Income Tax Assessment Act 1997

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This compilation is in 12 volumes

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Volume 2: sections 40-1 to 67-30
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Volume 11: Endnotes 1 to 3
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Each volume has its own contents

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About this compilation

This compilation

This is a compilation of the *Income Tax Assessment Act 1997* that shows the text of the law as amended and in force on 14 October 2022 (the ***compilation date***).

The notes at the end of this compilation (the ***endnotes***) include information about amending laws and the amendment history of provisions of the compiled law.

Uncommenced amendments

The effect of uncommenced amendments is not shown in the text of the compiled law. Any uncommenced amendments affecting the law are accessible on the Legislation Register (www.legislation.gov.au). The details of amendments made up to, but not commenced at, the compilation date are underlined in the endnotes. For more information on any uncommenced amendments, see the series page on the Legislation Register for the compiled law.

Application, saving and transitional provisions for provisions and amendments

If the operation of a provision or amendment of the compiled law is affected by an application, saving or transitional provision that is not included in this compilation, details are included in the endnotes.

Editorial changes

For more information about any editorial changes made in this compilation, see the endnotes.

Modifications

If the compiled law is modified by another law, the compiled law operates as modified but the modification does not amend the text of the law. Accordingly, this compilation does not show the text of the compiled law as modified. For more information on any modifications, see the series page on the Legislation Register for the compiled law.

Self-repealing provisions

If a provision of the compiled law has been repealed in accordance with a provision of the law, details are included in the endnotes.

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Guide to Division 900

900-1 What this Division is about

This Division sets out the substantiation rules that apply to certain types of losses or outgoings.

Subdivision 900-A—Application of Division

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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900-5 Application of the requirements of Division 900

(1) The requirements of this Division apply to an individual.

(2) They also apply to a partnership that includes at least one individual, as if the partnership were an individual.

(3) They do not apply to any other entity.

900-10 Substantiation requirement

To deduct certain types of losses or outgoings, you need to substantiate them under this Division.

Item	For this type of loss or outgoing:	see:
1.	Work expenses	Subdivision 900-B
2.	Car expenses	Subdivision 900-C
3.	Business travel expenses	Subdivision 900-D

Note: There are exceptions to these requirements:

- Subdivision 900-B has some specific exceptions about work expenses.
- Subdivision 900-H provides for relief from the effects of failing to substantiate.
- Subdivision 900-I has an exception about certain losses or outgoings related to award transport payments.

900-12 Application to recipients and payers of certain withholding payments

Application to recipients

(1) If an individual receives, or is entitled to receive, *withholding payments covered by subsection (3), this Division applies to him or her:

(a) in the same way as it applies to an employee; and

(b) as if an entity that makes (or is liable to make) such payments to him or her were his or her employer; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(c) as if the withholding payments covered by subsection (3) that he or she receives (or is entitled to receive) were salary or wages.

Application to payers

(2) This Division applies to an entity that makes, or is liable to make, *withholding payments covered by subsection (3):

(a) in the same way as it applies to an employer; and

(b) as if an individual to whom the entity makes (or is liable to make) such payments were the entity's employee.

Withholding payments covered

(3) This subsection covers a *withholding payment covered by any of the provisions in Schedule 1 to the *Taxation Administration Act 1953* listed in the table.

Withholding payments covered

Item	Provision	Subject matter
1	Section 12-35	Payment to employee
2	Section 12-40	Payment to company director
3	Section 12-45	Payment to office holder
3A	Section 12-47	Payment to *religious practitioner
4	Section 12-50	Return to work payment
5	Subdivision 12-C	Payments for retirement or because of termination of employment
6	Subdivision 12-D	Benefit and compensation payments

Subdivision 900-B—Substantiating work expenses

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900-25 Retaining the written evidence and travel records

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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900-30 Meaning of *work expense*
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900-45 Exception for work expense related to award transport payment
900-50 Exception for domestic travel allowance expenses
900-55 Exception for overseas travel allowance expenses
900-60 Exception for reasonable overtime meal allowance
900-65 Crew members on international flights need not keep travel records

900-15 Getting written evidence

(1) To deduct a *work expense:

(a) it must qualify as a deduction under some provision of this Act outside this Division; and

(b) you need to substantiate it by getting written evidence.

Subdivision 900-E tells you about the evidence you need.

To find out whether an expense qualifies as a deduction under this Act, see Division 8 (Deductions).

(2) If your expense is for fuel or oil, you have a choice of either:

(a) getting written evidence of it under Subdivision 900-E; or

(b) keeping odometer records for the period when you owned or leased the *car in the income year.

Subdivision 28-H tells you about odometer records.

Note: In certain circumstances (for example, under a hire purchase agreement) the notional buyer of property is taken to be its owner (see subsection 240-20(2)).

900-20 Keeping travel records

You need to keep travel records if your expense is for travel that involves you being away from your ordinary residence for 6 or more nights in a row.

The travel may be within or outside Australia. Subdivision 900-F tells you about travel records.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Note: Members of international flight crews may be exempt from keeping travel records for losses or outgoings covered by travel allowances: see section 900-65.

900-25 Retaining the written evidence and travel records

(1) Once you have the material required by section 900-15 or 900-20, you must retain it for 5 years. There is no need to lodge it with your *income tax return. The Commissioner may require you to produce it: see Subdivision 900-G. The period for which you must retain it is called the ***retention period***.

(2) The 5 years start on the due day for lodging your *income tax return for the income year. If you lodge your return later, the 5 years start on the day you lodge it.

(3) However, the *retention period is extended if, when the 5 years end, you are involved in a dispute with the Commissioner that relates to the expense. See section 900-170.

(4) If you do not retain the material for the *retention period, you cannot deduct the expense. If you have already deducted it, your assessment may be amended to disallow the deduction.

(5) If you lose any of the material, there are rules that might help you in section 900-205.

900-30 Meaning of *work expense*

General

(1) A ***work expense*** is a loss or outgoing you incur in producing your salary or wages.

Note: This Division also applies to withholding payments that are not salary or wages: see subsection 900-12(3).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Travel allowance expenses included

(2) Travel allowance expenses count as *work expenses. A ***travel allowance expense*** is a loss or outgoing you incur for travel that is covered by a *travel allowance. The loss or outgoing must:

(a) be for accommodation or for food or drink; or

(b) be incidental to the travel.

(3) A ***travel allowance*** is an allowance your employer pays or is to pay to you to cover losses or outgoings:

(a) that you incur for travel away from your ordinary residence that you undertake in the course of your duties as an employee; and

(b) that are losses or outgoings for accommodation or for food or drink, or are incidental to the travel.

The travel may be within or outside Australia.

Note: This Division also applies to individuals who are not employees: see section 900-12.

Meal allowance expenses included

(4) Meal allowance expenses count as *work expenses. A ***meal allowance expense*** is a loss or outgoing that you incur for food or drink that is covered by a *meal allowance.

(5) A ***meal allowance*** is an allowance that your employer pays or is to pay to you as an employee to enable you to buy food or drink. However, an allowance is not a meal allowance if it is a *travel allowance or part of one.

Note: This Division also applies to individuals who are not employees: see section 900-12.

Motor vehicle expenses excluded

(6) A loss or outgoing to do with a *motor vehicle is not treated as a *work expense unless it is:

(a) a loss or outgoing incurred, or a payment made, in respect of travel outside Australia; or

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) a taxi fare or similar loss or outgoing.

However, most losses or outgoings to do with a *motor vehicle are covered by the rules about *car expenses. See Division 28 and Subdivision 900-C.

Other types of losses or outgoings included

(7) In addition to losses or outgoings within the general scope of subsection (1), any of the following is a *work expense:

(a) the decline in value of property you own and that is used, or is *installed ready for use, by you in order to produce your salary or wages;

(b) expenditure you incur that qualifies as a deduction under section 25-60 (Parliament election expenses) or section 25-65 (about local government election expenses);

(c) expenditure you incur that entitles you to a deduction under section 25-100 (transport expenses incurred in your travel between workplaces), other than *car expenses;

(d) a loss or outgoing you incur in relation to producing your salary or wages that entitles you to a deduction under section 25-125 (COVID-19 tests).

Note 1: This Division also applies to payments that are *not* salary or wages, but *are* PAYE earnings: see section 900-12.

Note 2: In certain circumstances (for example, under a hire purchase agreement) the notional buyer of property is taken to be its owner (see subsection 240-20(2)).

Note 3: See Subdivision 900-C for car expenses that are also transport expenses incurred in your travel between workplaces.

900-35 Exception for small total of expenses

(1) If the total of all the *work expenses (including *laundry expenses, but excluding *travel allowance expenses and *meal allowance expenses) that you want to deduct is $300 or less, you can deduct them without getting written evidence or keeping travel records.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Note 1: If the total is more than $300, you need to substantiate *all* the work expenses, not just the excess over $300.

Note 2: Whether or not your work expenses total $300 or less, for certain expenses that are each $10 or less and total $200 or less you can get written evidence by making your own record, instead of getting a document from the supplier: see section 900-125.

(2) This limit can be increased from time to time by regulations made under section 909-1.

(3) A *transport expense that Subdivision 900-I (Award transport payments) lets you deduct without following the rules in this Division does not count towards this limit.

900-40 Exception for laundry expenses below a certain limit

(1) Even if the *work expenses you claim total more than $300, you can still deduct up to $150 of *laundry expenses without getting written evidence of them.

(2) However, this exception does not increase the $300 limit in section 900-35 to $450: your *laundry expenses still count toward that limit.

Example: You want to deduct laundry expenses of $140 and union dues of $200. These work expenses total more than $300, so the exception in section 900-35 doesn't apply. This means you must substantiate the union dues expense. However, because of the exception in this section, you don't need to get written evidence of the laundry expenses.

(3) This limit can be increased from time to time by regulations made under section 909-1.

(4) A ***laundry expense*** is a *work expense to do with washing, drying or ironing clothes (but not dry cleaning).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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900-45 Exception for work expense related to award transport payment

You may be able to deduct, without getting written evidence or keeping travel records, a *transport expense you incurred that is related to an allowance or reimbursement paid or payable to you by your employer under an *industrial instrument that was in force on 29 October 1986. Subdivision 900-I tells you about this.

Note: This Division also applies to entities that are *not* employers, but pay (or are liable to pay) withholding payments covered by subsection 900-12(3).

900-50 Exception for domestic travel allowance expenses

(1) You can deduct a *travel allowance expense for travel within Australia without getting written evidence or keeping travel records if the Commissioner considers reasonable the total of the losses or outgoings you claim for travel covered by the allowance.

(2) In deciding whether the total of the losses or outgoings you claim is reasonable, the Commissioner must take into account the total of the losses or outgoings of the following kinds that it would be reasonable for you to incur for the travel:
   (a) accommodation;
   (b) food or drink;
   (c) losses or outgoings incidental to the travel.

900-55 Exception for overseas travel allowance expenses

(1) You can deduct a *travel allowance expense for travel outside Australia without getting written evidence under the same conditions as for domestic *travel allowances, except that you still have to get written evidence for losses or outgoings for accommodation.

(2) Consequently, in deciding whether the total of the losses or outgoings you claim is reasonable, the Commissioner must disregard losses or outgoings for accommodation.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(3) However, for overseas travel covered by a *travel allowance you must still keep travel records if the travel involves you being away from your ordinary residence for 6 or more nights in a row: Subdivision 900-F tells you about travel records.

900-60 Exception for reasonable overtime meal allowance

You can deduct a *meal allowance expense without getting written evidence if:

(a) the allowance is to enable you to buy food or drink in connection with overtime that you work; and

(b) the allowance is paid or payable to you under an *industrial instrument; and

(c) the Commissioner considers reasonable the total of the losses or outgoings you claim that are covered by the allowance.

900-65 Crew members on international flights need not keep travel records

You can deduct a *travel allowance expense without keeping travel records if:

(a) the allowance covers travel by you as a crew member of an aircraft; and

(b) the travel is principally outside Australia; and

(c) the total of the losses or outgoings you claim for the travel that are covered by the allowance does not exceed the allowance.

Subdivision 900-C—Substantiating car expenses

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900-75 Retaining the written evidence and odometer records

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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900-70 Getting written evidence

(1) For the "log book" method of deducting a *car expense, you need to substantiate the expense by getting written evidence. Subdivision 900-E tells you about the evidence you need. Subdivision 28-F tells you about the "log book" method.

(3) If you are using the "log book" method and your expense is for fuel or oil, you do not need to get written evidence of it, because section 28-100 already requires you to keep odometer records for the period when you *held the *car in the income year.

900-75 Retaining the written evidence and odometer records

(1) Once you have the material required by this Subdivision, you must retain it for 5 years. There is no need to lodge it with your *income tax return. The Commissioner may require you to produce it: see Subdivision 900-G. The period for which you must retain it is called the ***retention period***.

(2) The 5 years start on the due day for lodging your *income tax return for the income year. If you lodge your return later, the 5 years start on the day you lodge it.

(3) However, the *retention period is extended if, when the 5 years end, you are involved in a dispute with the Commissioner that relates to the expense. See section 900-170.

(4) If you do not retain the material for the *retention period, you cannot deduct the expense. If you have already deducted it, your assessment may be amended to disallow the deduction.

(5) If you lose any of the material, there are rules that might help you in section 900-205.

Subdivision 900-D—Substantiating business travel expenses

Table of sections

900-80 Getting written evidence

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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900-85 Keeping travel records
900-90 Retaining the written evidence and travel records
900-95 Meaning of *business travel expense*

900-80 Getting written evidence

(1) To deduct a *business travel expense:

(a) it must qualify as a deduction under some provision of this Act outside this Division; and

(b) you need to substantiate it by getting written evidence.

Subdivision 900-E tells you about the evidence you need.

To find out whether an expense qualifies as a deduction under this Act, see Division 8 (Deductions).

(2) If your expense is for fuel or oil, you have a choice of either:

(a) getting written evidence of it under Subdivision 900-E; or

(b) keeping odometer records for the period when you owned or leased the *car in the income year.

Subdivision 28-H tells you about odometer records.

Note: In certain circumstances (for example, under a hire purchase agreement) the notional buyer of property is taken to be its owner (see subsection 240-20(2)).

900-85 Keeping travel records

You need to keep travel records if your expense is for travel that involves you being away from your ordinary residence for 6 or more nights in a row. Subdivision 900-F tells you about travel records.

