as amended. For previous amendments, see No. 123, 1984; No. 47, 1985; Nos. 41, 48, 76 and 154, 1986; Nos. 58, 61, 140 and 145, 1987; No. 97, 1988; Nos 20, 58 and 60, 1990; Nos 92 and 118, 1992; and Nos 18 and 32, 1993.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 4

Object of Part

4. The object of this Part is to update cross-references in the Principal Act to certain prescribed payment system provisions of the income tax law.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 5

Interpretation

5. Section 3 of the Principal Act is amended by omitting "221YHD(1) or (1D)" from paragraph (g) of the definition of "income tax" in subsection (1) and substituting "221YHDC(2)".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 6

Application of amendments

6. The amendments made by this Part apply in relation to prescribed payments made after the commencement of this section.

PART 3 - AMENDMENT OF THE FRINGE BENEFITS TAX ASSESSMENT ACT 1986

Division 1 - Principal Act

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 7

Principal Act

7. In this Part, "Principal Act" means the Fringe Benefits Tax Assessment Act 1986.*2*

Fringe Benefits Tax Assessment Act 1986

2 No. 39, 1986, as amended. For previous amendments, see Nos. 48 and 112, 1986; Nos. 23 and 145, 1987; No. 139, 1987 (as amended by Nos. 11 and 78, 1988); Nos. 6, 78, 95, 97 and 153, 1988; Nos. 2, 11, 97 and 107, 1989; Nos. 37, 58, 60 and 135, 1990; Nos. 48, 100 and 216, 1991; Nos. 35, 92, 101, 118, 191, 210, 223 and 237, 1992; and Nos. 17 and 18, 1993.

Division 2 - Amendments relating to airline transport fringe benefits

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 8

Object of Division

8. The object of this Division is to change the method of working out the taxable value of a domestic airline transport fringe benefit.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 9

Interpretation

9. Section 136 of the Principal Act is amended by omitting paragraph (a) of the definition of "stand-by value" in subsection (1) and substituting the following paragraph:

"(a) if the recipients transport is over a domestic route:

(i) if the recipients transport is on a scheduled passenger air service-37.5% of the lowest publicly advertised economy air fare charged by the provider at or about the comparison time in respect of transport over that route; and

(ii) if:

(A) the recipients transport is not on a scheduled passenger air service; and

(B) a carrier operates a scheduled passenger air service over that route at or about the comparison time;

37.5% of the lowest publicly advertised economy air fare charged by a carrier at or about the comparison time in respect of transport over that route; and

(iii) if:

(A) the recipients transport is not on a scheduled passenger air

service; and

(B) no carrier operates a scheduled passenger air service over that route at or about the comparison time; and

(C) a combination of scheduled passenger air services operated by a carrier or carriers at or about the comparison time would enable a person to travel between the ports of embarkation and disembarkation;

37.5% of the lowest combination of publicly advertised economy air fares charged by carriers at or about the comparison time in respect of transport between the ports of embarkation and disembarkation; and

(iv) in any other case-75% of the notional value at the comparison time of the recipients transport; and".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 10

Application of amendments

10. The amendments made by this Division apply in relation to an airline transport fringe benefit that began to be provided after the commencement of this section.

Division 3 - Amendment relating to sources of information available for the compilation of FBT returns

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 11

Object of Division

11. The object of this Division is to remove a redundant provision requiring a statement about the sources available for the compilation of an FBT return.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 12

Certificate of sources of information

12. Section 71 of the Principal Act is amended by omitting subsection (3).

PART 4 - AMENDMENT OF THE INCOME TAX ASSESSMENT ACT 1936

Division 1 - Principal Act

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 13

Principal Act

13. In this Part, "Principal Act" means the Income Tax Assessment Act 1936.*3*

Income Tax Assessment Act 1936

3 No. 27, 1936, as amended. For previous amendments, see No. 88, 1936; No. 5, 1937; No. 46, 1938; No. 30, 1939; Nos. 17 and 65, 1940; Nos. 58 and 69, 1941; Nos. 22 and 50, 1942; No. 10, 1943; Nos. 3 and 28, 1944; Nos. 4 and 37, 1945; No. 6, 1946; Nos. 11 and 63, 1947; No. 44, 1948; No. 66, 1949; No. 48, 1950; No. 44, 1951; Nos. 4, 28 and 90, 1952; Nos. 1, 28, 45 and 81, 1953; No. 43, 1954; Nos. 18 and 62, 1955; Nos. 25, 30 and 101, 1956; Nos. 39 and 65, 1957; No. 55, 1958; Nos. 12, 70 and 85, 1959; Nos. 17, 18, 58 and 108, 1960; Nos. 17, 27 and 94, 1961; Nos. 39 and 98, 1962; Nos. 34 and 69, 1963; Nos. 46, 68, 110 and 115, 1964; Nos. 33, 103 and 143, 1965; Nos. 50 and 83, 1966; Nos.

19, 38, 76 and 85, 1967; Nos. 4, 70, 87 and 148, 1968; Nos. 18, 93 and 101, 1969; No. 87, 1970; Nos. 6, 54 and 93, 1971; Nos. 5, 46, 47, 65 and 85, 1972; Nos. 51, 52, 53, 164 and 165, 1973; No. 216, 1973 (as amended by No. 20, 1974); Nos. 26 and 126, 1974; Nos. 80 and 117, 1975; Nos. 50, 53, 56, 98, 143, 165 and 205, 1976; Nos. 57, 126 and 127, 1977; Nos. 36, 57, 87, 90, 123, 171 and 172, 1978; Nos. 12, 19, 27, 43, 62, 146, 147 and 149, 1979; Nos. 19, 24, 57, 58, 124, 133, 134 and 159, 1980; Nos. 61, 92, 108, 109, 110, 111, 154 and 175, 1981; Nos. 29, 38, 39, 76, 80, 106 and 123, 1982; Nos. 14, 25, 39, 49, 51, 54 and 103, 1983; Nos. 14, 42, 47, 63, 76, 115, 124, 165 and 174, 1984; No. 123, 1984 (as amended by No. 65, 1985); Nos. 47, 49, 104, 123, 168 and 174, 1985; No. 173, 1985 (as amended by No. 49, 1986); Nos. 41, 46, 48, 51, 109, 112 and 154, 1986; No. 49, 1986 (as amended by No. 141, 1987); No. 52, 1986 (as amended by No. 141, 1987); No. 90, 1986 (as amended by No. 141, 1987); Nos. 23, 58, 61, 120, 145 and 163, 1987; No. 62, 1987 (as amended by No. 108, 1987); No. 108, 1987 (as amended by No. 138, 1987); No. 138, 1987 (as amended by No. 11, 1988); No. 139, 1987 (as amended by Nos. 11 and 78, 1988); Nos. 8, 11, 59, 75, 78, 80, 87, 95, 97, 127 and 153, 1988; Nos. 2, 11, 56, 70, 73, 105, 107, 129, 163 and 167, 1989; No. 97, 1989 (as amended by No. 105, 1989); Nos. 20, 35, 45, 57, 58, 60, 61, 87, 119 and 135, 1990; Nos. 4, 5, 6, 48, 55, 100, 203, 208 and 216, 1991; and Nos. 3, 35, 69, 70, 80, 81, 92, 98, 101, 118, 138, 167, 190, 191, 208, 223, 224, 227, 237 and 238, 1992; and Nos. 7, 17, 18, 27 and 32, 1993.

Division 2 - Amendments relating to petroleum activities

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 14

Object of Division

14. The object of this Division is to deny deductions for certain capital expenditure relating to petroleum activities if the activities are not related to producing assessable income.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 15

Interpretation

15. Section 124 of the Principal Act is amended by adding ", being operations carried on for the purpose of gaining or producing assessable income" at the end of the definition of "prescribed petroleum operations" in subsection (1).

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 16

Allowable capital expenditure in respect of cash bidding payments for exploration permits and production licences

16. Section 124ABA of the Principal Act is amended:

(a) by inserting ", if the amount is incurred in carrying on prescribed petroleum operations or for the purpose of exploring or prospecting for petroleum obtainable by prescribed petroleum operations" after "grant of a production licence" in paragraph (a) of the definition of "licence cash bidding payment" in subsection (6);

(b) by inserting ", if the amount is incurred in carrying on prescribed petroleum operations or for the purpose of exploring or prospecting for petroleum obtainable by prescribed petroleum operations" after "grant of an

exploration permit" in paragraph (a) of the definition of "permit cash bidding payment" in subsection (6).

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 17

Exploration and prospecting expenditure

17. Section 124AH of the Principal Act is amended by omitting from subsection (1) and subparagraph (4C)(b)(i) "the purpose of discovering petroleum" and substituting "petroleum obtainable by prescribed petroleum operations".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 18

Application of amendments

18. The amendments made by this Division apply in relation to expenditure incurred after 7.30 p.m., by standard time in the Australian Capital Territory, on 21 August 1990.

Division 3 - Amendments relating to deductions allowable to life assurance companies

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 19

Object of Division

19. The object of this Division is to modify certain provisions relating to deductions allowable to life assurance companies.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 20

Reduction in deductions that do not exclusively relate to producing assessable income

20. Section 111C of the Principal Act is amended by adding at the end the following subsection:

"(3) Paragraph 275(2)(a) (which relates to the transfer of taxable superannuation contributions to life assurance companies) is to be disregarded for the purposes of subsection (2) of this section."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 21

Expenses of general management

21. Section 113 of the Principal Act is amended by inserting after subsection (2) the following subsection:

"(2A) Paragraph 275(2)(a) (which relates to the transfer of taxable superannuation contributions to life assurance companies) is to be disregarded for the purposes of subsections (1) and (2) of this section."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 22

Apportionment of current year deductions between classes

22. Section 116CF of the Principal Act is amended by adding at the end the

following subsections:

"(3) Paragraph 275(2)(a) (which relates to the transfer of taxable superannuation contributions to life assurance companies) is to be disregarded for the purposes of subsection (2) of this section.

"(4) For the purposes of the definition of 'Total income' in subsection (2), the following are taken to be assessable income:

(a) superannuation premiums to which subsection 111A(1) applies;

(b) the investment component of premiums to which section 111AA applies.

"(5) For the purposes of the application of subsection (2) to the NCS class of assessable income, the definition of 'Income of class' has effect as if superannuation premiums to which subsection 111A(1) applies, being premiums in respect of NCS policies, were assessable income of that class.

"(6) For the purposes of the application of subsection (2) to the CS/RA class of assessable income, the definition of 'Income of class' has effect as if the following were assessable income of that class:

(a) superannuation premiums to which subsection 111A(1) applies, being premiums in respect of CS policies;

(b) the investment component of premiums to which section 111AA applies, being premiums in respect of RA policies.

"(7) For the purposes of the application of subsection (2) to the AD/RLA class of assessable income, the definition of 'Income of class' has effect as if the investment component of premiums to which section 111AA applies, being premiums in respect of AD/RLA policies, were assessable income of that class."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 23

Application of amendments

23.(1) In this section:

"amended Act" means the Principal Act as amended by this Division.

(2) Subsections 111C(3), 113(2A) and 116CF(3) of the amended Act apply in relation to an agreement entered into by a life assurance company under section 275 of the Income Tax Assessment Act 1936 after 31 May 1993.

(3) Subsections 116CF(4), (5), (6) and (7) of the amended Act apply in relation to premiums received by a life assurance company after 31 May 1993.

Division 4 - Amendment relating to life assurance policies and capital gains

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 24

Object of Division

24. The object of this Division is to exempt disposals of life assurance policies held by trustees of complying superannuation funds, complying approved deposit funds and pooled superannuation trusts from Part IIIA of the Principal Act (which deals with capital gains and capital losses).

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 25

Policies of life assurance

25. Section 160ZZI of the Principal Act is amended by inserting after subsection (3) the following subsection:

"(3A) This Part does not apply in respect of the disposal by a taxpayer of, or of an interest in, any rights under a policy of life assurance if:

(a) the taxpayer is the trustee of a complying superannuation fund, within the meaning of Part IX, in relation to the year of income of the taxpayer in which the disposal occurred; or

(b) the taxpayer is the trustee of a complying ADF, within the meaning of Part IX, in relation to the year of income of the taxpayer in which the disposal occurred; or

(c) the taxpayer is the trustee of a PST, within the meaning of Part IX, in relation to the year of income of the taxpayer in which the disposal occurred.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 26

Application of amendment

26. The amendment made by this Division applies to a disposal during the year of income in which 1 July 1988 occurred or during a later year of income.

Division 5 - Amendments relating to the prescribed payment system (PPS)

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 27

Object of Division

27. The object of this Division is to provide that deductions from prescribed payments are to be in whole dollars.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 28

Deductions where payee declaration

28. Section 221YHD of the Principal Act is amended by adding at the end of subsections (2), (3) and (5) "If working out that percentage of the payment results in an amount of dollars and cents, the cents are to be disregarded.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 29

Deductions where no payee declaration

29. Section 221YHDA of the Principal Act is amended by adding at the end of subsection (2) "If working out that percentage of the payment results in an amount of dollars and cents, the cents are to be disregarded.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 30

Application of amendments

30. The amendments made by this Division apply in relation to prescribed payments made on or after 1 January 1993.

Division 6 - Amendments relating to provisional tax

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 31

Object of Division

31. The object of this Division is to reduce the provisional tax uplift

factor for 1993-94 from 10% to 8%.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 32

Interpretation

32. Section 221YA of the Principal Act is amended by omitting from subsection (1) the definition of "provisional tax uplift factor" and substituting the following definition:

" 'provisional tax uplift factor':

(a) in relation to the 1993-94 year of income-means 8%; and

(b) in relation to a later year of income-means, until the Parliament otherwise provides, 10%;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 33

Application of amendments

33. The amendments made by this Division apply in relation to provisional tax (including instalments) payable for the 1993-94 year of income and for all later years of income.

Division 7 - Technical correction of the gifts deduction provisions

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 34

Object of Division

34. The object of this Division is to re-instate the condition that tax-deductible gifts to the Shrine of Remembrance Restoration and Development Trust must be made before 1 July 1995.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 35

Deduction for gifts, pensions etc.

35. Section 78 of the Principal Act is amended by inserting "the gift must be made before 1 July 1995" in the "Special conditions" column opposite item 5.2.1 in Table 5 in subsection (4).

Division 8 - Amendment relating to the payment of superannuation guarantee shortfalls to approved deposit funds

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 36

Object of Division

36. The object of this Division is to provide that the taxable contributions of an approved deposit fund include any payments of the shortfall component of an amount of superannuation guarantee charge.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 37

Taxable contributions

37. Section 274 of the Principal Act is amended by adding at the end of

subsection (1) the following paragraph:

"(d) if the eligible entity is a complying ADF-a contribution under section 65 of the Superannuation Guarantee (Administration) Act 1992.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 38

Application of amendment

38. The amendment made by this Division applies to a contribution made after the commencement of this section.

Division 9 - Amendments relating to dividend imputation

Subdivision A - Object of Division

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 39

Object of Division

39. The object of this Division is to make changes to the dividend imputation system that are consequential on the reduction of the rate of tax payable by companies from 39% to 33%.