900-90 Retaining the written evidence and travel records

(1) Once you have the material required by section 900-80 or 900-85, you must retain it for 5 years. There is no need to lodge it with your *income tax return. The Commissioner may require you to produce it: see Subdivision 900-G. The period for which you must retain it is called the ***retention period***.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(2) The 5 years start on the due day for lodging your *income tax return for the income year. If you lodge your return later, the 5 years start on the day you lodge it.

(3) However, the *retention period is extended if, when the 5 years end, you are involved in a dispute with the Commissioner that relates to the expense. See section 900-170.

(4) If you do not retain the material for the *retention period, you cannot deduct the expense. If you have already deducted it, your assessment may be amended to disallow the deduction.

(5) If you lose any of the material, there are rules that might help you in section 900-205.

900-95 Meaning of *business travel expense*

General

(1) A ***business travel expense*** is a *travel expense, in so far as you incur it in producing your assessable income other than salary or wages.

Travel expense

(2) A loss or outgoing is a ***travel expense*** if you incur it for travel by you that involves you being away from your ordinary residence for at least one night. The travel may be within or outside Australia.

Salary and wages travel expenses excluded

(3) In so far as you incur *travel expenses in producing your salary or wages, the expenses are not treated as *business travel expenses. Instead, they are dealt with as *work expenses in Subdivision 900-B.

Note: This Division also applies to withholding payments that are not salary or wages: see subsection 900-12(3).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Travel allowance expenses excluded

(4) *Travel allowance expenses are not treated as *business travel expenses. They too are dealt with as *work expenses in Subdivision 900-B.

Motor vehicle expenses excluded

(5) A loss or outgoing to do with a *motor vehicle is not treated as a *business travel expense unless it is:

(a) a loss or outgoing incurred, or a payment made, in respect of travel outside Australia; or

(b) a taxi fare or similar loss or outgoing.

However, most *motor vehicle expenses are covered by the rules about *car expenses. See Division 28 and Subdivision 900-C.

Subdivision 900-E—Written evidence

Guide to Subdivision 900-E

900-100 What this Subdivision is about

This Subdivision tells you how you must get written evidence to support a claim for a deduction.

Table of sections

Operative provisions

900-105 Ways of getting written evidence
900-110 Time limits
900-115 Written evidence from supplier
900-120 Written evidence of depreciating asset expense
900-125 Evidence of small expenses
900-130 Evidence of expenses considered otherwise too hard to substantiate
900-135 Evidence on a payment summary

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Operative provisions

900-105 Ways of getting written evidence

Each of the following sections has a set of rules for a particular way of getting written evidence to substantiate a deduction. Which ones you can use depends on the type of expense. You only need to use one set of rules to support an expense.

900-110 Time limits

(1) There is no time limit for getting written evidence of an expense (unless you want to record the expense yourself under section 900-125 or 900-130). But until you get written evidence of it, you are not entitled to a deduction for the expense.

(2) If when you lodge your *income tax return for the income year you have good reason to expect to get written evidence of the expense within a reasonable time, you can deduct the expense without actually getting the evidence. But if you don't get the evidence within a reasonable time, your entitlement to the deduction ceases. If you have already deducted the expense, your assessment may be amended to disallow the deduction.

(3) Even if you only get written evidence of the expense *after* the end of the income year, you deduct the expense for that income year, not the income year in which you get the evidence.

900-115 Written evidence from supplier

(1) You may use this set of rules for any type of expense except the decline in value of a *depreciating asset.

(2) You must get a document from the supplier of the goods or services the expense is for. The document must set out:

(a) the name or business name of the supplier; and

(b) the amount of the expense, expressed in the currency in which it was incurred; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(c) the nature of the goods or services; and
(d) the day the expense was incurred; and
(e) the day it is made out.

(3) There are 2 exceptions to these requirements:
(a) if the document does not show the day the expense was incurred, you may use a bank statement or other reasonable, independent evidence that shows when it was paid;
(b) if the document the supplier gave you does not specify the nature of the goods or services, you may write in the missing details yourself before you lodge your *income tax return for the income year.

(4) The document must be in English. However, if the expense was incurred in a country outside Australia, the document can instead be in a language of that country.

900-120 Written evidence of depreciating asset expense

(1) You may use this set of rules only for a *depreciating asset expense.

(2) You must get evidence of the original acquisition of the *depreciating asset. It must be a document that you get from the supplier of the asset and that specifies:
(a) the name or business name of the supplier; and
(b) the cost of the asset to you; and
(c) the nature of the asset; and
(d) the day you acquired the asset; and
(e) the day it is made out.

(3) However, if the document the supplier gave you does not specify the nature of the asset, you may write in the missing details yourself before you lodge your *income tax return for the income year in which you first claim a deduction for the decline in value of the asset.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(4) If you don't get the document in time, for example because you only decided to use the asset for income-producing purposes several years after you acquired it, there are rules that might help you in Subdivision 900-H (Relief from effects of failing to substantiate).

(5) The document must be in English. However, if you *imported the asset into Australia, the document can instead be in a language of the country from which the asset was originally exported.

900-125 Evidence of small expenses

(1) If your expense is small, and you have a small total of small expenses, you can make a record of the expenses instead of getting a document from the supplier.

(2) Each expense must be $10 or less, and the total of all your expenses that:

(a) are each $10 or less; and

(b) you incurred in the income year and wish to deduct; and

(c) you must get written evidence for under this Division;

must be $200 or less. These limits can be increased from time to time by regulations made under section 909-1.

(3) If the expense is not the decline in value of a *depreciating asset, you must get a document with the same information as required by section 900-115, except that you may create the document and record all the details yourself. You must do so as soon as possible after incurring the expense.

(4) If the expense is the decline in value of a *depreciating asset, you must, as soon as possible after the last day of the income year, record in a document the following:

(a) the nature of the property;

(b) the amount of the decline in value;

(c) who made the record;

(d) the day the record is made.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(5) A record must be in English.

900-130 Evidence of expenses considered otherwise too hard to substantiate

(1) If the Commissioner considers it unreasonable to expect you to have got written evidence of an expense in any other way permitted by this Subdivision, you can use the method in section 900-125 to get written evidence of your claim.

(2) The expense may be more than $10 and does not count towards the $200 limit in section 900-125.

900-135 Evidence on a payment summary

(1) If the nature and amount of a *work expense are shown on your copy of a *payment summary given to you by your employer, you can use the copy as written evidence of the expense.

Note: This Division also applies to entities that are *not* employers, but pay (or are liable to pay) withholding payments covered by subsection 900-12(3).

(2) Expenses of the same nature need not be separately itemised; it is acceptable if they are totalled together on the *payment summary.

Subdivision 900-F—Travel records

Guide to Subdivision 900-F

900-140 What this Subdivision is about

This Subdivision tells you how to keep travel records. A travel record is a record of activities you undertake during your travel.

Table of sections

900-145 Purpose of a travel record

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Operative provisions

900-150 Recording activities in travel records
900-155 Showing which of your activities were income-producing activities

900-145 Purpose of a travel record

The purpose of a travel record is to show which of your activities were undertaken in the course of producing your assessable income, so that your losses or outgoings, or portions of them, can be attributed to income-producing purposes.

Operative provisions

900-150 Recording activities in travel records

(1) You record an activity by specifying in a diary or similar document:

(a) the nature of the activity;

(b) the day and approximate time when it began;

(c) how long it lasted;

(d) where you engaged in it.

(2) An activity must be recorded before it ends, or as soon as possible afterwards. Each entry must be in English.

900-155 Showing which of your activities were income-producing activities

(1) You need not record an income-producing activity. But if you don't, the activity cannot be taken into account in working out the extent to which you can deduct an expense you incur for the travel.

Example: If you fly to Los Angeles for the sole purpose of attending a 7 day conference, but you don't record the conference in your travel record, you cannot deduct the cost of the air fare. This is so even if you have written evidence that you paid the fare (eg a receipt), as required by Subdivision 900-E.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(2) You don't need to record any other kind of activity, although you may do so.

Subdivision 900-G—Retaining and producing records

Guide to Subdivision 900-G

900-160 What this Subdivision is about

This Subdivision tells you how long you need to retain records of an expense and when you have to produce those records.

Table of sections

900-165 The retention period

Operative provisions

900-170 Extending the retention period if an expense is disputed
900-175 Commissioner may tell you to produce your records
900-180 How to comply with a notice
900-185 What happens if you don't comply

900-165 The retention period

Whenever you are required to retain records of an expense under this Division or Division 28, you need to retain the records for 5 years.

Operative provisions

900-170 Extending the retention period if an expense is disputed

The *retention period is automatically extended if one of the following types of dispute relating to the expense is unresolved when the 5 years end:

(a) an objection;

(b) a review or appeal arising from an objection;

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(c) a request for amendment of an assessment.

The extension lasts until the dispute is resolved.

900-175 Commissioner may tell you to produce your records

(1) The Commissioner may give you a written notice telling you to produce records of expenses specified in the notice. The records must be ones that you have to retain for the *retention period: you do not have to produce records if the retention period for those records is over.

(2) The notice must give you 28 days or more to comply, starting on the day after the notice is given. The Commissioner may allow you more time to comply with the notice.

900-180 How to comply with a notice

(1) To comply with the notice, you must produce to the Commissioner, for each of the expenses, the material that this Division or Division 28 requires you to retain during the *retention period.

(2) You must also produce a summary that, for each expense for which you produce written evidence (see Subdivision 900-E):

(a) notes the expense; and

(b) has a cross-reference to the written evidence of the expense; and

(c) summarises the particulars set out in the written evidence; and

(d) if the expense was in a foreign currency—shows the amount of the expense in Australian currency.

The summary must be in English in a form approved by the Commissioner.

900-185 What happens if you don't comply

(1) If you do not comply with a notice for a particular expense, you cannot deduct the expense. If you have already deducted it, your assessment may be amended to disallow the deduction.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(2) You do not commit an offence merely by not complying with the notice, despite section 8C of the *Taxation Administration Act 1953*.

Subdivision 900-H—Relief from effects of failing to substantiate

Table of sections

900-195 Commissioner's discretion to review failure to substantiate
900-200 Reasonable expectation that substantiation would not be required
900-205 What if your documents are lost or destroyed?

900-195 Commissioner's discretion to review failure to substantiate

Not doing something necessary to follow the rules in this Division does not affect your right to a deduction if the nature and quality of the evidence you have to substantiate your claim satisfies the Commissioner:

(a) that you incurred the expense; and

(b) that you are entitled to deduct the amount you claim.

900-200 Reasonable expectation that substantiation would not be required

Not doing something necessary to follow the rules in this Division does not affect your right to deduct an amount if the only reason was that you had a reasonable expectation that you would not need to do it in order to be able to deduct that amount.

900-205 What if your documents are lost or destroyed?

(1) If you have a *complete copy* of a document that is lost or destroyed during the *retention period, it is treated as the original from the time of the loss or destruction.

(2) If you don't have such a copy, but the Commissioner is satisfied that you took reasonable precautions to prevent the loss or destruction, the rest of this section explains what to do.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(3) If the lost or destroyed document was a travel record, log book or other document that is *not* written evidence of an expense under Subdivision 900-E, you do not need to replace it; your deduction is not affected by your failing to retain or produce the document.

(4) If the lost or destroyed document *was* written evidence, you must try to get a substitute document that meets all the original requirements (except the time limit for getting the original).

(5) If you succeed, your deduction is not affected by your failing to retain or produce the original document. The substitute document is treated as the original from the time of the loss or destruction.

(6) If it is not reasonably possible to succeed, your deduction is not affected by your failing to retain or produce the original document.

(7) If it is reasonably possible for you to get a substitute document, but you don't get one, this section does not protect you from the consequences of failing to retain or produce the original.

Subdivision 900-I—Award transport payments

Guide to Subdivision 900-I

900-210 What this Subdivision is about

This Subdivision tells you when you can deduct an expense related to an award transport payment without getting written evidence or keeping travel records.

Table of sections

Operative provisions

900-215 Deducting an expense related to an award transport payment
900-220 Definition of *award transport payment*
900-225 Substituted industrial instruments
900-230 Changes to industrial instruments applied for before 29 October 1986

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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900-235 Changes to industrial instruments solely referable to matters in the instrument
900-240 Deducting in anticipation of receiving award transport payment
900-245 Effect of exception in this Subdivision on exception for small total of expenses
900-250 Effect of exception in this Subdivision on methods of calculating car expense deductions

Operative provisions

900-215 Deducting an expense related to an award transport payment

The exception

(1) If:

(a) you are paid one or more *award transport payments in the income year; and

(b) the total of the *transport expenses, to the extent that they relate to the award transport payments, that you incur during any income year and claim as deductions for any income year is no more than the total amount of the payments; and

(c) those transport expenses qualify as a deduction under some provision of this Act outside this Division;

then you can deduct those transport expenses without getting written evidence or keeping travel records.

To find out whether an expense qualifies as a deduction under this Act, see Division 8 (Deductions).

Increases to amounts payable under industrial instrument must be ignored

(2) For each *award transport payment, you can deduct no more than the amount you could have deducted if the *industrial instrument the payment is under were still in force as it was on 29 October 1986. If your claim exceeds this amount, you cannot use the exception for the expenses.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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900-220 Definition of *award transport payment*

Award transport payment

(1) An ***award transport payment*** is a *transport payment covering particular travel that was paid under an *industrial instrument that was in force on 29 October 1986.

Transport payment

(2) A ***transport payment*** is an amount your employer pays you, or is to pay you, for travel by you in the course of working for the employer that is:

(a) an allowance (or part of an allowance) for the sole or main purpose of covering your *transport expenses; or

(b) a reimbursement to which section 15-70 applies that is for the whole or a part of a *car expense. However, an amount is not a ***transport payment*** if it is, or is part of, a *travel allowance.

Note: This Division also applies to entities that are *not* employers, but pay (or are liable to pay) withholding payments covered by subsection 900-12(3).

Transport expense

(3) A ***transport expense*** is a loss or outgoing to do with transport, including the decline in value of a *depreciating asset used in connection with transport, but not including a loss or outgoing for accommodation or for food or drink, or expenditure incidental to transport.