Subdivision B - Amendments of the Principal Act

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 40

Interpretation

40. Section 160APA of the Principal Act is amended:

(a) by omitting paragraph (b) of the definition of "applicable general company tax rate" and substituting the following paragraphs:

"(b) in relation to the liability of a company to pay class A franking deficit tax for a franking year-39%;

(ba) in relation to the liability of a company to pay class B franking deficit tax for a franking year-33%;

(bb) in relation to the calculation of the adjusted amount in relation to an amount mentioned in paragraph 160APYC(a), (b) or (c)-the applicable general company tax rate in relation to the initial payment of tax concerned;

(bc) in relation to the calculation of the adjusted amount in relation to the amount of a payment mentioned in section 160APQA, being a payment that relates to an offset of company tax, or increased company tax, for a year of income-the general company tax rate for the year of tax to which the year of income relates;"

(b) by omitting paragraph (c) of the definition of "applicable general company tax rate" and substituting the following paragraphs:

"(c) in relation to:

(i) the payment of a class A franked dividend to a shareholder in a company; or

(ii) a trust amount or partnership amount that relates, directly or indirectly, to the payment of a class A franked dividend to a shareholder in a company;

39%; or

(ca) in relation to:

(i) the payment of a class B franked dividend to a shareholder in a company; or

(ii) a trust amount or partnership amount that relates, directly or indirectly, to the payment of a class B franked dividend to a shareholder in a company;

33%";

(c) by omitting the definitions of "franking account balance", "franking deficit" and "franking surplus";

(d) by omitting the definitions of "estimated debit", "estimated debit determination", "franking account assessment", "franking deficit tax" and "franking percentage" and substituting the following definitions:

" 'estimated debit' means an estimated class A debit or an estimated class B debit;

'estimated debit determination' means an estimated class A debit determination or an estimated class B debit determination;

'franking account assessment' means a class A franking account assessment or a class B franking account assessment;

'franking deficit tax' means class A franking deficit tax or class B franking deficit tax;

'franking percentage' means:

(a) in relation to a franked dividend-the sum of:

(i) the class A franking percentage of the dividend; and

(ii) the class B franking percentage of the dividend; or

(b) in relation to an unfranked dividend-0%";

(e) by inserting the following definitions:

" 'class A flow-on franking amount' means an amount that would be a flow-on franking amount if:

(a) a reference in the definition of 'flow-on franking amount' to a franked dividend were, by express provision, confined to a class A franked dividend; and

(b) a reference in that definition to the flow-on franking amount were, by express provision, confined to a class A flow-on franking amount;

'class A franked amount', in relation to a dividend, means so much of the dividend as has been franked in accordance with subsection 160AQF(1);

'class A franked dividend' means a dividend the whole or a part of which has been franked in accordance with subsection 160AQF(1);

'class A franking account assessment' means the ascertainment of the class A franking account balance and of any class A franking deficit tax payable;

'class A franking account balance', in relation to a company, means:

(a) if the company has a class A franking surplus-the amount of that surplus; or

(b) if the company has a class A franking deficit-the amount of that deficit; or

(c) in any other case-nil;

'class A franking deficit' means a deficit calculated under subsection 160APJ(2);

'class A franking deficit tax' means tax payable in accordance with subsection 160AQJ(1);

'class A franking percentage' means:

(a) in relation to a class A franked dividend-the percentage specified in the declaration made under subsection 160AQF(1) in relation to the dividend; or

(b) in relation to a dividend (including a dividend that is not a frankable dividend) no part of which has been franked in accordance with subsection 160AQF(1)-0%;

'class A franking surplus' means a surplus calculated under subsection 160APJ(1);

'class A potential rebate amount' means an amount that would be a potential

rebate amount if:

(a) each reference in the definition of 'potential rebate amount' to a franked dividend were, by express provision, confined to a class A franked dividend; and

(b) each reference in that definition to a flow-on franking amount were, by express provision, confined to a class A flow-on franking amount; and

(c) each reference in that definition to a potential rebate amount were, by express provision, confined to a class A potential rebate amount;

'class B flow-on franking amount' means an amount that would be a flow-on franking amount if:

(a) a reference in the definition of 'flow-on franking amount' to a franked dividend were, by express provision, confined to a class B franked dividend; and

(b) a reference in that definition to the flow-on franking amount were, by express provision, confined to a class B flow-on franking amount;

'class B franked amount', in relation to a dividend, means so much of the dividend as has been franked in accordance with subsection 160AQF(1AA);

'class B franked dividend' means a dividend the whole or a part of which has been franked in accordance with subsection 160AQF(1AA);

'class B franking account assessment' means the ascertainment of the class B franking account balance and of any class B franking deficit tax payable;

'class B franking account balance', in relation to a company, means:

(a) if the company has a class B franking surplus-the amount of that surplus; or

(b) if the company has a class B franking deficit-the amount of that deficit; or

(c) in any other case-nil;

'class B franking deficit' means a deficit calculated under subsection 160APJ(3);

'class B franking deficit tax' means tax payable in accordance with subsection 160AQJ(1A);

'class B franking percentage' means:

(a) in relation to a class B franked dividend-the percentage specified in the declaration made under subsection 160AQF(1AA) in relation to the dividend; or

(b) in relation to a dividend (including a dividend that is not a frankable dividend) no part of which has been franked in accordance with subsection 160AQF(1AA)-0%;

'class B franking surplus' means a surplus calculated under subsection 160APJ(1A);

'class B potential rebate amount' means an amount that would be a potential rebate amount if:

(a) each reference in the definition of 'potential rebate amount' to a franked dividend were, by express provision, confined to a class B franked dividend; and

(b) each reference in that definition to a flow-on franking amount were, by express provision, confined to a class B flow-on franking amount; and

(c) each reference in that definition to a potential rebate amount were, by express provision, confined to a class B potential rebate amount;

'estimated class A debit' means an estimated class A debit specified in an estimated class A debit determination;

'estimated class B debit' means an estimated class B debit specified in an estimated class B debit determination;

'estimated class A debit determination' means a determination made by the Commissioner under subsection 160AQD(1);

'estimated class B debit determination' means a determination made by the

Commissioner under subsection 160AQDA(1);

'special life company tax rate' means the rate of tax specified in paragraph 23(4A)(b) of the Income Tax Rates Act 1986;"

(f) by inserting the following definitions:

" 'franking credit' means a class A franking credit or a class B franking credit;

'franking debit' means a class A franking debit or a class B franking debit;"

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 41

Ascertainment of surplus or deficit

41. Section 160APJ of the Principal Act is amended:

(a) by inserting in subsection (1) "class A" before "franking" (first, 3rd and 5th occurring);

(b) by inserting after subsection (1) the following subsection:

"(1A) The class B franking surplus of a company at a particular time in a franking year is the amount by which the total of the class B franking credits of the company arising in the franking year and before that time exceeds the total of the class B franking debits of the company arising in the franking year and before that time.";

(c) by inserting in subsection (2) "class A" before "franking" (first, 3rd and 5th occurring);

(d) by adding at the end the following subsection:

"(3) The class B franking deficit of a company at a particular time in a franking year is the amount by which the total of the class B franking debits of the company arising in the franking year and before that time exceeds the total of the class B franking credits of the company arising in the franking year and before that time.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 42

Carry forward of franking surplus

42. Section 160APL of the Principal Act is amended:

(a) by inserting "class A" before "franking" (first, 4th and 5th occurring);

(b) by adding at the end the following subsection:

"(2) If a company has a class B franking surplus at the end of a franking year, there arises at the beginning of the next franking year a class B franking credit of the company equal to that class B franking surplus.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 43

Initial payment of tax

43. Section 160APMA of the Principal Act is amended by omitting paragraphs (a) and (b) and substituting the following paragraphs:

"(a) if the payment day is in the year of income-there arises on the first day of the franking year next following the payment year whichever of the following is applicable:

(i) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking credit of the company equal to the adjusted amount in relation to the amount paid;

(ii) if the year of income is the 1993-94 year of income or a later

year of income-a class B franking credit of the company equal to the adjusted amount in relation to the amount paid; or

(b) in any other case-there arises on the payment day whichever of the following is applicable:

(i) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking credit of the company equal to the adjusted amount in relation to the amount paid;

(ii) if the year of income is the 1993-94 year of income or a later year of income-a class B franking credit of the company equal to the adjusted amount in relation to the amount paid.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 44

Subsequent payments of tax before determination of taxable income

44. Section 160APMB of the Principal Act is amended by omitting all the words after "on which that further payment is made," and substituting the following words and paragraphs:

"whichever of the following is applicable:

(a) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking credit of the company equal to the adjusted amount in relation to the amount of that further payment;

(b) if the year of income is the 1993-94 year of income or a later year of income-a class B franking credit of the company equal to the adjusted amount in relation to the amount of that further payment.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 45

Final payment of tax

45. Section 160APMC of the Principal Act is amended by omitting all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(a) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking credit of the company equal to the adjusted amount in relation to the amount of that payment;

(b) if the year of income is the 1993-94 year of income or a later year of income-a class B franking credit of the company equal to the adjusted amount in relation to the amount of that payment.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 46

Payments of tax made after the final payment of tax

46. Section 160APMD of the Principal Act is amended by omitting all the words after "that payment is made," and substituting the following words and paragraphs:

"whichever of the following is applicable:

(c) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking credit of the company equal to the adjusted amount in relation to the amount of that payment;

(d) if the year of income is the 1993-94 year of income or a later year of income-a class B franking credit of the company equal to the adjusted amount in relation to the amount of that payment.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 47

Receipt of franked dividends

47. Section 160APP of the Principal Act is amended:

- (a) by inserting in paragraph (1)(a) "class A" before "franked";
- (b) by inserting in subsection (1) "class A" before "franking credit";
- (c) by inserting in subsection (1) "class A" before "franked amount";
- (d) by inserting after subsection (1) the following subsection:

"(1A) Subject to this section, if:

(a) on a particular day, a class B franked dividend is paid to a shareholder being a company; and

(b) the company is a resident at the time the dividend is paid; there arises on that day a class B franking credit of the company equal to the class B franked amount of the dividend.";

(e) by inserting in subsection (3) "arising under subsection (1) or (1A)" after "franking credit" (first occurring);

(f) by omitting "subsection (1)" from the definition of the component "FC" in subsection (3) and substituting "whichever of subsections (1) and (1A) is applicable";

(g) by inserting in subsection (5) "arising under subsection (1) or (1A)" after "franking credit".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 48

Receipt of franked dividends through trusts and partnerships

48. Section 160APQ of the Principal Act is amended:

(a) by inserting in paragraph (1)(b) "class A" before "flow-on franking amount";

(b) by inserting in subsection (1) "class A" before "franking credit";

(c) by inserting "class A" before "potential rebate amount" in the definition of the component "PR" in subsection (1);

(d) by inserting after subsection (1) the following subsection:

"(1A) Subject to this section, if:

(a) a trust amount or partnership amount is included in, or a partnership amount is allowed as a deduction from, the assessable income of a company; and

(b) there is a class B flow-on franking amount in relation to the trust amount or the partnership amount; there arises, at the end of the year of income of the trustee or partnership to which the trust amount or partnership amount relates, a class B franking credit of the company equal to the amount worked out using the formula:

$$\text{Potential rebate amount} \times \frac{1 - \text{Company tax rate}}{\text{Company tax rate}}$$

where:

'Potential rebate amount' means the class B potential rebate amount in relation to the trust amount or partnership amount;

'Company tax rate' means the applicable general company tax rate.";

(e) by inserting in subsection (3) "arising under subsection (1) or (1A)" after "franking credit" (first occurring).

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 49

Payment of excess offset

49. Section 160APQA of the Principal Act is amended by omitting all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(c) if the offset relates to company tax for the 1992-93 year of income or an earlier year of income-a class A franking credit of the company equal to the adjusted amount in relation to the amount of the payment;

(d) if the offset relates to company tax for the 1993-94 year of income or a later year of income-a class B franking credit of the company equal to the adjusted amount in relation to the amount of the payment."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 50

Payment of excess foreign tax credit

50. Section 160APQB of the Principal Act is amended by omitting all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(c) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking credit of the company equal to the adjusted amount in relation to the amount of that payment;

(d) if the year of income is the 1993-94 year of income or a later year of income-a class B franking credit of the company equal to the adjusted amount in relation to the amount of that payment."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 51

Lapsing of estimated debit

51. Section 160APU of the Principal Act is amended:

(a) by inserting "class A" after "estimated" (wherever occurring);

(b) by inserting "class A" before "franking";

(c) by adding at the end the following subsection:

"(2) On the day on which the termination time in relation to an estimated class B debit of a company occurs, there arises a class B franking credit of the company equal to the estimated class B debit."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 52

Substituted estimated debit determination

52. Section 160APV of the Principal Act is amended:

(a) by inserting "class A" after "estimated";

(b) by inserting "class A" before "franking" (wherever occurring);

(c) by adding at the end the following subsection:

"(2) If, on a particular day, the Commissioner serves on a company a notice of an estimated class B debit determination that is in substitution for an earlier determination, there arises on that day a class B franking credit of the company equal to the amount of the class B franking debit that arose because of the earlier determination."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 53

Life assurance companies-credit reducing section 160APYBA debit

53. Section 160APVBA of the Principal Act is amended:

(a) by omitting from subsection (1) all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(a) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking credit of the company worked out under subsection (2) of this section;

(b) if the year of income is the 1993-94 year of income or a later year of income-a class B franking credit of the company worked out under subsection (2) of this section.";

(b) by omitting from subsection (2) "0.8" and substituting "Statutory factor";

(c) by inserting the following definition in subsection (2) (before the existing definitions):

" 'Statutory factor' means:

(a) in the case of a class A franking credit-0.8; or

(b) in the case of a class B franking credit-1.0;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 54

Life assurance companies-credit reducing section 160APYBB debit

54. Section 160APVBB of the Principal Act is amended:

(a) by omitting from subsection (1) all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(a) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking credit of the company worked out under subsection (2) of this section;

(b) if the year of income is the 1993-94 year of income or a later year of income-a class B franking credit of the company worked out under subsection (2) of this section.";

(b) by omitting from subsection (2) "0.8" and substituting "Statutory factor";

(c) by inserting the following definition in subsection (2) (before the existing definitions):

" 'Statutory factor' means:

(a) in the case of a class A franking credit-0.8; or

(b) in the case of a class B franking credit-1.0;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 55

Life assurance companies-credit reducing section 160APYB debit

55. Section 160APVC of the Principal Act is amended:

(a) by omitting from subsection (1) all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(a) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking credit of the company worked out under subsection (2) of this section;

(b) if the year of income is the 1993-94 year of income or a later year of

income-a class B franking credit of the company worked out under subsection (2) of this section.";

(b) by omitting from subsection (2) "0.8" and substituting "Statutory factor";

(c) by inserting the following definition in subsection (2) (before the existing definitions):

" 'Statutory factor' means:

(a) in the case of a class A franking credit-0.8; or

(b) in the case of a class B franking credit-1.0;"

(d) by omitting from subsection (3) all the words after "served," (third occurring) and substituting the following words and paragraphs:

"whichever of the following is applicable:

(c) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking credit of the company worked out under subsection (4) of this section;

(d) if the year of income is the 1993-94 year of income or a later year of income-a class B franking credit of the company worked out under subsection (4) of this section.";

(e) by omitting from subsection (4) "0.8" and substituting "Statutory factor";

(f) by inserting the following definition in subsection (4) (before the existing definitions):

" 'Statutory factor' means:

(a) in the case of a class A franking credit-0.8; or

(b) in the case of a class B franking credit-1.0;"

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 56

Life assurance companies-credit reducing section 160APZ debit

56. Section 160APVD of the Principal Act is amended:

(a) by inserting "class A" before "franking" (wherever occurring);

(b) by adding at the end the following subsection:

"(2) If, on a particular day, a class B franking debit of a life assurance company arises under section 160APZ in relation to a reduction in the company tax of the company for a year of income, there arises on that day a class B franking credit of the company equal to the adjusted amount in relation to the amount worked out using the formula:

$$\text{Statutory factor} \times \text{Overall reduction} - \text{Non-fund component of reduction}$$

where:

'Statutory factor' means 1.0;

'Overall reduction' means the amount of the reduction;

'Non-fund component of reduction' means so much of the amount of the reduction as is attributable to the non-fund component."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 57

Life assurance companies-credit reducing subsection 160AQCD(1) debit

57. Section 160APVF of the Principal Act is amended:

(a) by inserting "class A" before "franking" (wherever occurring);

(b) by adding at the end the following subsection:

"(2) If:

(a) on a particular day, a class B franking debit of a life assurance company arises under subsection 160AQCD(1) in relation to an initial payment

of tax in respect of a year of income; and

(b) on or after that day, a notice of an original company tax assessment for the year of income is served, or deemed to be served, on the company; there arises, on the day on which the notice is served or deemed to be served, a class B franking credit of the company equal to the amount of the class B franking debit.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 58

Life assurance companies-credit reducing subsection 160AQCE(1) debit

58. Section 160APVG of the Principal Act is amended:

(a) by inserting "class A" before "franking" (wherever occurring);

(b) by adding at the end the following subsection:

"(2) If:

(a) on a particular day, a class B franking debit of a life assurance company arises under subsection 160AQCE(1) in relation to a further payment on account of tax in respect of a year of income; and

(b) on or after that day, a notice of an original company tax assessment for the year of income is served, or deemed to be served, on the company; there arises, on the day on which the notice is served or deemed to be served, a class B franking credit of the company equal to the amount of the class B franking debit.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 59

Insertion of new section

59. After section 160APVG of the Principal Act the following section is inserted in Subdivision B of Division 2 of Part IIIAA:

Life assurance companies-statutory fund component

"160APVH.(1) If, on a particular day, a class B franking debit of a life assurance company arises under any of the following provisions:

(a) subsection 160AQCD(1);

(b) subsection 160AQCD(3);

(c) subsection 160AQCE(1);

(d) subsection 160AQCE(3);

(e) section 160AQ CJ;

(f) section 160AQCK;

(g) section 160AQCL;

there arises on that day a class A franking credit of the company equal to the amount that would have been the amount of that class B franking debit if the assumptions set out in subsection (2) were made.

"(2) The assumptions are as follows:

(a) the assumption that the class B franking debit had been calculated using a statutory factor of 0.2 instead of 1.0;

(b) the assumption that the class B franking debit had been calculated by reference to the special life company tax rate for the year of tax concerned instead of by reference to the general company tax rate for the year of tax concerned.

"(3) If:

(a) on a particular day, a class A franking debit of a company arises under subsection 160AQCN(1) because of paragraph (c) of that subsection in relation to an amount received as a refund in relation to a year of income; and

(b) on or after that day, a notice of an original company tax assessment for the year of income is served, or deemed to be served, on the company;

there arises, on the day on which the notice is served or deemed to be served, a class A franking credit of the company equal to the amount of the class A franking debit.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 60

Under-franking

60. Section 160APX of the Principal Act is amended:

(a) by inserting in paragraphs (1)(a) and (b) "class A" before "required franking amount";

(b) by inserting in paragraph (1)(b) "class A" before "franked amount";

(c) by inserting in subsection (1) "class A" before "franking debit";

(d) by inserting after subsection (1) the following subsection:

"(1A) If:

(a) the class B required franking amount for a frankable dividend paid by a company on a particular day is not less than 10% of the amount of the dividend; and

(b) that class B required franking amount exceeds the class B franked amount of the dividend;

there arises on that day a class B franking debit of the company equal to the excess referred in to paragraph (b).".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 61

Excessive reduction in section 160APX debit

61. Section 160APXA of the Principal Act is amended:

(a) by inserting in paragraph (1)(a) "class A" before "franking debit";

(b) by inserting in subsection (1) "class A" before "franking debit is to arise";

(c) by inserting in subsection (2) "class A" before "franking debit".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 62

Refunds in respect of initial payment of tax by a company

62. Section 160APYB of the Principal Act is amended by omitting all the words after "receives the amount," and substituting the following words and paragraphs:

"whichever of the following is applicable:

(a) if the refund is in respect of the 1992-93 year of income or an earlier year of income-a class A franking debit of the company equal to the adjusted amount in relation to the amount received;

(b) if the refund is in respect of the 1993-94 year of income or a later year of income-a class B franking debit of the company equal to the adjusted amount in relation to the amount received.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 63

Refunds of company tax

63. Section 160APYBA of the Principal Act is amended by omitting all the words after "as the case may be," (last occurring) and substituting the following words and paragraphs:

"whichever of the following is applicable:

(d) if the payment mentioned in paragraph (a) is in respect of the 1992-93 year of income or an earlier year of income-a class A franking debit of the company equal to the adjusted amount in relation to the amount received or applied, as the case requires;

(e) if the payment mentioned in paragraph (a) is in respect of the 1993-94 year of income or a later year of income-a class B franking debit of the company equal to the adjusted amount in relation to the amount received or applied, as the case requires.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 64

Foreign tax credits-actual payment or application against non-franking credit liabilities

64. Section 160APYBB of the Principal Act is amended by omitting all the words after "as the case may be," and substituting the following words and paragraphs:

"whichever of the following is applicable:

(c) if the foreign tax credit was allowable in respect of tax paid or payable by the company in respect of income derived in the 1992-93 year of income or an earlier year of income-a class A franking debit of the company equal to the adjusted amount in relation to the amount paid or applied, as the case requires;

(d) if the foreign tax credit was allowable in respect of tax paid or payable by the company in respect of income derived in the 1993-94 year of income or a later year of income-a class B franking debit of the company equal to the adjusted amount in relation to the amount paid or applied, as the case requires.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 65

Waiver of franking deficit tax

65. Section 160APYC of the Principal Act is amended:

(a) by inserting "in respect of the 1993-94 year of income or a later year of income" after "221AP made by a company";

(b) by inserting "class B" before "franking debit";

(c) by omitting from paragraph (c) "(0.8 X Fund component)" and substituting "Fund component".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 66

Amended company tax assessment reducing tax

66. Section 160APZ of the Principal Act is amended by omitting all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(c) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking debit of the company equal to the adjusted amount in relation to the amount of the reduction;

(d) if the year of income is the 1993-94 year of income or a later year of income-a class B franking debit of the company equal to the adjusted amount in relation to the amount of the reduction.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 67

Payment of franked dividends

67. Section 160AQB of the Principal Act is amended:

(a) by inserting "class A" before "franked" (wherever occurring);

(b) by inserting "class A" before "franking";

(c) by adding at the end the following subsection:

"(2) If, on a particular day, a company pays a class B franked dividend, there arises on that day a class B franking debit of the company equal to the class B franked amount of the dividend.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 68

Estimated debit determination

68. Section 160AQC of the Principal Act is amended:

(a) by inserting "class A" after "estimated" (wherever occurring);

(b) by inserting "class A" before "franking debit";

(c) by adding at the end the following subsection:

"(2) If, on a particular day, the Commissioner serves on a company notice of an estimated class B debit determination, there arises on that day a class B franking debit of the company equal to the estimated class B debit specified in the notice.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 69

Transfer of asset to insurance funds

69. Section 160AQCA of the Principal Act is amended:

(a) by inserting "class A" before "franking" (wherever occurring);

(b) by inserting in subparagraphs (b)(i) and (ii) "subsection (1) of" before "that section";

(c) by adding at the end the following subsection:

"(2) If:

(a) a class B franking credit of a life assurance company arose under section 160APP or 160APQ at a particular time during a year of income of the company; and

(b) after that time and during the year of income:

(i) if section 160APP applied-the asset of the company from which the dividend referred to in subsection (1A) of that section was derived; or

(ii) if section 160APQ applied-the asset of the company to which the trust amount or partnership amount referred to in subsection (1A) of that section is attributable;

becomes part of the insurance funds of the company;

there arises, on the day on which the asset becomes part of the insurance funds, a class B franking debit of the company equal to the class B franking credit.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 70

Dividend streaming arrangements

70. Section 160AQCB of the Principal Act is amended:

(a) by omitting from subsection (1) all the words after "there arises" and substituting the following words and paragraphs:

"on that day:

(c) a class A franking debit of the debit company equal to the amount worked out using the following formula, as reduced by the amount (if any) of the class A franking debit of the company arising under section 160AQB in respect of the payment of the scheme dividend:

Scheme dividend X Substituted class A franking percentage
where:

'Scheme dividend' means the amount of the scheme dividend;

'Substituted class A franking percentage' means the actual or proposed class A franking percentage, or the greatest actual or proposed class A franking percentage, of the substituted dividends; and

(d) a class B franking debit of the debit company equal to the amount worked out using the following formula, as reduced by the amount (if any) of the class B franking debit of the company arising under section 160AQB in respect of the payment of the scheme dividend:

Scheme dividend X Substituted class B franking percentage
where:

'Scheme dividend' means the amount of the scheme dividend;

'Substituted class B franking percentage' means the actual or proposed class B franking percentage, or the greatest actual or proposed class B franking percentage, of the substituted dividends.";

(b) by omitting from subsection (2) all the words after "there arises" and substituting the following words and paragraphs:

"on that day:

(c) a class A franking debit of the debit company equal to the actual or proposed class A franked amount, or the sum of the actual or proposed class A franked amounts, of the substituted dividends; and

(d) a class B franking debit of the debit company equal to the actual or proposed class B franked amount, or the sum of the actual or proposed class B franked amounts, of the substituted dividends.";

(c) by omitting from subsection (3) all the words after "there arises" and substituting the following words and paragraphs:

"on that day:

(c) a class A franking debit of the debit company equal to the amount worked out using the following formula:

Linked dividend X Substituted class A franking percentage
where:

'Linked dividend' means the amount of the linked dividend;

'Substituted class A franking percentage' means the actual or proposed class A franking percentage, or the greatest actual or proposed class A franking percentage, of the substituted dividends; and

(d) a class B franking debit of the debit company equal to the amount worked out using the following formula:

Linked dividend X Substituted class B franking percentage
where:

'Linked dividend' means the amount of the linked dividend;

'Substituted class B franking percentage' means the actual or proposed class B franking percentage, or the greatest actual or proposed class B franking percentage, of the substituted dividends.";

(d) by inserting in subsection (4) "class B" before "franking debit".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 71

On-market share buy-back arrangements

71. Section 160AQCC of the Principal Act is amended:

(a) by inserting in subsection (1) "class A" before "franking debit";
(b) by inserting in subsection (1) "(if any)" after "the amount";
(c) by inserting in subsection (2) "class A" before "required franking amount";
(d) by omitting from subsection (2) "160AQE(1)" and substituting "160AQDB(1)";

(e) by adding at the end the following subsections:
"(3) There arises on the day of an on-market purchase by a company of a share a class B franking debit of the company equal to the amount calculated under subsection (4).
"(4) The amount is the amount that would be calculated under subsection 160AQDB(2) as the class B required franking amount for a dividend paid on that day to a shareholder in the company if that and any other on-market purchase by the company had been an off-market purchase."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 72

Life assurance companies-debit reducing section 160APMA credit

72. Section 160AQCD of the Principal Act is amended:

(a) by omitting from subsection (1) all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(a) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking debit of the company worked out under subsection (2) of this section;

(b) if the year of income is the 1993-94 year of income or a later year of income-a class B franking debit of the company worked out under subsection (2) of this section.";

(b) by omitting from subsection (2) "0.8" and substituting "Statutory factor";

(c) by inserting the following definition in subsection (2) (before the existing definitions):

" 'Statutory factor' means:

(a) in the case of a class A franking debit-0.8; or

(b) in the case of a class B franking debit-1.0;"

(d) by omitting from subsection (3) all the words after "served," (third occurring) and substituting the following words and paragraphs:

"whichever of the following is applicable:

(c) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking debit of the company worked out under subsection (4) of this section;

(d) if the year of income is the 1993-94 year of income or a later year of income-a class B franking debit of the company worked out under subsection (4) of this section.";

(e) by omitting from subsection (4) "0.8" and substituting "Statutory factor";

(f) by inserting the following definition in subsection (4) (before the existing definitions):

" 'Statutory factor' means:

(a) in the case of a class A franking debit-0.8; or

(b) in the case of a class B franking debit-1.0;"

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 73

Life assurance companies-debit reducing section 160APMB credit

73. Section 160AQCE of the Principal Act is amended:

(a) by omitting from subsection (1) all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(a) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking debit of the company worked out under subsection (2) of this section;

(b) if the year of income is the 1993-94 year of income or a later year of income-a class B franking debit of the company worked out under subsection (2) of this section.";

(b) by omitting from subsection (2) "0.8" and substituting "Statutory factor";

(c) by inserting the following definition in subsection (2) (before the existing definitions):

" 'Statutory factor' means:

(a) in the case of a class A franking debit-0.8; or

(b) in the case of a class B franking debit-1.0;";

(d) by omitting from subsection (3) all the words after "served," (third occurring) and substituting the following words and paragraphs:

"whichever of the following is applicable:

(c) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking debit of the company worked out under subsection (4) of this section;

(d) if the year of income is the 1993-94 year of income or a later year of income-a class B franking debit of the company worked out under subsection (4) of this section.";

(e) by omitting from subsection (4) "0.8" and substituting "Statutory factor";

(f) by inserting the following definition in subsection (4) (before the existing definitions):

" 'Statutory factor' means:

(a) in the case of a class A franking debit-0.8; or

(b) in the case of a class B franking debit-1.0;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 74

Life assurance companies-debit reducing section 160APMC credit

74. Section 160AQCJ of the Principal Act is amended:

(a) by omitting from subsection (1) all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(a) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking debit of the company worked out under subsection (2) of this section;

(b) if the year of income is the 1993-94 year of income or a later year of income-a class B franking debit of the company worked out under subsection (2) of this section.";

(b) by omitting from subsection (2) "0.8" and substituting "Statutory factor";

(c) by inserting the following definition in subsection (2) (before the existing definitions):

" 'Statutory factor' means:

- (a) in the case of a class A franking debit-0.8; or
- (b) in the case of a class B franking debit-1.0;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 75

Life assurance companies-debit reducing section 160APMD credit

75. Section 160AQCK of the Principal Act is amended:

(a) by omitting from subsection (1) all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(a) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking debit of the company worked out under subsection (2) of this section;

(b) if the year of income is the 1993-94 year of income or a later year of income-a class B franking debit of the company worked out under subsection (2) of this section.";

(b) by omitting from subsection (2) "0.8" and substituting "Statutory factor";

(c) by inserting the following definition in subsection (2) (before the existing definitions):

" 'Statutory factor' means:

- (a) in the case of a class A franking debit-0.8; or
- (b) in the case of a class B franking debit-1.0;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 76

Life assurance companies-debit reducing section 160APQB credit

76. Section 160AQCL of the Principal Act is amended:

(a) by omitting from subsection (1) all the words after "on that day" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(a) if the year of income is the 1992-93 year of income or an earlier year of income-a class A franking debit of the company worked out under subsection (2) of this section;

(b) if the year of income is the 1993-94 year of income or a later year of income-a class B franking debit of the company worked out under subsection (2) of this section.";

(b) by omitting from subsection (2) "0.8" and substituting "Statutory factor";

(c) by inserting the following definition in subsection (2) (before the existing definitions):

" 'Statutory factor' means:

- (a) in the case of a class A franking debit-0.8; or
- (b) in the case of a class B franking debit-1.0;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 77

Life assurance companies-debit reducing subsection 160APVC(1) credit

77. Section 160AQCM of the Principal Act is amended:

(a) by inserting "class A" before "franking" (wherever occurring);

(b) by adding at the end the following subsection:

"(2) If:

(a) on a particular day, a class B franking credit of a life assurance company arises under subsection 160APVC(1) in relation to an amount received as a refund in relation to a year of income; and

(b) on or after that day, a notice of an original company tax assessment for the year of income is served, or deemed to be served, on the company; there arises, on the day on which the notice is served or deemed to be served, a class B franking debit of the company equal to the amount of the class B franking credit."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 78

Insertion of new section

78. After section 160AQCM of the Principal Act the following section is inserted in Subdivision C of Division 2 of Part IIIAA:

Life assurance companies-statutory fund component

"160AQC�.(1) If, on a particular day, a class B franking credit of a company arises under any of the following provisions:

- (a) section 160APVBA;
- (b) section 160APVBB;
- (c) subsection 160APVC(1);
- (d) subsection 160APVC(3);
- (e) subsection 160APVD(2);

there arises on that day a class A franking debit of the company equal to the amount that would have been the amount of that class B franking credit if the assumptions set out in subsection (2) were made.