900-225 Substituted industrial instruments

An *industrial instrument that comes into force in substitution for another industrial instrument is taken to be a continuation of the original instrument.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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900-230 Changes to industrial instruments applied for before 29 October 1986

(1) Changes made to an *industrial instrument after 29 October 1986 are taken to have been made on 29 October 1986 if they were made in response to an application made on or before 29 October 1986 that sought increases in *transport payments.

(2) If the application was amended after 29 October 1986, the alterations made to the *industrial instrument count as being made on 29 October 1986 only if they did not result in increases in *transport payments that were greater than increases in those payments sought by the application as at 29 October 1986.

900-235 Changes to industrial instruments solely referable to matters in the instrument

Changes made to an *industrial instrument after 29 October 1986 are taken to have been made on 29 October 1986 if the whole amount of the change is determined solely by reference to matters that were contained in the industrial instrument on 29 October 1986.

900-240 Deducting in anticipation of receiving award transport payment

If:

(a) you have incurred a *transport expense during an income year; and

(b) when you lodge your *income tax return for the income year, you reasonably believe that you will later receive an *award transport payment to cover the expense;

you may deduct the expense without getting written evidence or keeping travel records.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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900-245 Effect of exception in this Subdivision on exception for small total of expenses

A *transport expense that section 900-215 lets you deduct without getting written evidence or keeping travel records does not count towards the $300 limit in section 900-35.

Note: Section 900-35 tells you that if the total of all the work expenses that you want to deduct is $300 or less, you can deduct them without getting written evidence or keeping travel records.

900-250 Effect of exception in this Subdivision on methods of calculating car expense deductions

(1) If the exception in this Subdivision lets you deduct, without getting written evidence or keeping travel records, losses or outgoings (***exempt losses or outgoings***) that are or include *car expenses, or parts of *car expenses, your use of the 2 methods for calculating deductions for car expenses for the *car is affected.

You may elect not to use the exception

(2) However, if you do not want your use of the 2 methods to be affected, you may elect not to use the exception in this Subdivision for the *award transport payments you are paid in the income year. If you so elect, the rest of this section does not affect you.

"Cents per kilometre" method

(3) You can still use the "cents per kilometre" method (see Subdivision 28-C) of deducting *car expenses you incurred for the *car in the income year. However, the kilometres the car travelled during the income year in the course of travel covered by the *award transport payment or payments are not counted as *business kilometres.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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"Log book" method

(5) You can still use the "log book" method (see Subdivision 28-F) of deducting *car expenses you incurred for the *car in the income year. If you do:

(a) the kilometres the car travelled during the income year in the course of travel covered by the *award transport payment or payments are not counted as *business kilometres; and

(b) in working out the amount (if any) you can deduct for such a car expense that consists partly of an exempt loss or outgoing, Subdivision 28-F is applied to the whole of the car expense, without excluding the part that consists of an exempt loss or outgoing.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Part 5-35—Miscellaneous

Division 905—Offences

905-5 Application of the *Criminal Code*

Chapter 2 of the *Criminal Code* applies to all offences against this Act.

Note: Chapter 2 of the Criminal Code sets out the general principles of criminal responsibility.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Division 909—Regulations

909-1 Regulations

(1) The Governor-General may make regulations prescribing matters that:

(a) this Act requires or permits to be prescribed; or

(b) are necessary or convenient to prescribe for carrying out or giving effect to this Act.

(2) The regulations may prescribe penalties for offences against the regulations. A penalty may not exceed a fine of 5 penalty units.

Note: Section 4AA of the *Crimes Act 1914* deals with penalty units.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Chapter 6—The Dictionary

Part 6-1—Concepts and topics

Division 950—Rules for interpreting this Act

Table of sections

950-100 What forms part of this Act
950-105 What does *not* form part of this Act
950-150 Guides, and their role in interpreting this Act

950-100 What forms part of this Act

(1) These all form part of this Act:

- the headings of the Chapters, Parts, Divisions and Subdivisions of this Act;
- *Guides;
- the headings of the sections and subsections of this Act;
- the headings for groups of sections of this Act (group headings);
- the notes and examples (however described) that follow provisions of this Act.

(2) The asterisks used to identify defined terms form part of this Act. However, if a term is *not* identified by an asterisk, disregard that fact in deciding whether or not to apply to that term a definition or other interpretation provision.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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950-105 What does *not* form part of this Act

These do *not* form part of this Act:

- footnotes and endnotes;
- Tables of Subdivisions;
- Tables of sections.

950-150 Guides, and their role in interpreting this Act

(1) A ***Guide*** consists of:

(a) sections under a heading indicating that what follows is a Guide to a particular Subdivision, Division etc.; or

(b) a Subdivision, Division or Part that is identified as a Guide by a provision in the Subdivision, Division or Part.

(2) Guides form part of this Act, but they are kept separate from the operative provisions. In interpreting an operative provision, a Guide may only be considered:

(a) in determining the purpose or object underlying the provision; or

(b) to confirm that the provision's meaning is the ordinary meaning conveyed by its text, taking into account its context in the Act and the purpose or object underlying the provision; or

(c) in determining the provision's meaning if the provision is ambiguous or obscure; or

(d) in determining the provision's meaning if the ordinary meaning conveyed by its text, taking into account its context in the Act and the purpose or object underlying the provision, leads to a result that is manifestly absurd or is unreasonable.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Division 960—General

Subdivision 960-B—Utilisation of tax attributes

Table of sections

960-20 Utilisation

960-20 Utilisation

(1) None of the following can be *utilised, to the extent it has already been utilised:

(a) a *tax loss;

(b) a *net capital loss;

(c) *net exempt income.

Utilisation of losses

(2) A *tax loss is ***utilised*** to the extent that:

(a) it is deducted from an amount of assessable income or *net exempt income; or

(b) it is reduced by applying a *total net forgiven amount; or

(c) it is *carried back.

(3) A *net capital loss is ***utilised*** to the extent that:

(a) it is applied to reduce an amount of *capital gains; or

(b) it is reduced by applying a *total net forgiven amount.

Utilisation of net exempt income

(4) *Net exempt income for an income year is ***utilised*** to the extent that:

(a) it is subtracted:

(i) from deductions; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(ii) under subsection 268-60(4) in Schedule 2F to the *Income Tax Assessment Act 1936* or subsection 165-70(4) or 175-35(4) of this Act;

in determining a *tax loss for the income year; or

(b) because of it, the extent to which a tax loss can be deducted in that income year is reduced; or

(c) because of it, an amount is reduced under subsection 35-15(2) (about deferral of deductions from non-commercial business activities); or

(d) because of it, a quarantined amount is reduced under subsection 26-47(8); or

(e) it is reduced under subsection 65-35(3) because of a *tax offset carried forward; or

(f) because of it, an amount is reduced under step 2 of the method statement in subsection 160-10(2) (which is a step in calculating a loss carry back tax offset component).

Subdivision 960-C—Foreign currency

Table of sections

960-49 Objects of this Subdivision
960-50 Translation of amounts into Australian currency
960-55 Application of translation rules

960-49 Objects of this Subdivision

The objects of this Subdivision are as follows:

(a) to set out a basic rule requiring an amount in a *foreign currency to be translated into an Australian dollar amount (the basic rule is subject to the functional currency rules in Subdivision 960-D and to certain specific exclusions);

(b) to ensure that the rules for identifying the exchange rate for the translation of a foreign currency amount into Australian dollars:

(i) reflect an appropriate prevailing exchange rate; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(ii) take into account, as appropriate, commercial practices for the translation of foreign currency amounts into Australian dollars.

960-50 Translation of amounts into Australian currency

(1) For the purposes of this Act, an amount in a *foreign currency is to be translated into Australian currency.

Examples of an amount

(2) The following are examples of an amount:
(a) an amount of *ordinary income;
(b) an amount of an expense;
(c) an amount of an obligation;
(d) an amount of a liability;
(e) an amount of a receipt;
(f) an amount of a payment;
(g) an amount of consideration;
(h) a value.

(3) The amounts set out in paragraphs (2)(b) to (h) may be amounts on revenue account, capital account or otherwise.

Amounts that are elements in the calculation of other amounts

(4) In applying this section:
(a) first, translate any amounts that are elements in the calculation of other amounts (except *special accrual amounts); and
(b) then, calculate the other amounts.

Special accrual amounts

(5) In applying this section:
(a) calculate a *special accrual amount without translation; and
(b) then, translate the special accrual amount.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Special translation rules

(6) The table has effect:

Special translation rules

Item	In this case...	this is the result...
1	forex realisation event 4 happens when you cease to have an obligation, or a part of an obligation, to pay *foreign currency, and neither of subparagraphs 775-55(1)(b)(ii) and (iii) applies	for the purposes of section 775-55, the amount of the obligation, or the part of the obligation, at the tax recognition time (see subsection 775-55(7)) is to be translated to Australian currency at the exchange rate applicable at that time.
2	cost of a *depreciating asset	(a) if you incur an obligation in return for your starting to hold the asset, and the obligation is not satisfied before you begin to hold the asset (worked out under Division 40)—the cost of the asset is to be translated to Australian currency at the exchange rate applicable when you begin to hold the asset; or (b) if you incur an obligation in return for your starting to hold the asset, and the obligation is satisfied before you begin to hold the asset (worked out under Division 40)—the cost of the asset is to be translated to Australian currency at the exchange rate applicable when the obligation is satisfied.
3	value of an item of *trading stock on hand at the end of an income year, where you have elected to use its *cost	the value is to be translated to Australian currency at the exchange rate applicable at the time when the item became on hand.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Special translation rules

Item	In this case...	this is the result...
4	value of an item of *trading stock on hand at the end of an income year, where you have elected to use: (a) its market selling value; or (b) its replacement value	the value is to be translated to Australian currency at the exchange rate applicable at the end of the income year.
5	a transaction or event that: (a) involves an amount of money or the *market value of other property; and (b) is relevant for the purposes of Part 3-1 or 3-3; to the extent to which the amount or value is relevant for the purposes of Part 3-1 or 3-3	the amount or value is to be translated, for the purposes of Part 3-1 or 3-3, to Australian currency at the exchange rate applicable at the time of the transaction or event.
6	an amount of *ordinary income	(a) if the amount is received at or before the time when it is *derived—the amount is to be translated to Australian currency at the exchange rate applicable at the time of receipt; or (b) in any other case—the amount is to be translated to Australian currency at the exchange rate applicable when it is derived.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Special translation rules

Item	In this case...	this is the result...
7	an amount of *statutory income (other than an amount included in assessable income under Division 102)	(a) if the amount is received at or before the time when the requirement first arose to include it in your assessable income—the amount is to be translated to Australian currency at the exchange rate applicable at the time of receipt; or (b) in any other case—the amount is to be translated to Australian currency at the exchange rate applicable at the time when the requirement first arose to include it in your assessable income.
8	an amount that you deduct (other than under Division 40)	(a) if the amount is paid at or before the time when it became deductible—the amount is to be translated to Australian currency at the exchange rate applicable at the time of payment; or (b) in any other case—the amount is to be translated to Australian currency at the exchange rate applicable at the time when it became deductible.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Special translation rules

Item	In this case...	this is the result...
9	an amount that is relevant for the purposes of quantifying: (a) the total of all of a company's *production expenditure on a *film; or (b) the total of the company's *qualifying Australian production expenditure on a film; or (c) the company's *total film expenditure on a film; to the extent to which the amount is relevant for the purposes of issuing a certificate under section 376-20 or 376-65	the amount is to be translated to Australian currency at the exchange rate applicable at the time when principal photography commences or production of the animated image commences.
9A	an amount that is relevant for the purposes of quantifying: (a) the total of all of a company's *production expenditure on a *film; or (b) the total of the company's *qualifying Australian production expenditure on a film; to the extent to which the amount is relevant for the purposes of issuing a certificate under section 376-45	the amount is to be translated to Australian currency at the exchange rate applicable when *post, digital and visual effects production for the film commences.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Special translation rules		
Item	**In this case...**	**this is the result...**
9B	subject to item 9C, an amount that is relevant for the purposes of quantifying: (a) the total of all of a company's *production expenditure on a *film; or (b) the total of the company's *qualifying Australian production expenditure on a film; or (c) the company's *total film expenditure on a film; to the extent to which the amount is relevant for the purposes of calculating an amount of a *tax offset under section 376-15, 376-40 or 376-60	the amount is to be translated to Australian currency at the average of the exchange rates applicable from time to time during the period that qualifying Australian production expenditure is incurred on the film.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Special translation rules		
Item	**In this case...**	**this is the result...**
9C	an amount that is relevant for the purposes of quantifying: (a) the total of all of a company's *production expenditure on a *film; or (b) the total of the company's *qualifying Australian production expenditure on a film; or (c) the company's *total film expenditure on a film; to the extent to which the total of the company's qualifying Australian production expenditure on a film is less than $15 million and the amount is relevant for the purposes of calculating an amount of a *tax offset under section 376-60	the amount is to be translated to Australian currency at the exchange rate applicable at the time when expenditure is incurred on the film
10	an amount that Division 12 of Part 2.5 in Schedule 1 to the *Taxation Administration Act 1953* requires to be withheld from a payment	the amount is to be translated to Australian currency at the exchange rate applicable at the time when the amount is required to be withheld under that Division.
11	an amount of a receipt or a payment, where none of the above items apply	the amount is to be translated to Australian currency at the exchange rate applicable at the time of the receipt or payment.

(7) Subsection (6) has effect subject to any modifications made by the regulations.

(7A) Despite subsections (6) and (7), an amount that is relevant for the purposes of quantifying, for the purposes of section 960-565, the *annual global income of an entity as shown in *global financial statements for the entity is to be translated into Australian currency

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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at the average exchange rate applicable for the period for which the statements are prepared.

(7B) For the purposes of subsection (7A):

(a) the entity must obtain:

(i) all of the exchange rates that it will use to work out the average exchange rate; or

(ii) an average exchange rate that has been worked out for the period referred to in that subsection;

from one or more sources that are not *associates of the entity, and not the entity itself, or from one or more sources specified by the Commissioner in a notice to the entity; and

(b) the entity must use the average exchange rate so worked out in translating into Australian currency any amount referred to in that subsection that is relevant to that period.

(7C) A notice under paragraph (7B)(a) is not a legislative instrument.

Regulations about translation

(8) An entity must comply with the regulations (if any) in translating an amount into Australian currency.

Note: For example, the regulations could require the use of a particular translation method and require consistency in the use of the translation method.