"(2) The assumptions are as follows:

(a) the assumption that the class B franking credit had been calculated using a statutory factor of 0.2 instead of 1.0;

(b) the assumption that the class B franking credit had been calculated by reference to the special life company tax rate for the year of tax concerned instead of by reference to the general company tax rate for the year of tax concerned.

"(3) If:

(a) on a particular day, a class A franking credit of a company arises under subsection 160APVH(1) because of paragraph (a) of that subsection in relation to an initial payment of tax in respect of a year of income; and

(b) on or after that day, a notice of an original company tax assessment for the year of income is served, or deemed to be served, on the company; there arises, on the day on which the notice is served or deemed to be served, a class A franking debit of the company equal to the amount of the class A franking credit.

"(4) If:

(a) on a particular day, a class A franking credit of a company arises under subsection 160APVH(1) because of paragraph (c) of that subsection in relation to a further payment on account of tax in respect of a year of income; and

(b) on or after that day, a notice of an original company tax assessment for the year of income is served, or deemed to be served, on the company; there arises, on the day on which the notice is served or deemed to be served, a class A franking debit of the company equal to the amount of the class A franking credit."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 79

Determination of estimated class A debit

79. Section 160AQD of the Principal Act is amended by inserting "class A" after "estimated" (wherever occurring).

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 80

Insertion of new section

80. After section 160AQD of the Principal Act the following section is inserted in Division 3 of Part IIIAA:

Determination of estimated class B debit

"160AQDA.(1) If a company:

(a) has taken liability reduction action; or

(b) has paid an initial payment of tax under section 221AP;

the company may lodge an application with the Commissioner for:

(c) the determination of an estimated class B debit in relation to the liability reduction action or in relation to the payment of the initial payment of tax; or

(d) the determination of such an estimated class B debit in substitution for an earlier determination.

"(2) An estimated class B debit in relation to an initial payment of tax must relate to the refund of that payment under subsection 221AQ(3), 221AR(6) or 221AU(4).

"(3) The application must:

(a) be made before the termination time; and

(b) be in the approved form; and

(c) specify the amount of the estimated class B debit applied for.

"(4) The Commissioner:

(a) may determine an estimated class B debit not greater than the amount specified in the application; and

(b) must serve notice of any such determination on the company.

"(5) If:

(a) a company lodges an application with the Commissioner on a particular day (the 'application day'); and

(b) at the end of the 21st day after the application day, the Commissioner has neither:

(i) served notice of an estimated class B debit determination on the company; nor

(ii) refused to make an estimated class B debit determination; the Commissioner is taken, on the 22nd day after the application day, to have:

(c) determined an estimated class B debit in accordance with the application; and

(d) served notice of the determination on the company.

"(6) A notice of an estimated class B debit determination has no effect if it is served after the termination time."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 81

Insertion of new section

81. Before section 160AQE of the Principal Act the following section is inserted in Division 4 of Part IIIAA:

How to work out the class A required franking amount and the class B required franking amount

"160AQDB.(1) For the purposes of this Part, the class A required franking amount for a dividend paid to a shareholder in a company is the amount that would be the required franking amount for the dividend if:

(a) the reference in section 160AQE to the franking surplus of the company at the beginning of the reckoning day for the dividend were, by express provision, confined to the class A franking surplus of the company at the beginning of that day; and

(b) each reference in section 160AQE to a franked amount were, by express provision, confined to a class A franked amount; and

(c) each reference in section 160AQE to a required franking amount were, by express provision, confined to a class A required franking amount; and

(d) each reference in section 160AQE to a franking debit were, by express provision, confined to a class A franking debit.

"(2) For the purposes of this Part, the class B required franking amount for a dividend paid to a shareholder in a company is worked out using the formula:

$$\begin{array}{rcl} \text{Gross required} & - & \text{Class A required} \\ \text{franking amount} & & \text{franking amount} \end{array}$$

where:

'Gross required franking amount' means the required franking amount for the dividend;

'Class A required franking amount' means the class A required franking amount for the dividend."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 82

How to work out the required franking amount

82. Section 160AQE of the Principal Act is amended by adding at the end the following subsection:

"(6) In this section:

'franking surplus', in relation to a company at a particular time, means the sum of:

(a) the class A franking surplus (if any) of the company as at that time; and

(b) the class B franking surplus (if any) of the company as at that time."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 83

What constitutes franking

83. Section 160AQF of the Principal Act is amended:

(a) by inserting in subparagraph (1)(c)(i) "class A" before "franked";

(b) by inserting in paragraph (1)(d) "class A" before "franked";

(c) by inserting in subsection (1) "class A" before "franked to the extent";

(d) by inserting after subsection (1) the following subsections:

"(1AA) If:

(a) a frankable dividend (in this subsection called the 'current dividend') is paid to a shareholder in a company; and

(b) the company is a resident at the time of payment; and

(c) if the current dividend is paid under a resolution:

(i) before the reckoning day for the current dividend, the company makes a declaration that each dividend to which the resolution relates is a

class B franked dividend to the extent of a percentage (not exceeding 100%) specified in the declaration in relation to the dividend; and

(ii) the percentage so specified is the same for each of the dividends to which the resolution relates; and

(d) if the current dividend is not paid under a resolution-the company makes a declaration before the reckoning day for the current dividend that the current dividend is a class B franked dividend to the extent of a percentage (not exceeding 100%) specified in the declaration; the current dividend is taken to have been class B franked to the extent of the amount worked out using the formula:

$$\text{Current dividend} \times \text{Specified percentage}$$

where:

'Current dividend' means the amount of the current dividend;

'Specified percentage' means the percentage specified in the declaration in relation to the dividend.

"(1AB) Despite subsections (1) and (1AA), a dividend is taken not to have been class A franked or class B franked if the sum of:

(a) the class A franked amount of the dividend; and

(b) the class B franked amount of the dividend;
exceeds the amount of the dividend.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 84

Company to give dividend statement to shareholders

84. Section 160AQH of the Principal Act is amended by omitting paragraph (b) and substituting the following paragraph:

"(b) if the dividend is a franked dividend:

(i) the class A franked amount of the dividend or the class B franked amount of the dividend, or both; and

(ii) the amount of the dividend, reduced by the class A franked amount of the dividend and the class B franked amount of the dividend; and

(iii) if the dividend is a class A franked dividend-the amount worked out in relation to the dividend using the formula in subsection 160AQT(1) (whether or not that subsection applies to the dividend); and

(iv) if the dividend is a class B franked dividend-the amount worked out in relation to the dividend using the formula in subsection 160AQT(1AA) (whether or not that subsection applies to the dividend); and

(v) the sum of the amounts mentioned in subparagraphs (iii) and

(iv); and

(vi) any amount deducted from the dividend under section 221YL;
and".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 85

Liability to franking deficit tax

85. Section 160AQJ of the Principal Act is amended:

(a) by inserting in subsection (1) "class A" before "franking deficit" (wherever occurring);

(b) by inserting after subsection (1) the following subsection:

"(1A) If a company has a class B franking deficit at the end of a franking year, the company is liable to pay tax equal to the amount worked out using the formula:

$$\text{Franking deficit} \times \frac{\text{Company tax rate}}{1 - \text{Company tax rate}}$$

where:

'Franking deficit' means the amount of the class B franking deficit;

'Company tax rate' means the applicable general company tax rate.";

(c) by inserting in subsection (2) "or (1A), or both," after "(1)" (first occurring);

(d) by inserting in paragraphs (2)(c), (d), (e) and (f) "or (1A), as the case may be," after "(1)";

(e) by omitting from paragraph (2)(d) "equal to the excess; or" and substituting "worked out using the formula:

$$\text{Excess} \times \frac{\text{Particular franking deficit tax}}{\text{Relevant franking deficit tax}}$$

where:

'Excess' means the amount of the excess;

'Particular franking deficit tax' means the tax that the company is liable to pay under subsection (1) or (1A), as the case requires; or";

(f) by omitting from paragraphs (2)(e) and (f) "(0.8 Fund component)" and substituting "Fund component";

(g) by omitting from paragraph (2)(f) "equal to the excess." and substituting "worked out using the formula:

$$\text{Excess} \times \frac{\text{Particular franking deficit tax}}{\text{Relevant franking deficit tax}}$$

where:

'Excess' means the amount of the excess;

'Particular franking deficit tax' means the tax that the company is liable to pay under subsection (1) or (1A), as the case requires.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 86

Entitlement to offset

86. Section 160AQK of the Principal Act is amended:

(a) by omitting from paragraph (1)(a) "franking deficit tax" and substituting "class A franking deficit tax or class B franking deficit tax, or both,";

(b) by omitting from paragraph (1)(c) "amount of the franking deficit tax" and substituting "sum of the class A franking deficit tax and the class B franking deficit tax".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 87

Extra amount to be included in assessable income where franked dividend paid

87. Section 160AQT of the Principal Act is amended:

(a) by inserting in paragraph (1)(a) "class A" before "franked";

(b) by inserting "class A" before "franked" in the definition of the component "FA" in subsection (1);

(c) by inserting after subsection (1) the following subsection:

"(1AA) If:

(a) a class B franked dividend is paid in a year of income to a shareholder in a company; and

(b) the shareholder is:

(i) a natural person who is a resident at the time of payment of the dividend; or

(ii) a trustee; or

(iii) a partnership; or

(iv) a registered organization; and

(c) the dividend is not exempt income of the shareholder; and
(d) the dividend was not paid as part of a dividend stripping operation;
the assessable income of the shareholder of the year of income includes the amount worked out using the formula:

$$\text{Franked amount} \times \frac{\text{Company tax rate}}{1 - \text{Company tax rate}}$$

where:

'Franked amount' means the class B franked amount of the dividend;
'Company tax rate' means the applicable general company tax rate.";
(d) by inserting in paragraph (1A) (a) "class A" before "franked";
(e) by inserting "class A" before "franked" in the definition of the component "FA" in subsection (1A);
(f) by inserting after subsection (1A) the following subsection:
"(1B) If:
(a) a class B franked dividend is paid in a year of income to a shareholder in a company; and
(b) the shareholder is a life assurance company; and
(c) the dividend is not exempt income of the shareholder; and
(d) the dividend was not paid as part of a dividend stripping operation;
and
(e) the assets of the shareholder from which the dividend was derived were included in insurance funds of the shareholder at any time during the period:
(i) starting at the beginning of the year of income of the shareholder in which the dividend was paid; and
(ii) ending at the time the dividend was paid;
the assessable income of the shareholder of the year of income includes the amount worked out using the formula:

$$\text{Franked amount} \times \frac{\text{Company tax rate}}{1 - \text{Company tax rate}}$$

where:

'Franked amount' means the class B franked amount of the dividend;
'Company tax rate' means the applicable general company tax rate.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993 No. 118, 1993

- SECT 88

Franking rebate for certain beneficiaries

88. Section 160AQX of the Principal Act is amended:

(a) by omitting paragraph (c) and substituting the following paragraph:
"(c) there is either or both of the following:
(i) a class A flow-on franking amount in relation to the trust amount;
(ii) a class B flow-on franking amount in relation to the trust amount;" ;
(b) by omitting all the words after "equal to" and substituting the following words and paragraphs:
"whichever of the following is applicable:
(d) if only subparagraph (c) (i) applies-the class A potential rebate amount in relation to the trust amount;
(e) if only subparagraph (c) (ii) applies-the class B potential rebate amount in relation to the trust amount;
(f) if both subparagraphs (c) (i) and (ii) apply-the sum of:
(i) the class A potential rebate amount in relation to the trust amount; and
(ii) the class B potential rebate amount in relation to the trust amount.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 89

Franking rebate in trustee's assessment

89. Section 160AQY of the Principal Act is amended:

(a) by omitting paragraph (b) and substituting the following paragraph:

"(b) there is either or both of the following:

(i) a class A flow-on franking amount in relation to the trust amount;

(ii) a class B flow-on franking amount in relation to the trust amount;"

(b) by omitting all the words after "equal to" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(c) if only subparagraph (b)(i) applies-the class A potential rebate amount in relation to the trust amount;

(d) if only subparagraph (b)(ii) applies-the class B potential rebate amount in relation to the trust amount;

(e) if both subparagraphs (b)(i) and (ii) apply-the sum of:

(i) the class A potential rebate amount in relation to the trust amount; and

(ii) the class B potential rebate amount in relation to the trust amount."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 90

Franking rebate for trustees of superannuation funds, ADFs and PSTs

90. Section 160AQYA of the Principal Act is amended:

(a) by omitting paragraph (1)(c) and substituting the following paragraph:

"(c) there is either or both of the following:

(i) a class A flow-on franking amount in relation to the trust amount;

(ii) a class B flow-on franking amount in relation to the trust amount;"

(b) by omitting from subsection (1) all the words after "equal to" and substituting the following words and paragraphs:

"whichever of the following is applicable:

(d) if only subparagraph (c)(i) applies-the class A potential rebate amount in relation to the trust amount;

(e) if only subparagraph (c)(ii) applies-the class B potential rebate amount in relation to the trust amount;

(f) if both subparagraphs (c)(i) and (ii) apply-the sum of:

(i) the class A potential rebate amount in relation to the trust amount; and

(ii) the class B potential rebate amount in relation to the trust amount."

(c) by omitting paragraph (2)(c) and substituting the following paragraph:

"(c) there is either or both of the following:

(i) a class A flow-on franking amount in relation to the partnership amount;

(ii) a class B flow-on franking amount in relation to the partnership amount;"

(d) by omitting from subsection (2) all the words after "equal to" and substituting the following words and paragraphs:

"whichever of the following is applicable:
(d) if only subparagraph (c)(i) applies-the class A potential rebate amount in relation to the partnership amount;
(e) if only subparagraph (c)(ii) applies-the class B potential rebate amount in relation to the partnership amount;
(f) if both subparagraphs (c)(i) and (ii) apply-the sum of:
(i) the class A potential rebate amount in relation to the partnership amount; and
(ii) the class B potential rebate amount in relation to the partnership amount."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 91

Franking rebate for certain partners

91. Section 160AQZ of the Principal Act is amended:
(a) by omitting paragraph (c) and substituting the following paragraph:
"(c) there is either or both of the following:
(i) a class A flow-on franking amount in relation to the partnership amount;
(ii) a class B flow-on franking amount in relation to the partnership amount;"

(b) by omitting all the words after "equal to" and substituting the following words and paragraphs:
"whichever of the following is applicable:
(d) if only subparagraph (c)(i) applies-the class A potential rebate amount in relation to the partnership amount;
(e) if only subparagraph (c)(ii) applies-the class B potential rebate amount in relation to the partnership amount;
(f) if both subparagraphs (c)(i) and (ii) apply-the sum of:
(i) the class A potential rebate amount in relation to the partnership amount; and
(ii) the class B potential rebate amount in relation to the partnership amount."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 92

Franking rebates for certain life assurance companies

92. Section 160AQZA of the Principal Act is amended:
(a) by inserting "class A" before "franking credit";
(b) by inserting "class A" before "potential rebate amount";
(c) by adding at the end the following subsection:
"(2) If, apart from subsection 160APQ(3), a class B franking credit of a taxpayer would have arisen under section 160APQ in respect of:
(a) a trust amount or partnership amount that is included in; or
(b) a partnership amount that is allowed as a deduction from;
the assessable income of the taxpayer of a year of income, the taxpayer is entitled to a rebate of tax in the taxpayer's assessment in respect of income of the year of income of an amount equal to the class B potential rebate amount in relation to the trust amount or partnership amount."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 93

Adjustment where franking credit arises

93. Section 160AR of the Principal Act is amended:

- (a) by inserting in paragraph (1)(b) "class A" before "franking credit";
- (b) by inserting in subsection (1) "class A" before "potential rebate amount";
- (c) by inserting after subsection (1) the following subsection:

"(1A) If:

 - (a) a trust amount is included in the assessable income of a company of a year of income; and
 - (b) a class B franking credit arises under section 160APQ in relation to the trust amount;

an amount equal to so much of the class B potential rebate amount in relation to the trust amount as does not exceed the trust amount is allowable as a deduction from the assessable income of the company of the year of income.";
- (d) by inserting in paragraph (2)(b) "class A" before "franking credit";
- (e) by inserting in subsection (2) "class A" before "potential rebate amount";
- (f) by adding at the end the following subsection:

"(3) If:

 - (a) a partnership amount is included in, or allowable as a deduction from, the assessable income of a company of a year of income; and
 - (b) a class B franking credit arises under section 160APQ in relation to the partnership amount;

the class B potential rebate amount in relation to the partnership amount is allowable as a deduction from the assessable income of the company of the year of income.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 94

Adjustment for non-resident beneficiary

94. Section 160ARA of the Principal Act is amended by omitting from paragraph (e) "potential rebate amount" and substituting "sum of the class A potential rebate amount and the class B potential rebate amount".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 95

Adjustment where trustee assessed for non-resident beneficiary

95. Section 160ARB of the Principal Act is amended by omitting "potential rebate amount" and substituting "sum of the class A potential rebate amount and the class B potential rebate amount".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 96

Adjustment where trustee assessed for company

96. Section 160ARC of the Principal Act is amended:

- (a) by inserting in paragraph (b) "class A" before "flow-on franking amount";
- (b) by inserting "class A" before "potential rebate amount";
- (c) by adding at the end the following subsection:

"(2) If:

(a) a trustee is liable to be assessed under subsection 98(3) on a trust amount; and

(b) there is a class B flow-on franking amount in relation to the trust amount;
the trust amount is to be reduced by so much of the class B potential rebate amount in relation to the trust amount as does not exceed the trust amount."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 97

Adjustment for non-resident partner

97. Section 160ARD of the Principal Act is amended by omitting "potential rebate amount" and substituting "sum of the class A potential rebate amount and the class B potential rebate amount".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 98

First return deemed to be an assessment

98. Section 160ARH of the Principal Act is amended:

(a) by inserting "class A" before "franking account" (wherever occurring);
(b) by inserting in subparagraph (c)(ii) "class A" before "franking deficit tax";

(c) by adding at the end the following subsection:

"(2) If:

(a) at a particular time (the 'return time'), a return (the 'first return') under this Part in relation to a company in relation to a franking year is lodged; and

(b) before the return time, no return has been lodged, and no class B franking account assessment has been made, in relation to the company in relation to the franking year; the following provisions have effect:

(c) the Commissioner is taken at the return time to have made an assessment (the 'deemed assessment') of:

(i) the class B franking account balance of the company for the franking year; and

(ii) any class B franking deficit tax payable by the company for the franking year;

being those respective amounts as specified in the first return;

(d) the first return is taken to be a notice of the deemed assessment and to be signed by the Commissioner;

(e) the notice referred to in paragraph (d) is taken to have been served on the company at the return time."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 99

Part-year assessment

99. Section 160ARJ of the Principal Act is amended:

(a) by inserting in subsection (1) "class A" before "franking" (first, 3rd and 4th occurring);

(b) by inserting after subsection (1) the following subsection:

"(1A) The Commissioner may at any time make an assessment of the class B franking account balance of a company at a particular time during a franking year and, if the company has a class B franking deficit at that time, of the class B franking deficit tax payable by the company.";

(c) by inserting in subsection (2) "or (1A)" after "(1)".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 100

Default assessment

100. Section 160ARK of the Principal Act is amended:

(a) by inserting "class A" before "franking" (2nd and 4th occurring);

(b) by adding at the end the following subsection:

"(2) If a company has not lodged a return in respect of a franking year, the Commissioner may make an assessment of:

(a) the class B franking account balance of the company at the end of the franking year; and

(b) any class B franking deficit tax payable by the company for the franking year.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 101

Amendment of assessments

101. Section 160ARN of the Principal Act is amended:

(a) by omitting from subsection (10) "franking surplus" (wherever occurring) and substituting "class A franking surplus or a class B franking surplus";

(b) by omitting from subsection (10) "franking account balance" (wherever occurring) and substituting "class A franking account balance or a nil class B franking account balance";

(c) by omitting from subsection (10) "a franking deficit" (wherever occurring) and substituting "a class A franking deficit or a class B franking deficit".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 102

Interpretation

102. Section 160ARXA of the Principal Act is amended:

(a) by omitting from subsection (1) the definitions of "franking tax shortfall", "proper franking tax" and "statement franking tax" and substituting the following definitions:

" 'franking tax shortfall', in relation to a company and a franking year, means:

(a) a class A franking tax shortfall in relation to the company and the franking year; or

(b) a class B franking tax shortfall in relation to the company and the franking year;

'proper franking tax', in relation to a company and a franking year, means:

(a) the class A proper franking tax in relation to the company and the franking year; or

(b) the class B proper franking tax in relation to the company and the franking year;

'statement franking tax', in relation to a company, a franking year and a time, means:

(a) the class A statement franking tax in relation to the company, the franking year and the time; or

(b) the class B statement franking tax in relation to the company, the franking year and the time;"

(b) by inserting in subsection (1) the following definitions:

" 'class A franking tax shortfall', in relation to a company and a franking

year, means the amount (if any) by which the company's class A statement franking tax for that year at the time at which it was lowest is less than the company's class A proper franking tax for that year;

'class A proper franking tax', in relation to a company and a franking year, means the class A franking deficit tax properly payable by the company in respect of that year;

'class A statement franking tax', in relation to a company, a franking year and a time, means the class A franking deficit tax that would have been payable by the company in respect of that year if the tax were assessed at that time taking into account taxation statements by the company;

'class B franking tax shortfall', in relation to a company and a franking year, means the amount (if any) by which the company's class B statement franking tax for that year at the time at which it was lowest is less than the company's class B proper franking tax for that year;

'class B proper franking tax', in relation to a company and a franking year, means the class B franking deficit tax properly payable by the company in respect of that year;

'class B statement franking tax', in relation to a company, a franking year and a time, means the class B franking deficit tax that would have been payable by the company in respect of that year if the tax were assessed at that time taking into account taxation statements by the company;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 103

Penalty for over-franking

103. Section 160ARX of the Principal Act is amended:

- (a) by inserting "class A" before "franking deficit" (wherever occurring);
- (b) by inserting "class A" before "franking credits";
- (c) by inserting "class A" before "franked amount of";
- (d) by inserting "class A" before "required franking amount";
- (e) by adding at the end the following subsection:

"(2) If:

(a) the class B franking deficit of a company at the end of a franking year is more than 10% of the total of the class B franking credits arising during the franking year; and

(b) the class B franked amount of a dividend paid during the franking year to a shareholder in the company exceeded the class B required franking amount for that dividend;

the company is liable to pay, by way of penalty, additional tax equal to 30% of the class B franking deficit tax payable by the company for the franking year."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 104

Penalty for failure to lodge return

104. Section 160ARZ of the Principal Act is amended by omitting all the words after "double" and substituting the following words and paragraphs:

"the sum of:

(a) the class A franking deficit tax (if any) payable by the company for the franking year; and

(b) the class B franking deficit tax (if any) payable by the company for the franking year."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 105

Penalty tax because of position taken

105. Section 160ARZD of the Principal Act is amended:

(a) by omitting subparagraph (1)(c)(ii) and substituting the following subparagraph:

"(ii) 1% of whichever of the following is applicable:

(A) if the shortfall is a class A franking tax shortfall-the class A franking deficit tax that would have been payable by the company for that year if the tax were assessed on the basis of the company's return under subsection 160ARE(1) or 160ARF(1) in relation to that year;

(B) if the shortfall is a class B franking tax shortfall-the class B franking deficit tax that would have been payable by the company for that year if the tax were assessed on the basis of the company's return under subsection 160ARE(1) or 160ARF(1) in relation to that year; and";

(b) by omitting from subsection (5) the definition of "return franking tax".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 106

Company to keep records

106. Section 160ASC of the Principal Act is amended by omitting from paragraph (b) "franking account balance" and substituting "class A franking account balance or the class B franking account balance".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 107

Duties of payers

107. Section 221YHZA of the Principal Act is amended by omitting from paragraphs (1B)(b) and (1D)(b) "the percentage specified in the declaration, referred to in that section," and substituting "the franking percentage (within the meaning of section 160APA)".

Subdivision C - Application and transitional provisions

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 108

Interpretation

108. In this Subdivision:

"amended Act" means the Principal Act as amended by this Division;

"1993-94 franking year", in relation to a company, means the franking year of the company immediately preceding the company's 1994-95 franking year;

"1994-95 franking year", in relation to a company, means:

(a) if a franking year of the company:

(i) is covered by paragraph (a) of the definition of "franking year" in section 160APA of the Principal Act; and

(ii) begins after 31 December 1993 and before 1 July 1994; that franking year; or

(b) if a franking year of the company:

(i) is covered by paragraph (b) of that definition; and

(ii) begins after 31 December 1993 and before 1 July 1994; that franking year; or

(c) if a franking year of the company:

(i) is covered by paragraph (c) of that definition; and
(ii) begins on 1 July 1994;
that franking year.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993
- SECT 109
Application of amendments

109.(1) The amendments made by paragraphs 40(c), (d) and (f), and the amendments of Division 2 of Part IIIAA of the Principal Act made by this Division, apply in relation to franking credits and franking debits of a company arising in the company's 1994-95 franking year and each later franking year.

(2) The amendments of Division 3 of Part IIIAA of the Principal Act made by this Division apply in relation to an application for the determination of an estimated debit, if the application is made after the beginning of the applicant's 1994-95 franking year.

(3) The amendments made by paragraph 40(a), and the amendments of Subdivisions B and C of Division 5, Division 8 and Division 11 of Part IIIAA of the Principal Act made by this Division, apply in relation to a company's 1994-95 franking year and each later franking year.

(4) The amendments made by paragraph 40(b), and the amendments of Division 4, Subdivision A of Division 5 and Divisions 6 and 7 of Part IIIAA and section 221YHZC of the Principal Act made by this Division, apply in relation to dividends paid to a shareholder in a company during the company's 1994-95 franking year and each later franking year.

(5) The amendments of Division 12 of Part IIIAA of the Principal Act made by this Division apply in relation to a company's franking account balance for the company's 1994-95 franking year and each later franking year.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993
- SECT 110
Transitional-carry forward of franking surplus from 1993-94

110. For the purposes of Part IIIAA of the amended Act, if a company had a franking surplus at the end of the company's 1993-94 franking year, there arises at the beginning of the company's 1994-95 franking year a class A franking credit of the company equal to that franking surplus.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993
- SECT 111
Transitional-receipt of class A franked dividends or class B franked dividends etc. by a corporate shareholder before the start of the shareholder's 1994-95 franking year

111.(1) Subject to subsection (3), if:
(a) a class A franked dividend or a class B franked dividend is paid to a shareholder being a company; and
(b) the dividend is paid on a day (the "actual payment day") during:
(i) the period beginning on 1 January 1994 and ending on 30 June 1994; and
(ii) a franking year of the shareholder earlier than the shareholder's 1994-95 franking year; and
(c) assuming that the amendments of Divisions 1 and 2 of Part IIIAA of the Principal Act made by this Division had applied in relation to franking credits of the shareholder arising in that earlier franking year, there would

have arisen on the actual payment day a class A franking credit or a class B franking credit of the shareholder under section 160APP of the amended Act in respect of the payment of the dividend;
then:

(d) in the case of a class A franked dividend-Part IIIAA of the Principal Act applies as if the class A franked dividend were a franked dividend; and

(e) in the case of a class B franked dividend-Part IIIAA of the amended Act applies as if the class B franking credit arises at the beginning of the shareholder's 1994-95 franking year instead of on the actual payment day.

(2) Subject to subsection (3), if:

(a) a trust amount or partnership amount is included in, or a partnership amount is allowed as a deduction from, the assessable income of a company; and

(b) assuming that the amendments of Divisions 1 and 2 of Part IIIAA of the Principal Act made by this Division had applied in relation to franking credits of the company arising in a franking year of the company earlier than the company's 1994-95 franking year, there would have arisen at a particular time (the "actual credit time") during:

(i) the period beginning on 1 January 1994 and ending on 30 June 1994; and

(ii) that earlier franking year;
a class A franking credit, or a class B franking credit, of the company under section 160APQ of the amended Act in respect of the trust amount or partnership amount, as the case may be;
then:

(c) in the case of a class A franking credit-Part IIIAA of the Principal Act applies as if the class A franked amount of the dividend to which the trust amount or partnership amount is attributable were a franked amount; and

(d) in the case of a class B franking credit-Part IIIAA of the amended Act applies as if that class B franking credit arises at the beginning of the company's 1994-95 franking year instead of at the actual credit time.