(9) Regulations made for the purposes of subsection (8) may make provision in relation to a matter by applying, adopting or incorporating (with or without modifications) matter contained in any of the *accounting standards:

(a) as in force or existing at a particular time; or

(b) as in force or existing from time to time.

(9A) Regulations made for the purposes of subsection (8) do not apply to translating an amount into Australian currency under subsection (7A), unless they provide otherwise.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Operation of certain provisions unaffected

(10) This section does not affect the operation of the following provisions:

(aa) section 220-110 (*maximum franking credit);

(a) section 775-210 (notional loans under *facility agreements);

(b) Subdivision 960-D (functional currency);

(c) subsection 974-35(6) (valuation of financial benefits for the purposes of the debt/equity provisions).

960-55 Application of translation rules

(1) Section 960-50 applies to:

(a) a transaction, event or thing that:

(i) involves an amount in a *foreign currency; and

(ii) occurs on or after the applicable commencement date (within the meaning of Division 775); or

(b) a transaction, event or thing that:

(i) involves an amount in a foreign currency; and

(ii) occurs before the applicable commencement date (within the meaning of Division 775);

to the extent to which the transaction, event or thing is relevant for the purposes of Division 775; or

(c) an amount that Division 12 of Part 2-5 in Schedule 1 to the *Taxation Administration Act 1953* requires to be withheld from a payment, if the time when the amount is required to be withheld occurs on or after 1 July 2003; or

(d) a payment that Part 5-30 in Schedule 1 to the *Taxation Administration Act 1953* requires to be reported, if the amount is paid on or after 1 July 2003.

Note: For ***applicable commencement date***, see section 775-155.

Exceptions

(2) Despite subsection (1), section 960-50 does not apply to a transaction, event or thing that involves:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) an amount covered by subsection 775-165(1); or
(b) a right, or a part of a right, covered by subsection 775-165(2); or
(c) an obligation, or a part of an obligation, covered by subsection 775-165(4).

Note: Subsections 775-165(1), (2) and (4) are transitional provisions relating to forex realisation events.

Subdivision 960-D—Functional currency

Guide to Subdivision 960-D

960-56 What this Subdivision is about

The net income of any of the following entities (or parts of entities) that keeps its accounts solely or predominantly in a particular foreign currency can be worked out in that currency, with the net amount being translated into Australian currency:

(a) an Australian resident who is required to prepare financial reports under section 292 of the *Corporations Act 2001*;

(b) a permanent establishment;

(c) an offshore banking unit;

(d) a controlled foreign company (CFC);

(e) a transferor trust.

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Operative provisions

960-59 Object of this Subdivision

The object of this Subdivision is, for the purposes of reducing compliance costs and reflecting commercial practice, to allow certain entities (or parts of entities) whose accounts are kept solely or predominantly in a particular *foreign currency (the ***functional currency***) to calculate their net incomes by reference to the functional currency.

960-60 You may choose a functional currency

(1) The table has effect:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Choosing to use a functional currency

Item	If you are:	you may choose to use the *applicable functional currency to...	with effect from the start of...
1	an Australian resident who is required to prepare financial reports under section 292 of the *Corporations Act 2001*	work out so much of your taxable income or tax loss as is not subject to a choice made by you under any of the other items of this table	(a) if the choice you make under this item is a backdated startup choice (see section 960-65)—the income year in which you make the choice; or (b) in any other case—the income year following the one in which you make the choice.
2	(a) an Australian resident carrying on an activity or business at or through an *overseas permanent establishment; or (b) a foreign resident carrying on an activity or business at or through an *Australian permanent establishment	work out the taxable income or tax loss derived from the activity or business carried on at or through the permanent establishment	(a) if the choice you make under this item is a backdated startup choice (see section 960-65)—the income year in which you make the choice; or (b) in any other case—the income year following the one in which you make the choice.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Choosing to use a functional currency			
Item	**If you are:**	**you may choose to use the *applicable functional currency to...**	**with effect from the start of...**
3	an *offshore banking unit	work out your total assessable OB income (within the meaning of Division 9A of Part III of the *Income Act Assessment Act 1936*) and your total allowable OB deductions (within the meaning of that Division)	(a) if the choice you make under this item is a backdated startup choice (see section 960-65)—the income year in which you make the choice; or (b) in any other case—the income year following the one in which you make the choice.
4	an attributable taxpayer (within the meaning of Part X of the *Income Tax Assessment Act 1936*) of a *controlled foreign company (CFC)	work out the *attributable income of the CFC	(a) if the choice you make under this item is a backdated startup choice (see section 960-65)—the CFC's *statutory accounting period in which you make the choice; or (b) in any other case—the CFC's statutory accounting period following the one in which you make the choice.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Choosing to use a functional currency			
Item	**If you are:**	**you may choose to use the *applicable functional currency to...**	**with effect from the start of...**
5	a *transferor trust	work out your attributable income (within the meaning of Division 6AAA of Part III of the *Income Tax Assessment Act 1936*)	(a) if the choice you make under this item is a backdated startup choice (see section 960-65)—the income year in which you make the choice; or (b) in any other case—the income year following the one in which you make the choice.

Note: The attributable income of a controlled foreign company is calculated separately for each attributable taxpayer—see section 381 of the *Income Tax Assessment Act 1936*.

(2) A choice must be in writing.

(3) A choice under item 1 of the table in subsection (1) continues in effect until:

(a) a withdrawal of the choice takes effect (see section 960-90); or

(b) immediately after the end of the income year in which you cease to be subject to a requirement to prepare financial reports under section 292 of the *Corporations Act 2001*;

whichever happens first.

(4) A choice under item 2, 3, 4 or 5 of the table in subsection (1) continues in effect until a withdrawal of the choice takes effect (see section 960-90).

960-61 Functional currency for calculating capital gains and losses on indirect Australian real property interests

(1) Subsection (2) applies if:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) you are a foreign resident; and
(b) a *CGT event happens in relation to a *CGT asset that is an *indirect Australian real property interest for you; and
(c) the sole or predominant currency in which you keep your accounts at the time of the CGT event is a currency other than Australian currency.

(2) You must use the *applicable functional currency to work out the amount of your *capital gain or *capital loss (if any).

960-65 Backdated startup choice

The table has effect:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Backdated startup choice		
Item	**In this case:**	**the choice is a *backdated startup choice* if...**
1	you make a choice under item 1 of the table in subsection 960-60(1)	(a) both: (i) you were in existence at the start of the income year in which you made the choice; and (ii) you make the choice within 90 days after the beginning of that income year or within 30 days after the commencement of this section; or (b) both: (i) you came into existence during the income year in which you made the choice; and (ii) you make the choice within 90 days after you came into existence or within 30 days after the commencement of this section.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Backdated startup choice		
Item	**In this case:**	**the choice is a *backdated startup choice* if...**
2	you make a choice under item 2 of the table in subsection 960-60(1)	(a) both: (i) the permanent establishment was in existence at the start of the income year in which you made the choice; and (ii) you make the choice within 90 days after the beginning of that income year or within 30 days after the commencement of this section; or (b) both: (i) the permanent establishment came into existence during the income year in which you made the choice; and (ii) you make the choice within 90 days after the permanent establishment came into existence or within 30 days after the commencement of this section.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Backdated startup choice		
Item	**In this case:**	**the choice is a *backdated startup choice* if...**
3	you make a choice under item 3 of the table in subsection 960-60(1)	(a) both: (i) the *offshore banking unit was in existence at the start of the income year in which you made the choice; and (ii) you make the choice within 90 days after the beginning of that income year or within 30 days after the commencement of this section; or (b) both: (i) the offshore banking unit came into existence during the income year in which you made the choice; and (ii) you make the choice within 90 days after the offshore banking unit came into existence or within 30 days after the commencement of this section.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Backdated startup choice		
Item	**In this case:**	**the choice is a *backdated startup choice* if...**
4	you make a choice under item 4 of the table in subsection 960-60(1)	(a) both: (i) you are an attributable taxpayer of the CFC at the beginning of the CFC's *statutory accounting period in which you made the choice; and (ii) you make the choice within 90 days after the beginning of the CFC's statutory accounting period or within 30 days after the commencement of this section; or (b) both: (i) you became an attributable taxpayer in relation to the CFC during the CFC's statutory accounting period during which you made the choice; and (ii) you make the choice within 90 days after the beginning of the CFC's statutory accounting period or within 30 days after the commencement of this section.
5	you make a choice under item 5 of the table in subsection 960-60(1)	you make the choice within 90 days after the beginning of an income year or within 30 days after the commencement of this section.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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960-70 What is the *applicable functional currency*?

Australian resident required to prepare financial reports under section 292 of the Corporations Act 2001

(1) If you make a choice under item 1 of the table in subsection 960-60(1) with effect from the start of a particular income year, your ***applicable functional currency*** for:

(a) that income year; and

(b) each later income year for which the choice is in effect;

is the sole or predominant *foreign currency in which you kept your accounts at the time when you made the choice.

Permanent establishment, offshore banking unit or transferor trust

(2) If you make a choice under item 2, 3 or 5 of the table in subsection 960-60(1) in relation to a *permanent establishment, an *offshore banking unit or a *transferor trust with effect from the start of a particular income year, the ***applicable functional currency*** of the establishment, unit or trust for:

(a) that income year; and

(b) each later income year for which the choice is in effect;

is the sole or predominant *foreign currency in which the establishment, unit or trust kept its accounts at the time when you made the choice.

Controlled foreign company

(3) If you make a choice under item 4 of the table in subsection 960-60(1) in relation to a *controlled foreign company (CFC) with effect from the start of a particular *statutory accounting period, the ***applicable functional currency*** of the CFC for:

(a) that statutory accounting period; and

(b) each later statutory accounting period for which the choice is in effect;

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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is the sole or predominant *foreign currency in which the CFC kept its accounts at the time when you made the choice.

Note: The attributable income of a controlled foreign company is calculated separately for each attributable taxpayer—see section 381 of the *Income Tax Assessment Act 1936*.

Calculating capital gains and losses on indirect Australian real property interests

(3A) If subsection 960-61(2) applies, your ***applicable functional currency*** for the purposes of that subsection is the sole or predominant currency in which you keep your accounts at the time of the *CGT event.

Accounts

(4) For the purposes of this section, ***accounts*** means:
(a) ledgers; and
(b) journals; and
(c) statements of financial performance; and
(d) profit and loss accounts; and
(e) balance-sheets; and
(f) statements of financial position;
and includes statements, reports and notes attached to, or intended to be read with, any of the foregoing.

960-75 What is a *transferor trust*?

A ***transferor trust*** is a trust where, having regard to all relevant circumstances, it would be reasonable to conclude that another entity is, or is likely to be, an attributable taxpayer in relation to the trust for the purposes of Division 6AAA of Part III of the *Income Tax Assessment Act 1936*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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960-80 Translation rules

(1) The table has effect:

Translation rules

Item	In this case...	these rules apply...
1	(a) you are an Australian resident required to prepare financial reports under section 292 of the *Corporations Act 2001*; and (b) you have made a choice under item 1 of the table in subsection 960-60(1), and that choice is in effect for an income year	(a) first, for the purpose of working out, for the income year, so much of your taxable income or tax loss as is not the subject of a choice made by you under any other item of that table: (i) an amount that is not in the *applicable functional currency is to be translated into the applicable functional currency; and (ii) the definition of ***foreign currency*** in subsection 995-1(1) does not apply; and (iii) the applicable functional currency is taken not to be a foreign currency; and (iv) Australian currency and any other currency (except the applicable functional currency) are taken to be foreign currencies; and (b) second, so much of your taxable income as is not the subject of a choice made by you under any other item of that table is to be translated into Australian currency.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Translation rules

Item	In this case...	these rules apply...
2	(a) you are: (i) an Australian resident carrying on an activity or business at or through an *overseas permanent establishment; or (ii) a foreign resident carrying on an activity or business at or through an *Australian permanent establishment; and (b) you have made a choice under item 2 of the table in subsection 960-60(1) in relation to the permanent establishment, and that choice is in effect for an income year	(a) first, for the purpose of working out, for the income year, the taxable income or tax loss derived from the activity or business carried on at or through the permanent establishment: (i) an amount that is not in the *applicable functional currency is to be translated into the applicable functional currency; and (ii) the definition of ***foreign currency*** in subsection 995-1(1) does not apply; and (iii) the applicable functional currency is taken not to be a foreign currency; and (iv) Australian currency and any other currency (except the applicable functional currency) are taken to be foreign currencies; and (b) second, the taxable income derived from the activity or business carried on at or through the permanent establishment is to be translated into Australian currency.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Translation rules

Item	In this case...	these rules apply...
3	(a) you are an *offshore banking unit (OBU); and (b) you have made a choice under item 3 of the table in subsection 960-60(1) in relation to the OBU, and that choice is in effect for an income year	(a) first, for the purpose of working out, for the income year, your total assessable OB income (within the meaning of Division 9A of Part III of the *Income Tax Assessment Act 1936*) and your total OB deductions (within the meaning of that Division): (i) an amount that is not in the *applicable functional currency is to be translated into the applicable functional currency; and (ii) the definition of ***foreign currency*** in subsection 995-1(1) does not apply; and (iii) the applicable functional currency is taken not to be a foreign currency; and (iv) Australian currency and any other currency (except the applicable functional currency) are taken to be foreign currencies; and (b) second, the total assessable OB income and the total allowable OB deductions are to be translated into Australian currency.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Translation rules

Item	In this case...	these rules apply...
4	(a) you are an attributable taxpayer (within the meaning of Part X of the *Income Tax Assessment Act 1936*) of a *controlled foreign company (CFC); and (b) you have made a choice under item 4 of the table in subsection 960-60(1) in relation to the CFC, and that choice is in effect for a *statutory accounting period of the CFC	(a) first, for the purpose of working out, for the statutory accounting period, the *attributable income of the CFC: (i) an amount that is not in the *applicable functional currency is to be translated into the applicable functional currency; and (ii) the definition of ***foreign currency*** in subsection 995-1(1) does not apply; and (iii) the applicable functional currency is taken not to be a foreign currency; and (iv) Australian currency and any other currency (except the applicable functional currency) are taken to be foreign currencies; and (b) second, the attributable income is to be translated into Australian currency.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Translation rules		
Item	**In this case...**	**these rules apply...**
5	(a) you are a *transferor trust; and (b) you have made a choice under item 5 of the table in subsection 960-60(1) in relation to the trust, and that choice is in effect for an income year	(a) first, for the purpose of working out, for the income year, your attributable income (within the meaning of Division 6AAA of Part III of the *Income Tax Assessment Act 1936*): (i) an amount that is not in the *applicable functional currency is to be translated into the applicable functional currency; and (ii) the definition of ***foreign currency*** in subsection 995-1(1) does not apply; and (iii) the applicable functional currency is taken not to be a foreign currency; and (iv) Australian currency and any other currency (except the applicable functional currency) are taken to be foreign currencies; and (b) second, the attributable income is to be translated into Australian currency.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Translation rules

Item	In this case...	these rules apply...
6	(a) you are a *foreign resident who makes a *capital gain or *capital loss from a *CGT event in relation to an asset that is an *indirect Australian real property interest; and (b) you are required by subsection 960-61(2) to work out the amount of your capital gain or capital loss in the *applicable functional currency	(a) first, for the purpose of working out, for the income year, the amount of your capital gain or capital loss from the CGT event, an amount that is not in the applicable functional currency is to be translated into the applicable functional currency; and (b) second, the amount of the capital gain or capital loss is to be translated into Australian currency.

Note: The attributable income of a controlled foreign company is calculated separately for each attributable taxpayer—see section 381 of the *Income Tax Assessment Act 1936*.

Examples of an amount

(2) The following are examples of an amount:

(a) an amount of *ordinary income;
(b) an amount of an expense;
(c) an amount of an obligation;
(d) an amount of a liability;
(e) an amount of a receipt;
(f) an amount of a payment;
(g) an amount of consideration;
(h) a value;
(i) a monetary limit or other amount set out in this Act or any other law of the Commonwealth.

(3) The amounts set out in paragraphs (2)(b) to (i) may be amounts on revenue account, capital account or otherwise.

Amounts that are elements in the calculation of other amounts

(4) In applying this section:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) first, translate any amounts that are elements in the calculation of other amounts (except *special accrual amounts); and
(b) then, calculate the other amounts.

Special accrual amounts

(5) In applying this section:
(a) calculate a *special accrual amount without translation and without applying the first rule set out in the relevant item of the table in subsection (1); and
(b) then, translate the special accrual amount to Australian currency for the purposes of applying the second rule set out in the relevant item of the table in subsection (1).

Special translation rules

(6) Subsection 960-50(6) has effect, in relation to the translation of an amount into the *applicable functional currency, as if each reference in that subsection to Australian currency were a reference to the applicable functional currency.

Regulations about translation

(7) An entity must comply with the regulations (if any) in translating an amount into:
(a) the *applicable functional currency; or
(b) Australian currency.

Note: For example, the regulations could require the use of a particular translation method and require consistency in the use of the translation method.

(8) Regulations made for the purposes of subsection (7) may make provision in relation to a matter by applying, adopting or incorporating (with or without modifications) matter contained in any of the *accounting standards:
(a) as in force or existing at a particular time; or
(b) as in force or existing from time to time.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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960-85 Special rule about translation—events that happened before the current choice took effect

Australian resident required to prepare financial reports under section 292 of the Corporations Act 2001

(1) If:

(a) as the result of a choice (the ***current choice***) made by you under item 1 of the table in subsection 960-60(1), subsection 960-80(1) requires that an amount be translated to the *applicable functional currency; and

(b) the amount is attributable to an event that happened, or a state of affairs that came into existence, at a time (the ***event time***) before the current choice took effect;

the table has effect:

Special rule about translation

Item	In this case...	this is the result...
1	at the event time, no previous choice made by you under item 1 of the table in subsection 960-60(1) was in effect	the amount is to be translated first to Australian currency at the exchange rate applicable at the event time, and then to the *applicable functional currency at the exchange rate applicable when the current choice took effect.
2	at the event time, a previous choice made by you under item 1 of the table in subsection 960-60(1) was in effect	the amount is to be translated first to the previous *applicable functional currency at the exchange rate applicable at the event time, and then to the current applicable functional currency at the exchange rate applicable when the current choice took effect.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Permanent establishment, offshore banking unit, CFC or transferor trust

(2) If:

(a) as the result of a choice (the ***current choice***) made by you under item 2, 3, 4 or 5 of the table in subsection 960-60(1), subsection 960-80(1) requires that an amount be translated to the *applicable functional currency; and

(b) the amount is attributable to an event that happened, or a state of affairs that came into existence, at a time (the ***event time***) before the current choice took effect;

the table has effect:

Special rule about translation

Item	In this case...	this is the result...
1	at the event time, no previous choice made by you under section 960-60 in relation to the establishment, unit, CFC or trust was in effect	the amount is to be translated first to Australian currency at the exchange rate applicable at the event time, and then to the *applicable functional currency at the exchange rate applicable when the current choice took effect.
2	at the event time, a previous choice made by you under section 960-60 in relation to the establishment, unit, CFC or trust was in effect	the amount is to be translated first to the previous *applicable functional currency at the exchange rate applicable at the event time, and then to the current applicable functional currency at the exchange rate applicable when the current choice took effect.

960-90 Withdrawal of choice

(1) The table has effect if you have made a choice under section 960-60:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Withdrawal		
Item	**In this case:**	**you may withdraw your choice with effect from immediately after the end of...**
1	(a) you are an Australian resident who is required to prepare financial reports under section 292 of the *Corporations Act 2001*; and (b) your *applicable functional currency has ceased to be the sole or predominant currency in which you keep your accounts (within the meaning of section 960-70)	the income year in which you withdraw your choice.
2	(a) you are an Australian resident carrying on an activity or business at or through an*overseas permanent establishment or a foreign resident carrying on an activity or business at or through an *Australian permanent establishment; and (b) the *applicable functional currency of the permanent establishment has ceased to be the sole or predominant currency in which the establishment keeps its accounts (within the meaning of section 960-70)	the income year in which you withdraw your choice.
3	(a) you are an *offshore banking unit (OBU); and (b) the *applicable functional currency of the OBU has ceased to be the sole or predominant currency in which the OBU keeps its accounts (within the meaning of section 960-70)	the income year in which you withdraw your choice.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Withdrawal		
Item	**In this case:**	**you may withdraw your choice with effect from immediately after the end of...**
4	(a) you are an attributable taxpayer (within the meaning of Part X of the *Income Tax Assessment Act 1936*) of a *controlled foreign company (CFC); and (b) you have made a choice under item 4 of the table in subsection 960-60(1) in relation to the CFC; and (c) the *applicable functional currency of the CFC has ceased to be the sole or predominant currency in which the CFC keeps its accounts (within the meaning of section 960-70)	the CFC's *statutory accounting period in which you withdraw your choice.
5	(a) you are a *transferor trust; and (b) the *applicable functional currency of the trust has ceased to be the sole or predominant currency in which the trust keeps its accounts (within the meaning of section 960-70)	the income year in which you withdraw your choice.

(2) A withdrawal must be in writing.

(3) Withdrawing a choice does not prevent you from making a fresh choice under section 960-60.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Subdivision 960-E—Entities

Table of sections

960-100 Entities
960-105 Certain entities treated as agents

960-100 Entities

(1) ***Entity*** means any of the following:

(a) an individual;

(b) a body corporate;

(c) a body politic;

(d) a partnership;

(e) any other unincorporated association or body of persons;

(f) a trust;

(g) a *superannuation fund;

(h) an *approved deposit fund.

Note: The term ***entity*** is used in a number of different but related senses. It covers all kinds of legal person. It also covers groups of legal persons, and other things, that in practice are treated as having a separate identity in the same way as a legal person does.

(1A) Paragraph (1)(e) does not include a *non-entity joint venture.

(2) The trustee of a trust, of a *superannuation fund or of an *approved deposit fund is taken to be an ***entity*** consisting of the person who is the trustee, or the persons who are the trustees, at any given time.

Note 1: This is because a right or obligation cannot be conferred or imposed on an entity that is not a legal person.

Note 2: The entity that is the trustee of a trust or fund does not change merely because of a change in the person who is the trustee of the trust or fund, or persons who are the trustees of the trust or fund.

(3) A legal person can have a number of different capacities in which the person does things. In each of those capacities, the person is taken to be a different ***entity***.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Example: In addition to his or her personal capacity, an individual may be:

- sole trustee of one or more trusts; and
- one of a number of trustees of a further trust.

In his or her personal capacity, he or she is one entity. As trustee of each trust, he or she is a different entity. The trustees of the further trust are a different entity again, of which the individual is a member.

(4) If a provision refers to an ***entity*** of a particular kind, it refers to the entity in its capacity as that kind of entity, not to that entity in any other capacity.

Example: A provision that refers to a company does not cover a company in a capacity as trustee, unless it also refers to a trustee.

Note: Under section 87-35, certain parts of Australian governments and authorities are treated as separate entities for the purposes of ascertaining whether another entity is conducting a personal services business.

960-105 Certain entities treated as agents

(1) This Act applies to an entity as if the entity were an agent of another entity (the ***principal***) if:

(a) the principal is outside Australia; and

(b) the entity is in Australia and, on behalf of the principal, holds money of the principal or has control, receipt or disposal of money of the principal.

(2) This Act, or a provision of this Act, applies to an entity as if the entity were an agent of another entity if the Commissioner determines in writing that the entity is the agent or sole agent of the other entity for the purposes of this Act or of that provision.

(3) A determination under subsection (2) is not a legislative instrument.

Subdivision 960-F—Distribution by corporate tax entities

Table of sections

960-115 Meaning of *corporate tax entity*

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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960-120 Meaning of *distribution*

960-115 Meaning of *corporate tax entity*

An entity is a ***corporate tax entity*** at a particular time if:

(a) the entity is a company at that time; or

(b) the entity is a *corporate limited partnership in relation to the income year in which that time occurs; or

(d) the entity is a *public trading trust in relation to the income year in which that time occurs.

960-120 Meaning of *distribution*

(1) What constitutes a ***distribution*** by various *corporate tax entities is set out in the following table:

Distribution

Item	Corporate tax entity	Distribution
1	company	a dividend, or something that is taken to be a dividend, under this Act
2	*corporate limited partnership	(a) a distribution made by the partnership, whether in money or in other property, to a partner in the partnership, other than a distribution, or so much of a distribution, as is attributable to profits or gains arising during an income year in relation to which the partnership was not a corporate limited partnership (b) something that is taken to be a dividend by the partnership under this Act

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Distribution		
Item	**Corporate tax entity**	**Distribution**
4	*public trading trust	a unit trust dividend, as defined in section 102M of the *Income Tax Assessment Act 1936*

(2) A *corporate tax entity ***makes a distribution*** in the form of a dividend on the day on which the dividend is paid, or taken to have been paid.

Subdivision 960-G—Membership of entities

Table of sections

960-130 Members of entities
960-135 Membership interest in an entity
960-140 Ordinary membership interest

960-130 Members of entities

(1) The following table sets out who is a ***member*** of various entities.

Members		
Item	**Entity**	**Member**
1	company	a member of the company or a stockholder in the company
2	partnership	a partner in the partnership
3	trust (except a *public trading trust)	a beneficiary, unitholder or object of the trust
5	*public trading trust	a unitholder of the trust

(2) If 2 or more entities jointly hold interests or rights that give rise to membership of another entity, each of them is a ***member*** of the other entity.

(3) An entity is *not* a ***member*** of another entity just because the entity holds one or more interests or rights relating to the other entity that

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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are *debt interests. This subsection has effect despite subsections (1) and (2) of this section.

Example: An entity is *not* a member of a company as defined in this section merely because it is a member of the company in the ordinary sense of the term because it holds a finance share in the company, if the finance share is a debt interest. However, if the entity holds other shares in the company that are not debt interests, it will be a member because of those other shares.

960-135 Membership interest in an entity

If you are a *member of an entity:

(a) each interest, or set of interests, in the entity; or

(b) each right, or set of rights, in relation to the entity;

by virtue of which you are a member of the entity is a ***membership interest*** of yours in the entity.

Note: In conjunction with subsection 960-130(3), this means that a debt interest is *not* a membership interest.

Example: A member of a company holds a finance share in a company that is a debt interest and some other shares in the company that are not debt interests. Only the other shares are membership interests in the company. The finance share is not, because the member is not a member of the company because of that share (see subsection 960-130(3)).

960-140 Ordinary membership interest

A *membership interest in a *corporate tax entity is an ***ordinary membership interest*** if:

(a) in the case of a membership interest in a company—it is an ordinary share; and

(b) in the case of a membership interest in a *corporate limited partnership—it is an interest in the income of the partnership; and

(c) in the case of a membership interest in a *public trading trust—it is a unit in the trust.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Subdivision 960-GP—Participation interests in entities

Table of sections

960-180 Total participation interest
960-185 Indirect participation interest
960-190 Direct participation interest
960-195 Non-portfolio interest test

960-180 Total participation interest

An entity's ***total participation interest*** at a particular time in another entity is the sum of:

(a) the entity's *direct participation interest in the other entity at that time; and

(b) the entity's *indirect participation interest in the other entity at that time.

960-185 Indirect participation interest

(1) Work out the ***indirect participation interest*** that an entity (the ***holding entity***) holds at a particular time in another entity (the ***test entity***) by multiplying:

(a) the holding entity's *direct participation interest (if any) in another entity (the ***intermediate entity***) at that time;

by:

(b) the sum of:

(i) the intermediate entity's direct participation interest (if any) in the test entity at that time; and

(ii) the intermediate entity's indirect participation interest (if any) in the test entity at that time (as worked out under one or more other applications of this section).

(2) If there is more than one intermediate entity to which paragraph (1)(a) applies at that time, the holding entity's ***indirect participation interest*** is the sum of the percentages worked out under subsection (1) in relation to each of those intermediate entities.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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960-190 Direct participation interest

(1) Use the following table to work out the ***direct participation interest*** that one entity holds in another entity.

Direct participation interest		
	If the other entity is this kind of entity:	**the direct participation interest that the first entity holds in the other entity is:**
1	A company (within the meaning of Part X of the *Income Tax Assessment Act 1936*)	the direct control interest (within the meaning of section 350 of the *Income Tax Assessment Act 1936*) that the first entity holds in the other entity
2	A trust (within the meaning of Part X of the *Income Tax Assessment Act 1936*)	the direct control interest (within the meaning of section 351 of the *Income Tax Assessment Act 1936*) that the first entity holds in the other entity
3	A partnership	the direct control interest (within the meaning of section 350 of the *Income Tax Assessment Act 1936*) that the first entity would hold in the other entity, if the assumptions in subsection (3) of this section were made

(2) For the purposes of subsection (1):

(a) apply sections 350 and 351 of the *Income Tax Assessment Act 1936* as if those sections apply for the purposes of this Division rather than only for the purposes of Part X of that Act; and

(b) do not apply subsections 350(6) and (7) and 351(3) and (4) of that Act.