(3) If:

(a) apart from this subsection, Part IIIAA of the amended Act applies, because of this section, as if one or more class B franking credits arose at the beginning of the 1994-95 franking year of a company; and

(b) the company has, or would, apart from this subsection, have a franking deficit at the end of the 1993-94 franking year of the company;
the following provisions have effect:

(c) if the sum of those class B franking credits does not exceed 130% of the franking deficit-each of those class B franking credits is to be:

(i) reduced by 23%; and

(ii) treated, for the purposes of Part IIIAA of the Principal Act, as if it were a franking credit arising on the last day of the 1993-94 franking year of the company; and

(iii) taken, for the purposes of Part IIIAA of the amended Act, not to be a class B franking credit arising at the beginning of the 1994-95 franking year of the company;

(d) if the sum of those class B franking credits exceeds 130% of the class B franking deficit:

(i) so much of each of those class B franking credits as is calculated using the formula:

$$\text{Franking credit} \times \frac{130\% \text{ franking deficit}}{\text{Total franking credits}}$$

where:

"Franking credit" means the amount of the class B franking credit;

"130% franking deficit" is the number of dollars in 130% of the franking

deficit;

"Total franking credits" means the number of dollars in the sum of those class B franking credits;

(which amount so calculated is in this paragraph called the "proportional franking credit") is to be:

(A) reduced by 23%; and

(B) treated, for the purposes of Part IIIAA of the Principal Act, as if it were a franking credit arising on the last day of the 1993-94 franking year of the company; and

(C) taken, for the purposes of Part IIIAA of the amended Act, not to be a class B franking credit arising at the beginning of the 1994-95 franking year of the company; and

(ii) so much of each of those class B franking credits as remains after subtracting the proportional franking credit is taken, for the purposes of Part IIIAA of the amended Act, to arise at the beginning of the 1994-95 franking year of the company.

(4) A reference in this section to Part IIIAA of the amended Act does not include a reference to section 160AR of the amended Act.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 112

Transitional-estimated debit determinations etc.

112.(1) If:

(a) an application was made by a company under subsection 160AQD(1) of the Principal Act before the beginning of the company's 1994-95 franking year; and

(b) at the end of the company's 1993-94 franking year, the Commissioner had neither:

(i) served notice of an estimated debit determination on the company; nor

(ii) refused to make an estimated debit determination;

then:

(c) the application has effect, after the beginning of the company's 1994-95 franking year, as if it were an application under subsection 160AQD(1) of the amended Act; and

(d) if the application was covered by paragraph 160AQD(1)(c) of the Principal Act-the application has effect as if it were an application for the determination of an estimated class A debit in relation to the liability reduction action or in relation to the payment of the initial payment of tax; and

(e) if the application was covered by paragraph 160AQD(1)(d) of the Principal Act-the application has effect as if:

(i) the earlier determination were an estimated class A debit determination; and

(ii) the application were an application for the determination of an estimated class A debit in substitution for that earlier determination.

(2) If:

(a) before the beginning of a company's 1994-95 franking year, the Commissioner served notice of an estimated debit determination on the company; and

(b) the company makes an application under subsection 160AQD(1) of the amended Act for the determination of an estimated class A debit in substitution for the first-mentioned determination;

Part IIIAA of the amended Act has effect, in relation to the application, as if the first-mentioned determination had been an estimated class A debit

determination.

(3) If:

(a) before the beginning of a company's 1994-95 franking year, the Commissioner serves on the company a notice of an estimated debit determination; and

(b) the termination time in relation to the estimated debit occurs after the beginning of the company's 1994-95 franking year;
section 160APU of the amended Act has effect as if the estimated debit were an estimated class A debit.

(4) If:

(a) after the beginning of a company's 1994-95 franking year, the Commissioner serves on the company a notice of an estimated class A debit determination that is in substitution for an earlier determination; and

(b) the earlier determination was served on the company before the beginning of the company's 1994-95 franking year; and

(c) a franking debit of the company arose because of the earlier determination;

section 160APV of the amended Act has effect as if:

(d) a class A franking debit had arisen because of the earlier determination; and

(e) the amount of that class A franking debit were equal to the amount of the franking debit mentioned in paragraph (c).

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 113

Transitional-reversing entries in class A franking account etc.

113.(1) This section applies to each of the following provisions of the amended Act:

(a) section 160APVF;

(b) section 160APVG;

(c) section 160APXA;

(d) section 160AQCA;

(e) section 160QCM.

(2) The provision has effect as if a franking credit or franking debit of a company arising before the company's 1994-95 franking year were a class A franking credit of the company or a class A franking debit of the company, as the case requires.

Division 10 - Amendments relating to tax concessions for grape growing

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 114

Object of Division

114. The object of this Division is to allow deductions for capital expenditure incurred in establishing grape vines for use in a business of primary production.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 115

Insertion of new section

115. After section 75A of the Principal Act the following section is inserted:

Deduction for capital expenditure incurred in establishing grape vines
Deduction for qualifying expenditure

"75AA.(1) If:

(a) there is an amount of qualifying expenditure in respect of the establishment of a grape vine; and

(b) at any time during a year of income, a taxpayer was the owner of the vine and used it in a business of primary production for the purpose of gaining or producing assessable income;
the amount worked out using the formula set out in subsection (2) is allowable as a deduction to the taxpayer for the year of income.

Subsection (1) formula

"(2) The formula mentioned in subsection (1) is:

$$0.25 \times \frac{\text{Qualifying days in year of income}}{\text{Days in year of income}} \times \text{Qualifying expenditure}$$

where:

'Qualifying days in year of income' means the number of whole days in the year of income when the taxpayer owned the vine and used it in a business of primary production for the purpose of gaining or producing assessable income;

'Days in year of income' means the number of days in the year of income;

'Qualifying expenditure' means the amount of qualifying expenditure.

4-year limit for write-off

"(3) For the purposes of determining the amount of the deduction allowable to a taxpayer under subsection (1) in respect of an amount of qualifying expenditure in respect of the establishment of a grape vine, the taxpayer is taken not to have used the vine for the purpose of gaining or producing assessable income at any time after the end of the period of 4 years beginning on the day on which the vine was established.

Qualifying expenditure

"(4) If:

(a) a person has incurred expenditure of a capital nature wholly or partly in respect of the establishment of a grape vine in Australia for use in a business of primary production; and

(b) the expenditure was incurred on or after 1 July 1993;
then, for the purposes of this section, so much of the amount of the expenditure as is attributable to the establishment of the vine is taken to be an amount of qualifying expenditure in respect of the establishment of the vine.

Exclusion of expenditure incurred in draining or clearing land

"(5) A reference in this section to capital expenditure in respect of the establishment of a grape vine does not include a reference to expenditure incurred in:

(a) draining swamp or low-lying land; or

(b) clearing land.

Destruction of grape vine

"(6) If:

(a) there is an amount of qualifying expenditure in respect of the establishment of a grape vine; and

(b) during a year of income, the vine is destroyed; and

(c) immediately before the destruction, a taxpayer owned the vine and used it in a business of primary production for the purpose of gaining or producing assessable income;

then:

(d) if an amount (the 'recoverable amount') was or is received or receivable by the taxpayer (under a policy of insurance or otherwise) in respect of the destruction-so much of the amount worked out using the formula set out in subsection (7) as exceeds the recoverable amount is allowable as a deduction

to the taxpayer for the year of income; or

(e) in any other case-the amount worked out using the formula set out in subsection (7) is allowable as a deduction to the taxpayer for the year of income.

Subsection (6) formula

"(7) The formula mentioned in subsection (6) is:

Qualifying expenditure - Notional deductions

where:

'Qualifying expenditure' means the amount of the qualifying expenditure in respect of the establishment of the grape vine;

'Notional deductions' means the deduction, or the total of the deductions, that would have been allowable to the taxpayer under subsection (1) in respect of the qualifying expenditure if it were assumed, that at all times during the period:

(a) beginning at the time when the vine was established; and

(b) ending at the time when the vine was destroyed;

the taxpayer had owned the vine and had used it in a business of primary production for the purpose of gaining or producing assessable income.

Recoupment of expenditure

"(8) This section does not apply, and is taken never to have applied, to expenditure incurred by a person if:

(a) the person, whether before or after the commencement of this subsection, receives, or becomes entitled to receive, a recoupment of, or grant in respect of, the expenditure; and

(b) the amount of the recoupment or the grant is not, and will not be, included in the person's assessable income of any year of income.

Dissection of recoupment

"(9) For the purposes of subsection (8), if a person receives, or becomes entitled to receive, an amount that constitutes to an unspecified extent a recoupment of, or a grant in respect of, expenditure, then so much of that amount as is reasonable is taken to be a recoupment of, or grant in respect of, that expenditure, as the case requires.

Amendment of assessments

"(10) Section 170 does not prevent the amendment of an assessment at any time for the purpose of giving effect to subsection (8) or (9).

Crown leases-lessees deemed to own vines

"(11) For the purposes of this section, if:

(a) a taxpayer is the lessee of land under a Crown lease (within the meaning of section 54AA); and

(b) a grape vine is affixed to the land; and

(c) the taxpayer, or a prior holder of the Crown lease, planted the grape vine; and

(d) apart from this section, the taxpayer is not the owner of the vine; the taxpayer is taken to be the owner of the grape vine instead of any other person.

"Person" includes a partnership or trustee "(12) A reference in this section to a person includes a reference to a partnership or a person in the capacity of a trustee."

PART 5 - AMENDMENT OF THE INCOME TAX (INTERNATIONAL AGREEMENTS) ACT 1953

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 117

Principal Act

117. In this Part, "Principal Act" means the Income Tax (International

Agreements) Act 1953.*4*

Income Tax (International Agreements) 1953

4 No. 82, 1953, as amended. For previous amendments, see No. 25, 1958; No. 88, 1959; Nos. 19 and 29, 1960; No. 71, 1963; No. 112, 1964; No. 105, 1965; No. 17, 1966; Nos. 39 and 86, 1967; No. 3, 1968; No. 24, 1969; No. 48, 1972; Nos. 11 and 216, 1973; No. 129, 1974; No. 119, 1975; Nos. 52, 55 and 143, 1976; No. 134, 1977; No. 87, 1978; Nos. 23 and 127, 1980; Nos. 28, 110, 143 and 154, 1981; Nos. 51 and 57, 1983; Nos. 123 and 125, 1984; Nos. 168 and 173, 1985; Nos. 49, 51 and 112, 1986; No. 165, 1989; No. 121, 1990; Nos. 5, 96 and 214, 1991; and Nos. 35, 139 and 224, 1992.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 118

Object of Part

118.(1) The object of this Part is to correct an error in the Vietnamese agreement.

(2) In an exchange of Notes dated 1 and 4 February 1993, the Government of Australia and the Government of the Socialist Republic of Vietnam agreed to regard the English language text of the Vietnamese agreement as rectified ab initio by deleting the words "of any other" from subparagraph 1.(b) of Article 4 and substituting "or any other".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 119

Schedule 38

119. Schedule 38 to the Principal Act is amended by omitting from subparagraph 1.(b) of Article 4 "of any other" and substituting "or any other".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 120

Application of amendments

120. The amendments made by this Part apply, and are taken always to have applied, to Australian tax to which the Vietnamese agreement applies.

PART 6 - AMENDMENT OF THE OCCUPATIONAL SUPERANNUATION STANDARDS ACT 1987

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 121

Principal Act

121. In this Part, "Principal Act" means the Occupational Superannuation Standards Act 1987.*5*

Occupational Superannuation Standards Act 1987

5 No. 97, 1987, as amended. For previous amendments, see No. 138, 1987; Nos. 97 and 105, 1989; Nos. 61 and 135, 1990; Nos. 55 and 216, 1991; Nos. 92, 98 and 208, 1992; and No. 7, 1993.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 122

Object of Part

122. The object of this Part is to allow approved deposit funds to accept a

payment of the shortfall component of an amount of superannuation guarantee charge.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 123

Interpretation

123. Section 3 of the Principal Act is amended by omitting paragraph (a) of the definition of "approved purposes" in subsection (1) and substituting the following paragraph:

"(a) receiving on deposit:

(i) amounts that will be taken by section 27D of the Tax Act to be expended out of eligible termination payments within the meaning of that section; and

(ii) amounts paid under section 65 of the Superannuation Guarantee (Administration) Act 1992;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 124

Application of amendments

124. The amendments made by this Part apply to deposits made after the commencement of this section.

PART 7 - AMENDMENT OF THE PETROLEUM RESOURCE RENT TAX ASSESSMENT ACT 1987

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 125

Principal Act

125. In this Part, "Principal Act" means the Petroleum Resource Rent Tax Assessment Act 1987.*6*

Petroleum Rent Resource Tax Assessment Act 1987

6 No. 142, 1987, as amended. For previous amendments, see No. 97, 1988; No. 60, 1990; Nos. 80 and 216, 1991; and Nos. 92, 118, 210 and 224, 1992.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 126

Object of Part

126. The object of this Part is to make amendments:

(a) relating to the transfer of receipts and expenditure; and

(b) extending the time for lodging annual returns and transfer notices.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 127

Transfer of expenditure-general

127.(1) Section 45A of the Principal Act is amended by omitting from paragraph (3)(a) "21 days" and substituting "42 days".

(2) The amendment made by subsection (1) applies in relation to the financial year starting on 1 July 1993 and later financial years.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 128

Transfer of expenditure-group companies

128.(1) Section 45B of the Principal Act is amended by omitting from paragraph (3)(a) "21 days" and substituting "42 days".

(2) The amendment made by subsection (1) applies in relation to the financial year starting on 1 July 1993 and later financial years.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 129

Insertion of new section

129. After section 48 of the Principal Act the following section is inserted:

Transfer on or after 1 July 1993 of part of entitlement to assessable receipts

Section applies to transfer of part of entitlement to assessable receipts

"48A.(1) This section applies if, on or after 1 July 1993, a person enters into a transaction that has the effect of transferring part only of the person's entitlement to derive, after the transfer, assessable receipts in relation to a petroleum project.

Definitions "(2) In this section:

(a) the person is called the 'vendor';

(b) the person, or each of the persons, to whom the entitlement to derive assessable receipts is transferred is called a 'purchaser';

(c) the time at which the transaction is entered into is called the 'transfer time';

(d) the financial year in which the transaction is entered into is called the 'transfer year';

(e) the part of the vendor's entitlement to derive assessable receipts that is being transferred, when expressed as a percentage of the whole of the vendor's entitlement to derive assessable receipts in relation to the project (as determined before the transfer time), is called the 'transfer percentage'. Transfer time may be before vendor's first year of tax "(3) The transfer time may be before the vendor's first year of tax in relation to the petroleum project.

Subsections (5) to (10) have effect for purposes of this Act "(4) If this section applies, subsections (5) to (10) have effect for the purposes of this Act (including this section).

Purchaser taken to have derived receipts, incurred expenditure etc.