(3) For the purposes of item 3 of the table in subsection (1), assume that:

(a) the *partnership is a company; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) the partners in the partnership are shareholders in the company; and

(c) the total amount of assets or capital contributed to the partnership is the total paid-up share capital of the company; and

(d) a partner's right of distribution of capital, assets or profits on the dissolution of the partnership is a shareholder's right to distribution of capital or profits of the company on winding-up; and

(e) a partner's right of distribution of capital, assets or profits otherwise than on the dissolution of the partnership is a shareholder's right to distribution of capital or profits of the company otherwise than on winding-up.

960-195 Non-portfolio interest test

An interest held by an entity (the ***holding entity***) in another entity (the ***test entity***) passes the non-portfolio interest test at a time if the sum of the *direct participation interests held by the holding entity and its *associates in the test entity at that time is 10% or more.

Subdivision 960-H—Abnormal trading in shares or units

Table of sections

960-220 Meaning of *trading*
960-225 Abnormal trading
960-230 Abnormal trading—5% of shares or units in one transaction
960-235 Abnormal trading—suspected 5% of shares or units in a series of transactions
960-240 Abnormal trading—suspected acquisition or merger
960-245 Abnormal trading—20% of shares or units traded over 60 day period

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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960-220 Meaning of *trading*

Shares in a listed public company

(1) There is a ***trading*** in *shares in a company if there is an issue, redemption or transfer of those shares, or any other dealing in those shares, but only if it changes the respective proportions in which all the registered holders of shares in the company:

(a) can exercise the voting power in the company; or

(b) have the right to receive, as registered holders (whether or not for their own benefit) any dividends that the company may pay; or

(c) have the right to receive, as registered holders (whether or not for their own benefit) any distribution of capital of the company.

Note: A special rule applies in working out whether an asset has stopped being a pre-CGT asset: see section 149-10.

Units in a unit trust

(2) There is a ***trading*** in units in a unit trust if there is an issue, redemption or transfer of those units, or any other dealing in those units, but only if it changes the respective proportions in which all the registered holders of units in the trust hold (whether beneficially or not) interests in the trust income or trust capital.

Note: A special rule applies in working out whether an asset has stopped being a pre-CGT asset: see section 149-10.

960-225 Abnormal trading

(1) There is an ***abnormal trading*** in *shares in a company, or in units in a unit trust, if a *trading in the shares or units is abnormal having regard to all relevant factors, including these:

(a) the timing of the trading, when compared with the normal timing for trading in the company's shares or in the trust's units;

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) the number of shares or units traded, when compared with the normal number of the company's shares, or the trust's units, traded;

(c) any connection between the trading and any other trading in the company's shares or in the trust's units;

(d) any connection between the trading and a *tax loss or other deduction of the company or trust.

(2) There may also be an abnormal trading under any of the following provisions.

960-230 Abnormal trading—5% of shares or units in one transaction

There is an ***abnormal trading*** in *shares in a company, or in units in a unit trust, if 5% or more of the shares or units are *traded in one transaction.

960-235 Abnormal trading—suspected 5% of shares or units in a series of transactions

(1) There is an ***abnormal trading*** in *shares in a company, or in units in a unit trust, if the company or trustee knows or reasonably suspects that an entity (or an entity and one or more of the entity's *associates) has acquired (or redeemed) 5% or more of the shares or units in 2 or more transactions and would not have done so if the company or trust did not have a *tax loss or other deduction.

Time when abnormal trading happens

(2) The *abnormal trading happens at the time of the particular transaction that causes the 5% figure to be exceeded.

960-240 Abnormal trading—suspected acquisition or merger

There is an ***abnormal trading*** in *shares in a company, or in units in a unit trust, if a *trading in those shares or units happens which the company or trustee knows or reasonably suspects is part of an

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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acquisition or merger of the company with another company, or of the trust with another trust.

960-245 Abnormal trading—20% of shares or units traded over 60 day period

(1) There is an ***abnormal trading*** in *shares in a company or units in a unit trust if more than 20% of the shares or units are *traded during a 60 day period.

Time when abnormal trading happens

(2) The *abnormal trading happens at the end of the 60 day period concerned.

Subdivision 960-J—Family relationships

Guide to Subdivision 960-J

960-250 What this Subdivision is about

This Subdivision has 2 principles for defining family relationships.

The first principle is to treat an unmarried couple (whether of the same sex or different sexes) in the same way as a married couple if:

(a) their relationship is registered under particular State or Territory laws; or

(b) they live together on a genuine domestic basis.

The second principle is to treat anyone who is defined to be an individual's child in the same way as the individual's natural child would be treated.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Both principles extend to tracing other family relationships, including beyond couples and children and their parents.

Table of sections

Operative provisions

960-252 Object of this Subdivision
960-255 Family relationships

Operative provisions

960-252 Object of this Subdivision

(1) The first object of this Subdivision is to ensure that the same consequences flow under this Act and the other Acts to which this Subdivision applies from the relationship between 2 people who are an unmarried couple (whether of the same sex or different sexes) as from a marriage, if:

(a) the relationship is registered under a *State law or *Territory law (as mentioned in paragraph (a) of the definition of ***spouse*** in subsection 995-1(1)); or

(b) they live together on a genuine domestic basis.

(2) The second object of this Subdivision is to ensure that under this Act and the other Acts to which this Subdivision applies, anyone who is defined to be an individual's *child is treated in the same way as if he or she were the individual's natural child.

960-255 Family relationships

Relationships between couples

(1) If one individual is the *spouse of another individual because of the definition of ***spouse*** in subsection 995-1(1), relationships traced to, from or through the individual, and family groups of which either individual is a member, are to be determined in the same way as if the individual were legally married to the other individual.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Example: George and Angelika are not legally married but live together on a genuine domestic basis in a relationship as a couple. This Act treats them as part of each other's family.

Relationships involving children

(2) If one individual is the *child of another individual because of the definition of ***child*** in subsection 995-1(1), relationships traced to, from or through the individual, and family groups of which either individual is a member, are to be determined in the same way as if the individual were the natural child of the other individual.

Example: Clare's stepfather Frank has a sister Angela. This Act applies as if Angela were Clare's aunt because Clare is defined to be Frank's child. That is, Clare's relationship to Angela is determined on the basis that Clare is Frank's natural child.

Application

(3) Subsections (1) and (2) apply for the purposes of this Act. They also apply for the purposes of a provision of another Act if one or more of the following applies for the purposes of that provision (or would apply if it were used in the provision):

(a) the definition of ***child*** in subsection 995-1(1);
(b) the definition of ***parent*** in subsection 995-1(1);
(c) the definition of ***relative*** in subsection 995-1(1);
(d) the definition of ***spouse*** in subsection 995-1(1).

Subdivision 960-M—Indexation

Guide to Subdivision 960-M

960-260 What this Subdivision is about

There are a number of provisions that require amounts to be indexed. This Subdivision shows you:

- how to index those amounts; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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- how to calculate the indexation factor.

Table of sections

960-265 The provisions for which indexation is relevant

Operative provisions

960-270 Indexing amounts
960-275 *Indexation factor*
960-280 *Index number*
960-285 Indexation—superannuation and employment termination
960-290 Indexation—levy threshold for the major bank levy

960-265 The provisions for which indexation is relevant

This table sets out the provisions for which indexation is relevant.

Provisions for which indexation is relevant

Item	Topic of provision:	See:
1	Car limit	section 40-230
2	Capital gains—cost base	Parts 3-1 and 3-3
3	Capital gains—Improvements as separate assets	Subdivision 108-D
3A	Dependant (invalid and carer) tax offset	section 61-30
5	*Genuine redundancy payments and *early retirement scheme payments—base amount	subsection 83-170(3)
6	*Genuine redundancy payments and *early retirement scheme payments—service amount	subsection 83-170(3)
7	Reduction of superannuation contributions—pre-1 July 88 funding credits (unused amount at end of previous income year)	subsection 295-265(2)
8	*Employment termination payments—*ETP cap amount	section 82-160
9	*Excess concessional contributions—*concessional contributions cap	subsection 291-20(2)

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Provisions for which indexation is relevant		
Item	**Topic of provision:**	**See:**
10	*Excess non-concessional contributions tax on superannuation contributions—index amount (*CGT cap amount)	subsection 292-105(4)
10A	*General transfer balance cap	section 294-35
11	*Superannuation benefits—index amount (*low rate cap amount)	subsection 307-345(4)
12	*Superannuation benefits—index amount (*untaxed plan cap amount)	subsection 307-350(4)
13	Thresholds for application of Division 250	sections 250-25 and 250-30
13A	Concessional cross staple rent cap—existing lease with specified rent	section 12-443 in Schedule 1 to the *Taxation Administration Act 1953*
14	Levy threshold for the major bank levy	subsection 4(3) of the *Major Bank Levy Act 2017*

Note: There are provisions of the *Income Tax Assessment Act 1936* dealing with indexation that have not yet been rewritten.

Operative provisions

960-270 Indexing amounts

(1) Some provisions of this Act require amounts to be indexed. You index an amount by multiplying it by its *indexation factor.

(2) You do not index the amount if its *indexation factor is 1 or less.

(3) This section does not apply in relation to amounts mentioned in the provisions listed at items 8 to 12, or at item 14, in section 960-265.

Note: For the indexation of those amounts, see sections 960-285 and 960-290.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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960-275 *Indexation factor*

(1) For indexation of amounts on an annual basis, the ***indexation factor*** is:

$$\frac{\text{Sum of the *index numbers for the *quarters in the year ending on 31 March just before the start of the relevant *financial year}}{\text{Sum of the *index numbers for the *quarters in the year ending on the previous 31 March}}$$

(1A) However, for indexation of the amounts mentioned in the provisions listed at items 5, 6 and 7 in section 960-265, the ***indexation factor*** is:

$$\frac{\text{*Index number for the *quarter ending on 31 December just before the start of the relevant income year}}{\text{*Index number for the *quarter ending on the previous 31 December}}$$

(2) For indexation of the *cost base of a *CGT asset (except the first element of the cost base of an asset covered by subsection (3)), the ***indexation factor*** for expenditure in an element of the cost base is:

$$\frac{\text{*Index number for the *quarter ending on 30 September 1999}}{\text{*Index number for the *quarter in which the expenditure was incurred}}$$

The expenditure can include giving property: see section 103-5.

Note 1: This rule does not apply to expenditure incurred after 11.45 am on 21 September 1999 or any expenditure relating to a CGT asset acquired after that time: see section 114-1.

Note 2: This rule applies even if you do not actually pay some of the expenditure until a later time (for example, under a contract to purchase an asset by instalments).

Note 3: There are rules affecting when the expenditure was incurred: see sections 114-15 and 114-20.

(3) For indexation of the first element of the *cost base of a *CGT asset that is:

(a) a *share in a company; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) a unit in a unit trust;

the ***indexation factor*** for an amount in the first element of the *cost base of the asset that was paid to the company or trust at a time after it was *acquired is:

$$\frac{\text{*Index number for the *quarter ending on 30 September 1999}}{\text{*Index number for the *quarter in which the amount was paid}}$$

The payment can include giving property: see section 103-5.

Example: Peter acquires shares in a company. The shares are partly-paid, and the company makes a call on the shares. Peter sells the shares to Narina before he is liable to pay the call.

The amount Narina paid to Peter for the shares is indexed under subsection 960-275(2) from the quarter in which she incurred the expenditure to acquire the shares.

The amount Narina later pays for the call on the shares is indexed in accordance with subsection 960-275(3) from the quarter in which she made that later payment.

Note 1: This subsection does not apply to shares or units you acquired before 16 August 1989: see section 960-275 of the *Income Tax (Transitional Provisions) Act 1997*.

Note 2: This subsection does not apply to an amount paid after 11.45 am on 21 September 1999 or an amount paid in relation to a CGT asset acquired after that time: see section 114-1.

(4) However, you cannot index expenditure in the third element of the *cost base of a CGT asset (costs of ownership).

(5) You work out the *indexation factor to 3 decimal places (rounding up if the fourth decimal place is 5 or more).

Example: If the factor is 1.102795, it would be rounded up to 1.103.

(6) This section does not apply in relation to amounts mentioned in the provisions listed at items 8 to 12, or at item 14, in section 960-265.

Note: For the indexation of those amounts, see sections 960-285 and 960-290.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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960-280 *Index number*

(1) In most cases, the ***index number*** for a *quarter is the All Groups Consumer Price Index number (being the weighted average of the 8 capital cities) first published by the Australian Statistician for the quarter.

Car limit

(2) For calculating the *car limit, the ***index number*** for a *quarter is the index number for the motor vehicle purchase sub-group of the Consumer Price Index, being the weighted average of the 8 capital cities, first published by the Australian Statistician for the quarter.

(3) If the Australian Statistician changes the index reference period for an *index number, only index numbers published in terms of the new index reference period are to be used after the change.

Genuine redundancy, early retirement schemes, pre-1 July 88 funding credits

(4) For calculating the amounts mentioned in the provisions listed at items 5, 6 and 7 in section 960-265, the ***index number*** for a *quarter is the estimate of full-time adult average weekly ordinary time earnings for the middle month of the quarter first published by the Australian Statistician in respect of that month.

(5) Subsection (3) does not apply to the index numbers mentioned in subsection (4).

Exceptions

(6) This section does not apply in relation to amounts mentioned in the provisions listed at items 8 to 12, or at item 14, in section 960-265.

Note: For the indexation of those amounts, see sections 960-285 and 960-290.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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960-285 Indexation—superannuation and employment termination

(1) This section applies in relation to the amounts listed at items 8 to 12 in section 960-265.

Indexing amounts

(2) You index the amount by:

(a) first, multiplying its base amount mentioned in subsection (3) by its *indexation factor mentioned in subsection (5); and

(b) next, rounding the result in paragraph (a) down to the nearest multiple of its *rounding amount.

Example 1: An amount of $140,000 is to be indexed, with a rounding amount of $5,000. If the indexation factor increases this to an indexed amount of $143,000, the indexed amount is rounded back down to $140,000.

Example 2: An amount of $140,000 is to be indexed, with a rounding amount of $5,000. If the indexation factor increases this to an indexed amount of $146,000, the indexed amount is rounded down to $145,000.

(3) The amount (the ***base amount***) for an amount to which this section applies is:

(a) unless paragraph (b) applies—the amount for the 2007-2008 income year or *financial year; or

(b) if the amount is mentioned in item 9 or 10A in section 960-265—the amount for the 2017-2018 financial year.

(4) You do not index the amount if the *indexation factor is 1 or less.

Indexation factor

(5) For indexing an amount, its ***indexation factor*** is:

$$\frac{\text{*Index number mentioned in subsection (7) for the *quarter ending on 31 December just before the start of the relevant income year or *financial year}}{\text{*Index number mentioned in subsection (7) for the base quarter}}$$

where:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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base quarter means:

(a) unless paragraph (b) applies—the quarter ending on 31 December 2006; or

(b) if the amount is mentioned in item 9 or 10A in section 960-265—the quarter ending on 31 December 2016.

(6) You work out the *indexation factor mentioned in subsection (5) to 3 decimal places (rounding up if the fourth decimal place is 5 or more).

Index number and rounding amount

(7) For indexing an amount to which this section applies:

(a) the ***index number*** for a *quarter is set out in column 2 of the relevant item in the following table; and

(b) the ***rounding amount*** is set out in column 3 of that item.

Concepts for indexing rounded caps

Item	Column 1 Item in section 960-265	Column 2 Index number	Column 3 Rounding amount
1	Items 8, 10, 11 and 12	the *index number mentioned in subsection 960-280(4) (which is about average weekly ordinary time earnings)	$5,000
2	Item 9 (concessional contributions cap)	the *index number mentioned in subsection 960-280(4) (which is about average weekly ordinary time earnings)	$2,500
3	Item 10A (general transfer balance cap)	the *index number mentioned in subsection 960-280(1) (which is about the CPI)	$100,000

960-290 Indexation—levy threshold for the major bank levy

(1) You index, on a *quarterly basis, the amount mentioned in the provision listed at item 14 in section 960-265 by:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) first, multiplying the amount by its *indexation factor mentioned in subsection (3); and

(b) next, rounding the result in paragraph (a) down to the nearest multiple of $1,000,000.

(2) You do not index the amount if the *indexation factor is 1 or less.

(3) For indexation of the amount, the ***indexation factor*** is:

$$\frac{\text{GDP number for the preceding quarter}}{\text{GDP number for the base quarter}}$$

where:

GDP number for the base quarter is the estimate that is, at the end of the *quarter to which the indexation is to be applied, the estimate of the Gross Domestic Product: Current Prices-Seasonally Adjusted most recently published by the Australian Statistician for the *quarter ending on 30 June 2017.

GDP number for the preceding quarter is the estimate of the Gross Domestic Product: Current Prices-Seasonally Adjusted first published by the Australian Statistician for the *quarter preceding the quarter to which the indexation is to be applied.

(4) You work out the *indexation factor mentioned in subsection (3) to 3 decimal places (rounding up if the fourth decimal place is 5 or more).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Subdivision 960-S—Market value

Guide to Subdivision 960-S

960-400 What this Subdivision is about

The expression "market value" is often used in this Act with its ordinary meaning.

However, in some cases that expression has a meaning affected by this Subdivision.

The Commissioner may approve methods to use for working out the market value of assets or non-cash benefits.

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960-410 Market value of non-cash benefits
960-412 Working out market value using an approved method
960-415 Amounts that depend on market value

Operative provisions

960-405 Effect of GST on market value of an asset

(1) The ***market value*** of an asset at a particular time is reduced by the amount of the *input tax credit (if any) to which you would be entitled assuming that:

(a) you had *acquired the asset at that time; and

(b) the acquisition had been solely for a *creditable purpose.

(2) Subsection (1) does not apply:

(a) to an asset the *supply of which cannot be a *taxable supply; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) in working out the *market value of economic benefits, or of *equity or loan interests, for the purposes of Part 3-95 (about value shifting).

Note: Some assets, such as shares, cannot be the subject of a taxable supply.

960-410 Market value of non-cash benefits

In working out the ***market value*** of a *non-cash benefit, disregard anything that would prevent or restrict conversion of the benefit to money.

960-412 Working out market value using an approved method

(1) The *market value of an asset or *non-cash benefit that you work out using a method approved under subsection (2) for that kind of asset or benefit binds the Commissioner in relation to you.

Note: You do not have to use the method.

(2) The Commissioner may, by legislative instrument, approve methods for working out the *market value of assets or *non-cash benefits. A method may include conditions.

Note 1: Different methods may be approved for different kinds of assets or non-cash benefits (see subsection 13(3) of the *Legislation Act 2003*).

Note 2: Any approved method would need to be consistent with the other rules about market value in this Subdivision.

960-415 Amounts that depend on market value

To avoid doubt, apply the rules in this Subdivision to the *market value component of any calculation that involves market value.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Subdivision 960-T—Meaning of Australia

Guide to Subdivision 960-T

960-500 What this Subdivision is about

This Subdivision includes rules about the meaning of Australia when used in a geographical sense.

The ordinary meaning of Australia includes each State and internal Territory of Australia and their internal waters and any islands that are part of those State and Territories.

This Subdivision extends the ordinary meaning of Australia to include each external Territory of Australia (other than the Australian Antarctic Territory) and certain offshore areas and certain offshore installations.

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960-505 Meaning of Australia

Operative provisions

960-505 Meaning of Australia

Territories

(1) ***Australia***, when used in a geographical sense, includes each of the following:

(a) Norfolk Island;

(b) the Coral Sea Islands Territory;

(c) the Territory of Ashmore and Cartier Islands;

(d) the Territory of Christmas Island;

(e) the Territory of Cocos (Keeling) Islands;

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(f) the Territory of Heard Island and the McDonald Islands.

Note: Section 15B of the *Acts Interpretation Act 1901* provides that an Act is taken to have effect in the coastal sea of Australia as if the coastal sea were part of Australia.

Offshore areas

(2) ***Australia***, when used in a geographical sense, includes an offshore area for the purposes of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

Note 1: The offshore area includes all things located in that area, including all installations and structures such as oil and gas rigs. The area also extends to the airspace over, and the sea-bed and subsoil beneath, that area.

Note 2: The offshore area includes the exclusive economic zone and the continental shelf of Australia.

Subdivision 960-U—Significant global entities

Guide to Subdivision 960-U

960-550 What this Subdivision is about

Generally speaking, a significant global entity is:
(a) a global parent entity with an annual global income of $1 billion or more; or
(b) any member of such a global parent entity's group.

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960-560 Meaning of *global parent entity*
960-565 Meaning of *annual global income*
960-570 Meaning of *global financial statements*
960-575 Meaning of *notional listed company group*

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Operative provisions

960-555 Meaning of *significant global entity*

(1) An entity is a ***significant global entity*** for a period if the entity is a *global parent entity:

(a) whose *annual global income for the period is $1 billion or more; or

(b) in relation to whom the Commissioner makes a determination under subsection (3) for the period.

(2) An entity is also a ***significant global entity*** for a period if:

(a) the entity is a member of a group of entities that are consolidated for accounting purposes as a single group; and

(b) one of the other members of the group is a *global parent entity:

(i) whose *annual global income for the period is $1 billion or more; or

(ii) in relation to whom the Commissioner makes a determination under subsection (3) for the period.

(2A) An entity is also a ***significant global entity*** for a period if:

(a) the entity is a *member of a *notional listed company group; and

(b) one of the other members of the group is a *global parent entity:

(i) whose *annual global income for the period is $1 billion or more; or

(ii) in relation to whom the Commissioner makes a determination under subsection (3) for the period.

(3) The Commissioner may make a determination under this subsection in relation to a *global parent entity for a period if:

(a) *global financial statements have not been prepared for the entity for the period; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) on the basis of the information available to the Commissioner, the Commissioner reasonably believes that, if such statements had been prepared for the period, the entity's *annual global income for the period would have been $1 billion or more.

The Commissioner must give a notice of the determination to the global parent entity, or to another entity that becomes a *significant global entity as a result of the determination.

(4) An entity who is dissatisfied with a determination made in relation to the entity may object against the determination in the manner set out in Part IVC of the *Taxation Administration Act 1953*.

(5) However, if:

(a) there has been a taxation objection (within the meaning of section 14ZL of the *Taxation Administration Act 1953*) against an *assessment relating to the entity; and

(b) the assessment involved the application of section 177DA of the *Income Tax Assessment Act 1936* (schemes that limit a taxable presence in Australia) in relation to the entity;

the right of objection under subsection (4) of this section is unaffected, but the outcome of that objection has no effect on the assessment or on the outcome of the taxation objection.

Note: Section 14ZVA of the *Taxation Administration Act 1953* excludes from a taxation objection to an assessment any grounds (or potential grounds) for an objection to a determination under subsection (3) of this section.

(6) A determination under subsection (3) is not a legislative instrument.

(7) Section 175 of the *Income Tax Assessment Act 1936* (validity) applies to a determination under subsection (3) of this section in the same way as it applies to an *assessment.

960-560 Meaning of *global parent entity*

A ***global parent entity*** is an entity that, according to:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) *accounting principles; or

(b) if accounting principles do not apply in relation to the entity—commercially accepted principles relating to accounting;

is not controlled by another entity.

Note: A global parent entity may be a single entity that is not a member of a group of entities.

960-565 Meaning of *annual global income*

(1) The ***annual global income*** of an entity for a period is:

(aa) if the entity is a *member of a *notional listed company group—the total annual income of all the members of the group (worked out on the assumption that all members of the group were consolidated for accounting purposes as a single group); or

(a) if paragraph (aa) does not apply and the entity is a member of a group of entities that are consolidated for accounting purposes as a single group—the total annual income of all the members of the group; or

(b) otherwise—the total annual income of the entity;

as shown in the latest *global financial statements for the entity for the period.

(2) Subsection (3) applies if:

(a) *global financial statements have not been prepared for the entity for the period; or

(b) global financial statements have not been prepared for the entity for the period that show the total annual income mentioned in subsection (1).

(3) Despite subsection (1), the ***annual global income*** of the *entity for the period is the amount that would be, on the assumption that such statements had been prepared, the total annual income mentioned in subsection (1) shown in those statements.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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960-570 Meaning of *global financial statements*

Global financial statements for an entity for a period (the ***relevant period***) are the financial statements that:

(a) have been prepared and audited in relation to that entity, or that entity and other entities, in accordance with:

(i) *accounting principles and *auditing principles; or

(ii) if such principles do not apply—commercially accepted principles, relating to accounting and auditing, that ensure the statements give a true and fair view of the financial position and performance of that entity (or that entity and the other entities on a consolidated basis); and

(b) are for the most recent period ending:

(i) no later than the end of the relevant period; and

(ii) no earlier than 12 months before the start of the relevant period.

960-575 Meaning of *notional listed company group*

(1) A ***notional listed company group*** is a group of entities that would be required to be consolidated for accounting purposes as a single group, on the assumption that an entity (the ***test entity***) were a listed company (within the meaning of section 26BC of the *Income Tax Assessment Act 1936*).

(2) Each entity in that group is a ***member*** of the *notional listed company group.

(3) For the purposes of subsection (1), determine whether a group of entities would be required to be consolidated for accounting purposes as a single group according to:

(a) *accounting principles; or

(b) if accounting principles do not apply in relation to the test entity—commercially accepted principles related to accounting.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(4) In applying the *accounting principles or commercially accepted principles referred to in subsection (3):

(a) disregard any exceptions in those principles to requirements in those principles for entities to be consolidated as a single group; and

(b) without limiting paragraph (a), disregard any rule in those principles providing that one or more entities (the ***excepted entities***) are not required to be consolidated as a single group with one or more other entities because the effect of such consolidation would be immaterial as a result of:

(i) the size of the excepted entities; or

(ii) any other matter.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Division 961—Notional tax offsets

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961-B Dependant (sole parent of a non-student child under 21 or student) notional tax offset

Subdivision 961-A—Dependant (non-student child under 21 or student) notional tax offset

Guide to Subdivision 961-A

961-1 What this Subdivision is about

This Subdivision provides for a notional tax offset for an income year if you contribute to the maintenance of a non-student child or a student dependant. The notional tax offset can only be taken into account in working out certain tax offsets under the *Income Tax Assessment Act 1936*.

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961-20 Reductions to take account of the dependant's income

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Entitlement to the notional tax offset

961-5 Who is entitled to the notional tax offset

(1) You are entitled to a notional tax offset for an income year if:

(a) you are an individual; and

(b) you are an Australian resident; and

(c) during the year you contribute to the maintenance of another individual (the ***dependant***) who:

(i) is less than 25 years of age, and is a full-time student at a school, college or university; or

(ii) if subparagraph (i) does not apply—is less than 21 years of age; and

(d) during the year:

(i) the dependant is an Australian resident; or

(ii) you had a domicile in Australia.

(2) You may be entitled to more than one notional tax offset for the year under subsection (1) if you contributed to the maintenance of more than one dependant during the year.

Note: The amount of the notional tax offset in relation to each subsequent dependant may only be part of the full amount: see subsection 961-15(1).

(3) The notional tax offset only affects your *income tax liability as provided for by sections 23AB, 79A and 79B of the *Income Tax Assessment Act 1936*.

Note: Section 23AB of that Act provides a tax offset for service with an armed force under the control of the United Nations; section 79A provides a tax offset for residents of isolated areas; section 79B provides a tax offset for members of the Defence Force who are serving overseas.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Amount of the notional tax offset

961-10 Amount of the dependant (non-student child under 21 or student) notional tax offset

(1) The amount of the notional tax offset to which you are entitled in relation to a dependant under section 961-5 for an income year is $376.

(2) However, if you are entitled to 2 or more such notional tax offsets for the income year in relation to individuals covered by subparagraph 961-5(1)(c)(ii), the amount of the notional tax offset under section 961-5 is:

(a) in relation to the oldest of those individuals—$376; and

(b) in relation to each of the others—$282.