"(5) The purchaser, or each of the purchasers in proportion to its acquired entitlement to assessable receipts, is taken:

(a) to have derived the transfer percentage of any assessable receipts that, if the transfer year had ended immediately before the transfer time, would have been assessable receipts derived by the vendor in relation to the project in the transfer year; and

(b) to have incurred the transfer percentage of any deductible expenditure (other than class 2 augmented bond rate exploration expenditure or class 2 GDP factor expenditure), in relation to the project that, if the transfer year had ended immediately before the transfer time, would have been such deductible expenditure incurred by the vendor in relation to the project in the transfer year; and

(c) to have incurred, in relation to the project, the transfer percentage of any expenditure that, if the transfer year had ended immediately before the transfer time, would, within the meaning of the Schedule, have been included

in the incurred exploration expenditure amount in relation to the vendor, the project and the transfer year or a previous financial year; and
Note: This is expenditure on which class 2 augmented bond rate exploration expenditure and class 2 GDP factor expenditure are based.

(d) to have incurred the transfer percentage of any liability of the vendor, and to have paid the transfer percentage of any amounts paid by the vendor, in respect of instalments of tax in relation to the project during the part of the transfer year that occurred before the transfer time.
Vendor taken not to have derived receipts, incurred expenditure etc.

"(6) The vendor is taken not to have derived, incurred or paid, as the case requires, the transfer percentage of the receipts, expenditure, liabilities and amounts to which subsection (5) applies.

Time when purchaser taken to have incurred expenditure to which paragraph (5)(c) applies

"(7) Expenditure that the purchaser, or any of the purchasers, is taken by paragraph (5)(c) to have incurred is taken to have been so incurred at the time when the vendor incurred it, or is taken to have incurred it.

Treatment of property used in relation to the project

"(8) As regards property used in relation to the project:

(a) the vendor is taken not to have derived any assessable property receipts in relation to the transaction because of the transfer of any property held by the vendor that was being used in relation to the project at the transfer time; and

(b) the purchaser or purchasers are taken not to have incurred any eligible real expenditure in relation to the transaction because of the transfer of any such property.

Application of sections 27, 28 and 29

"(9) In any application of section 27, 28 or 29 after the transfer time, the purchaser, or each of the purchasers in proportion to its acquired entitlement to assessable receipts, is taken to have incurred the transfer percentage of any eligible real expenditure incurred by the vendor in relation to the project (including any pre-combination project in relation to the project).

Application of section 40

"(10) In any application of section 40 after the transfer time, the purchaser, or each of the purchasers in proportion to its acquired entitlement to assessable receipts, is taken to have brought to account as a receipt of a kind referred to in section 24, 25, 27, 28 or 29 in relation to the project (including any pre-combination project in relation to the project) the transfer percentage of any debt so brought to account by the vendor."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 130

Annual returns

130.(1) Section 59 of the Principal Act is amended by omitting from subsection (1) "21 days" and substituting "42 days".

(2) The amendment made by subsection (1) applies in relation to the financial year starting on 1 July 1993 and later financial years.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 131

Defined terms

131. Clause 1 of the Schedule to the Principal Act is amended:

(a) by inserting "or paragraph 48A(5)(c)" after "subparagraph 48(1)(a)(ia)" in subparagraphs (a)(ii) and (b)(ii) of the definition of "incurred"

exploration expenditure amount";

(b) by inserting "or 48A" after "section 48" in subparagraph (b)(iii) of the definition of "incurred exploration expenditure amount".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 132

Rule-person must have held interests in relation to transferring entity and receiving project

132. Clause 22 of the Schedule to the Principal Act is amended:

(a) by inserting in subclause (1) "(2AA), (2AB)," after "subclauses (2),";

(b) by inserting after subclause (2) the following subclauses:

"(2AA) If:

(a) the person started (whether or not for the first time) to hold an interest in relation to the transferring entity during the financial year in which the expenditure was incurred; and

(b) the expenditure was incurred after the time (the 'farm-in time') when the person started to hold the interest; and

(c) the expenditure was actually incurred by the person (rather than taken by section 48 or 48A to have been incurred by the person);
subclause (1) does not require the person to have held an interest in relation to the transferring entity before the farm-in time.

"(2AB) If:

(a) at a time (the 'cessation time') after the expenditure was incurred and on or after 1 July 1993, the person ceased to hold any interest in relation to the transferring entity; and

(b) the cessation did not occur because of a transaction to which section 48 applies;
subclause (1) does not require the person to have held an interest in relation to the transferring entity at a time after the cessation time."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 133

Rule-loss company and profit company to have held interests and been group companies

133. Clause 31 of the Schedule to the Principal Act is amended:

(a) by inserting in subclause (1) "(2AA), (2AB)," after "subclauses (2),";

(b) by inserting after subclause (2) the following subclauses:

"(2AA) If:

(a) the loss company started (whether or not for the first time) to hold an interest in relation to the transferring entity during the financial year in which the expenditure was incurred; and

(b) the expenditure was incurred after the time (the 'farm-in time') when the loss company started to hold the interest; and

(c) the expenditure was actually incurred by the loss company (rather than taken by section 48 or 48A to have been incurred by the loss company);
subclause (1) does not require the loss company to have held an interest in relation to the transferring entity before the farm-in time.

"(2AB) If:

(a) at a time (the 'cessation time') after the expenditure was incurred and on or after 1 July 1993, the loss company ceased to hold any interest in relation to the transferring entity; and

(b) the cessation did not occur because of a transaction to which section 48 applies;
subclause (1) does not require the loss company to have held an interest in

relation to the transferring entity at a time after the cessation time.".

PART 8 - AMENDMENT OF THE SALES TAX ASSESSMENT ACT 1992

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 134

Principal Act

134. In this Part, "Principal Act" means the Sales Tax Assessment Act 1992.*7*

Sales Tax Assessment Act 1992

7 No. 114, 1992, as amended. For previous amendments, see Nos. 150, 191, 210 and 224, 1992; and No. 18, 1993.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 135

General definitions

135. Section 5 of the Principal Act is amended by inserting the following definition:

" 'eligible repair goods' has the meaning given by section 15C;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 136

Insertion of new section

136. After section 15B of the Principal Act the following section is inserted in Part 2:

Eligible repair goods

"15C.(1) Goods are eligible repair goods if:

(a) the goods are parts that are used by a person ('the claimant') exclusively in the repair, renovation or reconditioning of Australian-used goods owned by the claimant; and

(b) as a result of that use, the goods become an integral part of the Australian-used goods; and

(c) after the goods become an integral part of the Australian-used goods, property in the Australian-used goods passes under a contract from the claimant to another person ('the exemption user'); and

(d) the exemption user gives the claimant a declaration under subsection (2).

"(2) The declaration referred to in paragraph (1)(d) is a declaration that either:

(a) the Australian-used goods; or

(b) if the claimant has used the Australian-used goods as parts exclusively in the repair, renovation or reconditioning of other Australian-used goods so as to become an integral part of those other goods-those other goods; are for use by the exemption user so as to satisfy one or more of exemption Items 1, 2, 18, 23, 28, 29, 33, 35, 36 and 38. The declaration must be in writing in a form approved by the Commissioner and be signed by the exemption user.

"(3) The time when the goods become eligible repair goods is the later of the time when property in the Australian-used goods passes to the exemption user and the time when the exemption user gives the declaration to the claimant.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 137

Amending Acts cannot impose penalties etc. earlier than 28 days after Royal Assent

137. Section 129 of the Principal Act is amended by inserting after subsection (2) the following subsection:

"(2A) This section does not relieve a person from liability to a sales tax penalty to the extent to which the liability would have existed if the sales tax amending Act had not been enacted.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 138

Schedule 1

138. Table 3 in Schedule 1 to the Principal Act is amended by adding at the end the following credit ground:

"CR22

Tax on eligible repair goods

Claimant has borne tax on eligible repair goods.

the tax borne on the goods

when the goods became eligible repair goods".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 139

Application

139.(1) The amendments made by sections 135, 136 and 138 apply in relation to eligible repair goods where tax was borne on a dealing with the goods on or after 1 January 1993.

(2) The amendment made by section 137 applies in relation to sales tax amending Acts that receive the Royal Assent after 26 October 1993.

PART 9 - AMENDMENT OF THE SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT 1992

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 140

Object of Part

140. The object of this Part is to provide a sales tax exemption for goods used for certain purposes by the RSPCA or by certain bodies that provide child care or coordinate the provision of family day care.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 141

Principal Act

141. In this Part, "Principal Act" means the Sales Tax (Exemptions and Classifications) Act 1992.*8*

Sales Tax (Exemptions and Classifications) Act 1992

8 No. 119, 1992, as amended. For previous amendments, see Nos. 131, 150, 167 and 224, 1992.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 142

Interpretation

142. Section 3 of the Principal Act is amended by inserting in subsection (2) the following definition:

" 'exempt child care body' has the meaning given by section 3B;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 143

Insertion of new section

143. After section 3A of the Principal Act the following section is inserted in Part 2:

Meaning of "exempt child care body"

"3B.(1) Subject to subsection (2), a body is an exempt child care body if:

(a) the body is established and maintained principally for the purpose of providing any one or more of the following kinds of child care:

- (i) long-day care;
- (ii) outside school hours care;
- (iii) school vacation care;
- (iv) occasional care; and

(b) the body is:

(i) eligible to receive funding from the Commonwealth, a State or a Territory in connection with that child care; or

(ii) approved in writing for the purposes of this subsection by the Minister for Family Services.

"(2) Subsection (1) does not apply to a body operated from a place that is owned or leased by one or more employers if the provision of the child care is principally for children of:

- (a) any of the employers; or
- (b) employees of any of the employers.

"(3) a body is also an exempt child care body if:

(a) the body is established and maintained principally for the purpose of organising, supporting and monitoring the provision of family day care; and

(b) the body is

(i) eligible to receive funding from the Commonwealth, a State or a Territory in connection with that organising, supporting and monitoring; or

(ii) approved in writing for the purposes of this subsection by the Minister for Family Services.

"(4) An approval by the Minister for Family Services under subsection (1) or (3) is a disallowable instrument for the purposes of section 46A of the Acts Interpretation Act 1901."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 144

Schedule 1

144. Schedule 1 to the Principal Act is amended:

(a) by inserting after Item 144 of the Table of Contents the following Item:
"144A. Exempt child care bodies";

(b) by inserting after Item 163 in the Table of Contents the following Item:

"163A. RSPCA";

(c) by inserting after Item 144 the following Item:

"Item 144A: (Exempt child care bodies)"

Goods for use by an exempt child care body if the goods are for use by the body mainly:

(a) if the body is covered by subsection 3B(1)-in providing one or more of the kinds of child care covered by that subsection; or

(b) if the body is covered by subsection 3B(3)-in organising, supporting and monitoring the provision of family day care.";

(d) by inserting after Item 163 the following Item:

"Item 163A: (RSPCA)

Goods for use by a society mentioned in any of items 4.2.6 to 4.2.14

(inclusive) of table 4 in subsection 78(4) of the Income Tax Assessment Act 1936 mainly in carrying out activities, other than commercial activities, associated with the inspectorial functions of the organisation or the operation of animal shelters by the organisation."

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 145

Application

145. The amendments made by this Part apply to dealings with goods after the commencement of this section.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 146

Transitional

146. The Sales Tax Assessment Act 1992 applies in relation to dealings with goods on or after 13 March 1993 and before the commencement of this Part as if the following credit ground were added at the end of Table 3 in Schedule 1 to that Act:

"CR23

Transitional credit for exemption Item 163A

Claimant has borne tax on a tax-bearing dealing with goods. The claimant was not entitled to quote for the dealing, but would have been if exemption Item 163A had been in force at the time of the dealing.

the tax borne

at the commencement of Part 9 of the Taxation Laws Amendment Act (No. 3) 1993".

PART 10 - AMENDMENT OF THE SUPERANNUATION GUARANTEE (ADMINISTRATION) ACT 1992

Division 1 - Preliminary

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 147

Principal Act

147. In this Part, "Principal Act" means the Superannuation Guarantee (Administration) Act 1992.*9*

Superannuation Guarantee (Administration) Act 1992

9 No. 111, 1992, as amended. For previous amendments, see No. 208, 1992; and No. 7, 1993.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 148

Object of Part

148. The object of this Part is to allow the shortfall component of an amount of superannuation guarantee charge to be paid to a complying approved deposit fund.

Division 2 - The OSS system

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 149

Interpretation: general

149. Section 6 of the Principal Act is amended by inserting the following definitions in subsection (1):

" 'approved deposit fund' means an approved deposit fund within the meaning of subsection 3(1) of the Occupational Superannuation Standards Act 1987;

'complying approved deposit fund' has the meaning given by section 7A;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 150

Insertion of new section

150. After section 7 of the Principal Act the following section is inserted:
Interpretation: complying approved deposit fund

"7A. An approved deposit fund is a complying approved deposit fund at a particular time for the purposes of this Act if it is a complying ADF in relation to the year of income in which that time occurred for the purposes of Part IX of the Income Tax Assessment Act 1936.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 151

Payment of shortfall component

151. Section 65 of the Principal Act is amended:

(a) by inserting in paragraph (1)(a) ", or to a complying approved deposit fund," after "complying superannuation fund";

(b) by adding at the end the following subsections:

"(3) A payment of a shortfall component made or arranged by the Commissioner for the benefit of an employee to an approved deposit fund is conclusively presumed to be a payment to a complying approved deposit fund for the purposes of subsection (1) if subsection (4) applies.

"(4) This subsection applies if, at the time the payment is made, the Commissioner has obtained a written statement, provided by or on behalf of the trustee of the fund, that the fund is operated in accordance with the approved deposit fund conditions under the Occupational Superannuation Standards Act 1987.".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 152

Application of amendments

152. The amendments made by this Division apply in relation to an amount paid to a fund after the commencement of this section.

Division 3 - The SIS system

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 153

Interpretation: general

153. Section 6 of the Principal Act is amended by omitting from subsection (1) the definition of "approved deposit fund" and substituting the following definition:

" 'approved deposit fund' has the same meaning as in the Superannuation Industry (Supervision) Act 1993;".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 154

Payment of shortfall component

154. Section 65 of the Principal Act is amended by omitting from subsection (4) all the words after "in accordance with" and substituting "the Superannuation Industry (Supervision) Act 1993 and regulations under that Act".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 155

Application of amendments

155. The amendments made by this Division apply to a payment to a fund at or after the beginning of the fund's 1994-95 year of income.

PART 11 - AMENDMENT OF THE SUPERANNUATION INDUSTRY (SUPERVISION) ACT 1993

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 156

Principal Act

156. In this Part, "Principal Act" means the Superannuation Industry (Supervision) Act 1993.*10*
Superannuation Industry (Supervision) Act 1993
10 No. 78, 1993.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 157

Object of Part

157. The object of this Part is to allow approved deposit funds to accept a payment of the shortfall component of an amount of superannuation guarantee charge.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 158

Interpretation

158. Section 10 of the Principal Act is amended by omitting paragraph (a) of the definition of "approved purposes" and substituting the following paragraph:

"(a) receiving on deposit:

(i) amounts that will be taken by section 27D of the Income Tax

Assessment Act to be expended out of eligible termination payments within the meaning of that section; and

(ii) amounts paid under Part 24 of this Act; and

(iii) amounts paid under section 65 of the Superannuation Guarantee (Administration) Act 1992; and".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 159

Application of amendments

159. The amendments made by this Part apply to deposits made to a fund at or after the beginning of the fund's 1994-95 year of income.

PART 12 - AMENDMENT OF THE TAXATION (INTEREST ON OVERPAYMENTS) ACT 1983

Division 1 - Principal Act

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 160

Principal Act

160. In this Part, "Principal Act" means the Taxation (Interest on Overpayments) Act 1983.*11*

Taxation (Interest on Overpayments) Act 1983 *11* No. 12, 1983, as amended.

For previous amendments, see No. 123, 1984; Nos. 4, 47, 49 and 123, 1985; Nos. 41, 46, 48 and 154, 1986; Nos. 58, 61, 62 and 145, 1987; No. 97, 1988; No. 2, 1989; No. 60, 1990; No. 216, 1991; and Nos. 118 and 138, 1992.

Division 2 - Amendments relating to the prescribed payment system

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 161

Object of Division

161. The object of this Division is to remove a redundant reference to a repealed prescribed payment system provision of the income tax law.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 162

Interpretation

162. Section 3 of the Principal Act is amended by omitting ", sub-subparagraph 221YHJ(1)(b)(ii)(A) or subsection 221YHK(1)" from paragraph (bb) of the definition of "relevant tax" in subsection (1) and substituting "or sub-subparagraph 221YHJ(1)(b)(ii)(A)".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 163

Application of amendments

163. The amendments made by this Division apply in relation to prescribed payments made on or after 1 January 1993.

Division 3 - Amendment relating to penalties for late payment of estimates of amounts payable under Divisions 2, 3A, 3B and 4 of Part VI of the Income Tax Assessment Act 1936

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 164

Object of Division

164. The object of this Division is to extend the Principal Act to certain penalties for late payment of estimates of amounts payable under Divisions 2, 3A, 3B and 4 of Part VI of the Income Tax Assessment Act 1936.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 165

Interpretation

165. Section 3 of the Principal Act is amended by inserting after paragraph (c) of the definition of "relevant tax" in subsection (1) the following paragraph:

"(caa) an amount payable to the Commissioner under subparagraph 222AJA(3)(b)(i) of the Income Tax Assessment Act 1936;"

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 166

Application of amendment

166. The amendment made by this Division applies in relation to an amount payable to the Commissioner under subparagraph 222AJA(3)(b)(i) of the Income Tax Assessment Act 1936, whether the amount became payable before, or becomes payable after, the commencement of this section.

PART 13 - DEFERRAL OF INITIAL PAYMENTS OF COMPANY TAX FOR 1993-94

Division 1 - Interpretation

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 167

Interpretation

167. In this Part:

"Assessment Act" means the Income Tax Assessment Act 1936;

"company" has the same meaning as in Part IIIAA of the Assessment Act;

"FDT reduction provision" means section 173 of this Act;

"franking deficit tax" has the same meaning as in Part IIIAA of the Assessment Act;

"franking year" has the same meaning as in Part IIIAA of the Assessment Act;

"initial payment of tax" has the same meaning as in Division 1B of Part VI of the Assessment Act;

"IP offset provision" means section 169 of this Act;

"paragraph 221AQ(1)(a) notice" means a notice under paragraph 221AQ(1)(a) of the Assessment Act;

"relevant entity" has the same meaning as in Division 1B of Part VI of the Assessment Act.

Division 2 - Deferral of initial payments of tax for 1993-94

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 168

9-week deferral of initial payments of tax for 1993-94

168.(1) This section applies to a relevant entity if the amount worked out using the following formula is less than \$300,000:

$$\begin{array}{rcl} \text{Initial payment of tax} & \times & 100 \\ & & 85 \end{array}$$

where:

"Initial payment of tax" means the amount that, apart from this Part, is the initial payment of tax payable by the relevant entity in respect of its taxable income of the 1993-94 year of income.

(2) Section 221AP of the Assessment Act has, and is taken to have had, effect as if the reference in that section to 28 July next following that year of income were a reference to the 28th day of the 3rd month next following the month in which the last day of that year of income occurs.

Division 3 - Deferred initial payments of tax for 1993-94 to be offset by prior payments of franking deficit tax

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 169

Deferred initial payments of tax for 1993-94 to be offset by prior payments of franking deficit tax

169.(1) This section applies if:

(a) a relevant entity has given a paragraph 221AQ(1)(a) notice for the 1993-94 year of income; and

(b) apart from this section, the relevant entity is liable to make an initial payment of tax in respect of its taxable income of the year of income not later than the 28th day of the 3rd month next following the month in which the last day of that year of income occurs; and

(c) before the notice was given, the relevant entity paid an amount (the "FDT amount") in respect of franking deficit tax in respect of the franking year in which the last day of that year of income occurs.

(2) If the relevant entity is not a life assurance company and the amount of the initial payment of tax does not exceed the FDT amount, the relevant entity is not liable to pay the initial payment of tax.

(3) If the relevant entity is not a life assurance company and the amount of the initial payment of tax exceeds the FDT amount, the initial payment of tax is taken to be an amount equal to the excess.

(4) If:

(a) the relevant entity is a life assurance company; and

(b) the amount of the initial payment of tax does not exceed the sum of:

(i) the FDT amount; and

(ii) the eligible fund component;

the initial payment of tax is taken to be an amount equal to the eligible fund component.

(5) If:

(a) the relevant entity is a life assurance company; and

(b) the amount of the initial payment of tax exceeds the sum of:

(i) the FDT amount; and

(ii) the eligible fund component;

the initial payment of tax is taken to be an amount equal to the amount by

which the initial payment of tax exceeds the FDT amount.

(6) For the purposes of this section, the eligible fund component of a life assurance company is so much of the initial payment of tax as is attributable to so much of the estimated tax as relates to the following components of taxable income:

(a) the CS/RA component (within the meaning of Division 8 of Part III of the Assessment Act);

(b) the AD/RLA component (within the meaning of Division 8 of Part III of the Assessment Act);

(c) the NCS component (within the meaning of Division 8 of Part III of the Assessment Act).

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 170

IP offset provision to be ignored in calculating certain company tax thresholds

170. Despite anything in this Division, a reference in subsection 221AT(3) or 221AU(5) of the Assessment Act to a particular amount is to be construed as if the IP offset provision had not been enacted.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 171

Eliminated or reduced initial payments of tax to be treated as fully paid for credit/refund purposes

171.(1) If, under the IP offset provision, no initial payment of tax is payable by a relevant entity, section 221AZF of the Assessment Act has, and is taken to have had, effect as if that initial payment of tax had been paid by the relevant entity on the day on which its paragraph 221AQ(1)(a) notice for the 1993-94 year of income was given to the Commissioner.

(2) If:

(a) an initial payment of tax payable by a relevant entity is reduced under the IP offset provision; and

(b) the relevant entity pays that reduced initial payment of tax; section 221AZF of the Assessment Act has, and is taken to have had, effect as if the amount of that payment had been increased by the amount of the reduction.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 172

Franking credits and debits-effect of elimination or reduction of initial payment of tax

172.(1) If, under the IP offset provision, no initial payment of tax is payable by a company, then, sections 160APMA, 160APVBA, 160APVH, 160APYBA, 160APYC, 160AQCD and 160AQC� of the Assessment Act have, and are taken to have had, effect as if the company had, on the day on which its paragraph 221AQ(1)(a) notice for the 1993-94 year of income was given to the Commissioner, paid that initial payment of tax.

(2) If:

(a) the initial payment of tax payable by a company is reduced under the IP offset provision; and

(b) the company pays that reduced initial payment of tax; then, sections 160APMA, 160APVBA, 160APVH, 160APYBA, 160APYC, 160AQCD and 160AQC� of the Assessment Act have, and are taken to have had, effect as if

the amount of that payment had been increased by the amount of the reduction.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 173

Reduction of liability for franking deficit tax

173. Despite section 160AQJ of the Assessment Act, a company's liability for franking deficit tax in respect of the franking year in which the last day of its 1993-94 year of income occurred is to be calculated on the following assumptions:

(a) if:

(i) an initial payment of tax payable by the company is reduced under the IP offset provision; and

(ii) the company pays that reduced initial payment of tax; the assumption that the amount of that payment had been increased by the amount of the reduction;

(b) if, under the IP offset provision, no initial payment of tax is payable by the company-the assumption that the company had, on the day on which its paragraph 221AQ(1)(a) notice for the 1993-94 year of income was given to the Commissioner, paid that initial payment of tax.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 174

No refunds of amounts of franking deficit tax overpaid because of the FDT reduction provision

174. Despite section 160ARR of the Assessment Act, paragraph 172(1)(b) of the Assessment Act does not apply to, and a company is not otherwise entitled to a refund in respect of, an overpayment of franking deficit tax that arises out of the operation of the FDT reduction provision.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 175

Reduction of liability for franking deficit tax does not give rise to a franking credit under section 160APQA of the Assessment Act

175. Despite section 160APQA of the Assessment Act, a franking credit does not arise under that section to the extent to which it is attributable to the operation of the FDT reduction provision.

PART 14 - AMENDMENTS RELATED TO TOURISM INDUSTRY ORGANISATIONS

Division 1 - Object of Part

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 176

Object of Part

176. The object of this Part is to provide tax relief for certain tourism industry organisations.

Division 2 - Amendment of the Income Tax Assessment Act 1936

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 177

Principal Act

177. In this Part, "Principal Act" means the Income Tax Assessment Act 1936.*3*

Income Tax Assessment Act 1936

3 No. 27, 1936, as amended. For previous amendments, see No. 88, 1936; No. 5, 1937; No. 46, 1938; No. 30, 1939; Nos. 17 and 65, 1940; Nos. 58 and 69, 1941; Nos. 22 and 50, 1942; No. 10, 1943; Nos. 3 and 28, 1944; Nos. 4 and 37, 1945; No. 6, 1946; Nos. 11 and 63, 1947; No. 44, 1948; No. 66, 1949; No. 48, 1950; No. 44, 1951; Nos. 4, 28 and 90, 1952; Nos. 1, 28, 45 and 81, 1953; No. 43, 1954; Nos. 18 and 62, 1955; Nos. 25, 30 and 101, 1956; Nos. 39 and 65, 1957; No. 55, 1958; Nos. 12, 70 and 85, 1959; Nos. 17, 18, 58 and 108, 1960; Nos. 17, 27 and 94, 1961; Nos. 39 and 98, 1962; Nos. 34 and 69, 1963; Nos. 46, 68, 110 and 115, 1964; Nos. 33, 103 and 143, 1965; Nos. 50 and 83, 1966; Nos. 19, 38, 76 and 85, 1967; Nos. 4, 70, 87 and 148, 1968; Nos. 18, 93 and 101, 1969; No. 87, 1970; Nos. 6, 54 and 93, 1971; Nos. 5, 46, 47, 65 and 85, 1972; Nos. 51, 52, 53, 164 and 165, 1973; No. 216, 1973 (as amended by No. 20, 1974); Nos. 26 and 126, 1974; Nos. 80 and 117, 1975; Nos. 50, 53, 56, 98, 143, 165 and 205, 1976; Nos. 57, 126 and 127, 1977; Nos. 36, 57, 87, 90, 123, 171 and 172, 1978; Nos. 12, 19, 27, 43, 62, 146, 147 and 149, 1979; Nos. 19, 24, 57, 58, 124, 133, 134 and 159, 1980; Nos. 61, 92, 108, 109, 110, 111, 154 and 175, 1981; Nos. 29, 38, 39, 76, 80, 106 and 123, 1982; Nos. 14, 25, 39, 49, 51, 54 and 103, 1983; Nos. 14, 42, 47, 63, 76, 115, 124, 165 and 174, 1984; No. 123, 1984 (as amended by No. 65, 1985); Nos. 47, 49, 104, 123, 168 and 174, 1985; No. 173, 1985 (as amended by No. 49, 1986); Nos. 41, 46, 48, 51, 109, 112 and 154, 1986; No. 49, 1986 (as amended by No. 141, 1987); No. 52, 1986 (as amended by No. 141, 1987); No. 90, 1986 (as amended by No. 141, 1987); Nos. 23, 58, 61, 120, 145 and 163, 1987; No. 62, 1987 (as amended by No. 108, 1987); No. 108, 1987 (as amended by No. 138, 1987); No. 138, 1987 (as amended by No. 11, 1988); No. 139, 1987 (as amended by Nos. 11 and 78, 1988); Nos. 8, 11, 59, 75, 78, 80, 87, 95, 97, 127 and 153, 1988; Nos. 2, 11, 56, 70, 73, 105, 107, 129, 163 and 167, 1989; No. 97, 1989 (as amended by No. 105, 1989); Nos. 20, 35, 45, 57, 58, 60, 61, 87, 119 and 135, 1990; Nos. 4, 5, 6, 48, 55, 100, 203, 208 and 216, 1991; and Nos. 3, 35, 69, 70, 80, 81, 92, 98, 101, 118, 138, 167, 190, 191, 208, 223, 224, 227, 237 and 238, 1992; and Nos. 7, 17, 18, 27 and 32, 1993.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 178

Exemptions

178. Section 23 of the Principal Act is amended by inserting in paragraph (h) "or tourism," after "aviation".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 179

Application of amendment

179. The amendment made by this Division applies to income derived on or after 1 July 1993.

Division 3 - Amendment of the Fringe Benefits Tax Assessment Act 1986

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 180

Principal Act

180. In this Part, "Principal Act" means the Fringe Benefits Tax Assessment Act 1986.*2*

Fringe Benefits Tax Assessment Act 1986

2 No. 39, 1986, as amended. For previous amendments, see Nos. 48 and 112, 1986; Nos. 23 and 145, 1987; No. 139, 1987 (as amended by Nos. 11 and 78, 1988); Nos. 6, 78, 95, 97 and 153, 1988; Nos. 2, 11, 97 and 107, 1989; Nos. 37, 58, 60 and 135, 1990; Nos. 48, 100 and 216, 1991; Nos. 35, 92, 101, 118, 191, 210, 223 and 237, 1992; and Nos. 17 and 18, 1993.

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 181

Rebate for certain non-profit employers etc.

181. Section 65J of the Principal Act is amended by inserting in paragraph (1)(k) "or tourism" after "aviation".

TAXATION LAWS AMENDMENT ACT (No. 3) 1993No. 118, 1993

- SECT 182

Application of amendment

182. The amendment made by this Division applies in relation to fringe benefits tax (including instalments) for the year of tax commencing on 1 April 1994 and for all later years of tax.

Notes to the *Taxation Laws Amendment Act (No. 3) 1993*

Note 1

The *Taxation Laws Amendment Act (No. 3) 1993* as shown in this compilation comprises Act No. 118, 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 |
|--|-----------------|----------------|------------------------------------|--|
| <i>Taxation Laws Amendment Act (No. 3) 1993</i> | 118, 1993 | 24 Dec 1993 | See s. 2 | |
| <i>Tax Laws Amendment (2010 Measures No. 2) Act 2010</i> | 75, 2010 | 28 June 2010 | Schedule 6 (item 61): 29 June 2010 | — |

Table of Amendments

ad. = added or inserted am. = amended rep. = repealed rs. = repealed and substituted

| Provision affected | How affected |
|------------------------|-------------------|
| Div. 11 of Part 4..... | rep. No. 75, 2010 |
| S. 116 | rep. No. 75, 2010 |