961-15 Reduced amounts of the dependant (non-student child under 21 or student) notional tax offset

(1) The amount of the notional tax offset under section 961-10 is reduced by the amount in accordance with subsection (2) of this section if one or more of the following applies:

(a) paragraph 961-5(1)(c) applies during part only of the year;

(b) paragraph 961-5(1)(d) applies during part only of the year;

(c) during the whole or part of the year, 2 or more individuals contribute to the maintenance of the dependant;

(d) the dependant only meets the description of the individual covered by subparagraph 961-5(1)(c)(i) or (ii) for part of the year.

(2) The amount of a notional tax offset is reduced to an amount that, in the Commissioner's opinion, is a reasonable apportionment in the circumstances, having regard to the applicable matters referred to in paragraphs (1)(a) to (d).

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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961-20 Reductions to take account of the dependant's income

The amount of the notional tax offset under sections 961-10 and 961-15 in relation to the dependant for the year is reduced by $1 for every $4 by which the following exceeds $282:

(a) if you contribute to the maintenance of the dependant for the whole of the year—the dependant's *adjusted taxable income for offsets for the year;

(b) if paragraph (a) does not apply—the dependant's adjusted taxable income for offsets for that part of the year during which you contribute to the dependant's maintenance.

Subdivision 961-B—Dependant (sole parent of a non-student child under 21 or student) notional tax offset

Guide to Subdivision 961-B

961-50 What this Subdivision is about

This Subdivision provides for a notional tax offset for an income year if you are the sole contributor to the maintenance of a non-student child or a student dependant. The notional tax offset can only be taken into account in working out certain tax offsets under the *Income Tax Assessment Act 1936*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Operative provisions

961-55 Who is entitled to the notional tax offset

(1) You are entitled to a notional tax offset for an income year if:

(a) during the year you have the sole care of another individual (the ***dependant***) who:

(i) is less than 25 years of age, and is a full-time student at a school, college or university; or

(ii) if subparagraph (i) does not apply—is less than 21 years of age; and

(b) you are entitled to a notional tax offset under Subdivision 961-A for the dependant; and

(c) during the year you did *not* have a *spouse.

(2) Paragraph (1)(c) does not apply if, in the opinion of the Commissioner, because of special circumstances, the paragraph should not apply.

(3) The notional tax offset only affects your *income tax liability as provided for by sections 79A and 79B of the *Income Tax Assessment Act 1936*.

Note: Section 79A of that Act provides a tax offset for residents of isolated areas; section 79B provides a tax offset for members of the Defence Force who are serving overseas.

961-60 Amount of the dependant (sole parent of a non-student child under 21 or student) notional tax offset

The amount of the notional tax offset to which you are entitled under section 961-55 for an income year is $1,607.

Note: The amount of the offset under this section applies regardless of whether you have one or more dependants that satisfy section 961-55.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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961-65 Reductions to take account of change in circumstances

(1) The amount of the notional tax offset under section 961-60 is reduced in accordance with subsection (2) if:

(a) paragraph 961-55(1)(a) applies during only part of the year; or

(b) paragraph 961-55(1)(c) does not apply because of subsection 961-55(2).

(2) The amount of the notional tax offset is reduced to an amount that, in the Commissioner's opinion, is a reasonable apportionment in the circumstances, having regard to the matters referred to in paragraphs (1)(a) and (b).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Division 974—Debt and equity interests

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Subdivision 974-A—General

Guide to Division 974

974-1 What this Division is about

This Division tells you whether an interest is a debt interest, or an equity interest, for tax purposes. An interest that could be characterised as both a debt interest and an equity interest will be treated as a debt interest for tax purposes (except for certain interests that fund returns on equity interests).

Whether an interest is a debt interest or an equity interest matters because returns on debt interests are not frankable but may be deductible while returns on equity interests are not deductible but may be frankable.

This Division extends beyond shares the range of interests that are recognised as equity in a company. An interest that is an equity interest in a company but is not a share will be treated in the same way as a share for some tax purposes (particularly in relation to the determination of the tax treatment of returns on the interest).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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This Division also tells you how to work out which distributions made in respect of a non-share equity interest in a company will be non-share dividends and which will be non-share capital returns. Those that are non-share dividends will be treated, for most tax purposes, in the same way as dividends.

Table of sections

974-5 Overview of Division

Operative provisions

974-10 Object

974-5 Overview of Division

Test for distinguishing debt and equity interests

(1) The test for distinguishing between debt interests and equity interests focuses on economic substance rather than mere legal form (see subsection 974-10(2)). The test is designed to assess the economic substance of an interest in terms of its impact on the issuer's position.

Debt interests

(2) Subdivision 974-B tells you when an interest is a debt interest in an entity. The basic test is in section 974-20.

Equity interests

(3) Subdivision 974-C tells you when an interest is an equity interest in a company. The basic test is in section 974-75.

Tie breaker between debt and equity

(4) If an interest satisfies both the debt test and the equity test, it is treated as a debt interest and not an equity interest.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Distributions in relation to equity interests that are not shares

(5) If you have an equity interest in a company that is not a share, Subdivision 974-E tells you what will count as a non-share distribution, a non-share dividend and a non-share capital return in relation to the interest.

Concepts used in the debt and equity tests

(6) Subdivision 974-F defines a number of concepts that are used in the debt and equity tests (financing arrangement, effectively non-contingent obligation, benchmark rate of return and converting interest).

Operative provisions

974-10 Object

(1) An object of this Division is to establish a test for determining for particular tax purposes whether a *scheme, or the combined operation of a number of schemes:

(a) gives rise to a *debt interest; or

(b) gives rise to an *equity interest.

Note 1: The test is used, for example, for:

(a) identifying distributions that may be frankable and which may be subject to dividend withholding tax; and

(b) identifying returns that may be deductible to the company making the return; and

(c) resolving uncertainty as to the proper tax treatment for debt/equity hybrid interests (interests that have some debt qualities and some equity qualities); and

(d) identifying debt capital for the purposes of Division 820 (thin capitalisation rules).

Note 2: Subdivision 167-A has special rules for working out rights to dividends and capital distributions in a company whose shares do not all carry the same rights to those matters. Those rules include disregarding debt interests.

(2) Another object of this Division is that the test referred to in subsection (1) is to operate on the basis of the economic substance

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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of the rights and obligations arising under the *scheme or schemes rather than merely on the basis of the legal form of the scheme or schemes.

Note 1: The basic indicator of the economic character of a debt interest is the non-contingent nature of the returns. The basic indicator of the economic character of an equity interest, on the other hand, is the contingent nature of the returns (or convertibility into an interest of that nature).

Note 2: The test is intended to operate, for example, to:

(a) deny deductibility (but allow franking) for "interest" in relation to a scheme that has the legal form of a loan if the economic substance of the rights and obligations arising under the relevant scheme gives the interest characteristics that are the same as or similar to those of a dividend on an ordinary share (and thereby prevent deductible returns on equity); and

(b) allow a deduction (but not franking) for a "dividend" in relation to a scheme that has the legal form of an ordinary share if the economic substance of the rights and obligations arising under the relevant scheme gives the dividend characteristics that are the same as or similar to those of deductible interest on an ordinary loan (and thereby prevent frankable returns on debt).

This will not happen if a provision in this Act specifically provides for a different treatment for the interest or dividend.

(3) Another object of this Division is that the combined effect of *related schemes be taken into account in appropriate cases:

(a) to ensure that the test operates effectively on the basis of the economic substance of the rights and obligations arising under the schemes rather than merely on the basis of the legal form of the schemes; and

(b) to prevent the test being circumvented by entities merely entering into a number of separate schemes instead of a single scheme.

(4) Another object of this Division is to identify the distributions and credits made in respect of *non-share equity interests in a company that are to be treated as *dividends (***non-share dividends***) and those that are to be treated as returns of capital (***non-share capital returns***).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Note: Non-share dividends will generally be included in the recipient's assessable income and may be frankable.

(5) The Commissioner must have regard to the objects stated in subsections (1) to (3) in exercising the power to make a determination under any of the following provisions:

(a) subsection 974-15(4);

(b) subsection 974-60(3), (4) or (5);

(c) section 974-65;

(d) subsection 974-70(4);

(e) subsection 974-150(1).

Note: An entity can apply to the Commissioner to have a determination made and can object under Part IVC of the *Taxation Administration Act 1953* if it is dissatisfied with a determination (see section 974-112).

(6) Regulations may also be made under the provisions of this Division:

(a) to clarify the meaning of certain words and phrases in the light of emerging commercial practices, conditions and products; and

(b) to give guidance on the detailed operation of particular provisions.

The regulations must be consistent with the objects stated in subsections (1) to (3).

(7) Without limiting subsection 13(3) of the *Legislation Act 2003*, the regulations made for the purposes of this Division may specify different rules for different classes of circumstances.

Subdivision 974-B—Debt interests

Table of sections

974-15 Meaning of *debt interest*
974-20 The test for a debt interest
974-25 Exceptions to the debt test
974-30 Providing a financial benefit
974-35 Valuation of financial benefit—general rules

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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974-40 Valuation of financial benefits—rights and options to terminate early
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974-50 Valuation of financial benefits—value in present value terms
974-55 The debt interest and its issue
974-60 Debt interest arising out of obligations owed by a number of entities
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974-15 Meaning of *debt interest*

Single scheme giving rise to debt interest

(1) A *scheme gives rise to a ***debt interest*** in an entity if the scheme, when it comes into existence, satisfies the debt test in subsection 974-20(1) in relation to the entity.

Note 1: A debt interest can also arise under subsection (2) (related schemes) or section 974-65 (Commissioner's discretion).

Note 2: Section 974-55 defines various aspects of the debt interest that arises.

Related schemes giving rise to debt interest

(2) Two or more *related schemes (the ***constituent schemes***) together give rise to a ***debt interest*** in an entity if:

(a) the entity enters into, participates in or causes another entity to enter into or participate in the constituent schemes; and

(b) a scheme with the combined effect or operation of the constituent schemes (the ***notional scheme***) would satisfy the debt test in subsection 974-20(1) in relation to the entity if the notional scheme came into existence when the last of the constituent schemes came into existence; and

(c) it is reasonable to conclude that the entity intended, or knew that a party to the scheme or one of the schemes intended, the combined economic effects of the constituent schemes to be the same as, or similar to, the economic effects of a debt interest.

This is so whether or not the constituent schemes come into existence at the same time and even if none of the constituent

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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schemes would individually give rise to that or any other *debt interest.

Note: Section 974-105 explains the effect, for tax purposes, of actions taken under the schemes.

(3) Subsection (2) does not apply if each of the *schemes individually gives rise to a *debt interest in the entity.

(4) Two or more *related schemes do not give rise to a ***debt interest*** in an entity under subsection (2) if the Commissioner determines that it would be unreasonable to apply that subsection to those schemes.

(5) Without limiting subsection 974-10(5), the Commissioner must, in exercising the power to make a determination under subsection (4), have regard to the following:

(a) the purpose of the *schemes (considered both individually and in combination);

(b) the effects of the schemes (considered both individually and in combination);

(c) the rights and obligations of the parties to the schemes (considered both individually and in combination);

(d) whether the schemes (when considered either individually or in combination) provide the basis for, or underpin, an interest issued to investors with the expectation that the interest can be assigned to other investors;

(e) whether the schemes (when considered either individually or in combination) comprise a set of rights and obligations issued to investors with the expectation that it can be assigned to other investors;

(f) any other relevant circumstances.

(6) If:

(a) 2 or more *related schemes give rise to a *debt interest in an entity; and

(b) one or more of those schemes (the ***hedging scheme or schemes***) are schemes for hedging or managing financial risk; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(c) the other scheme or schemes give rise to a debt interest in the entity even if the hedging scheme or schemes are disregarded;

the debt interest that arises from the schemes is taken, for the purposes of Division 820 (the thin capitalisation rules), not to include the hedging scheme or schemes.

Note: This means that in these circumstances the losses associated with the hedging scheme or schemes are not debt deductions under section 820-40.

974-20 The test for a debt interest

Satisfying the debt test

(1) A *scheme satisfies the debt test in this subsection in relation to an entity if:

(a) the scheme is a *financing arrangement for the entity; and

(b) the entity, or a *connected entity of the entity, receives, or will receive, a *financial benefit or benefits under the scheme; and

(c) the entity has, or the entity and a connected entity of the entity each has, an *effectively non-contingent obligation under the scheme to provide a financial benefit or benefits to one or more entities after the time when:

(i) the financial benefit referred to in paragraph (b) is received if there is only one; or

(ii) the first of the financial benefits referred to in paragraph (b) is received if there are more than one; and

(d) it is substantially more likely than not that the value provided (worked out under subsection (2)) will be at least equal to the value received (worked out under subsection (3)); and

(e) the value provided (worked out under subsection (2)) and the value received (worked out under subsection (3)) are not both nil.

The scheme does not need to satisfy paragraph (a) if the entity is a company and the interest arising from the scheme is an interest

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covered by item 1 of the table in subsection 974-75(1) (interest as a member or stockholder of the company).

Note: Section 974-30 tells you when a financial benefit is taken to be provided to an entity.

(2) The ***value provided*** is:

(a) the value of the *financial benefit to be provided under the *scheme by the entity or a *connected entity if there is only one; or

(b) the sum of the values of all the financial benefits provided or to be provided under the scheme by the entity or a connected entity of the entity if there are 2 or more.

Note: Section 974-35 tells you how to value financial benefits.

(3) The ***value received*** is:

(a) the value of the *financial benefit received, or to be received, under the *scheme by the entity or a *connected entity of the entity if there is only one; or

(b) the sum of the values of all the financial benefits received, or to be received, under the scheme by the entity or a connected entity if there are 2 or more.

(4) For the purposes of paragraph (1)(b) and subsections (2) and (3):

(a) a *financial benefit to be provided under the *scheme by the entity or a *connected entity is taken into account only if it is one that the entity or connected entity has an *effectively non-contingent obligation to provide; and

(b) a financial benefit to be received under the scheme by the entity or a connected entity is taken into account only if it is one that another entity has an effectively non-contingent obligation to provide.

Multiple financial benefits

(5) Paragraphs (1)(b) and (c) apply to 2 or more *financial benefits whether they are provided at the same time or over a period of time.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Regulations

(6) The regulations:
  (a) may specify circumstances in which paragraph (1)(d) is satisfied or not satisfied; and
  (b) may otherwise specify rules to be applied in determining whether or not paragraph (1)(d) is satisfied.

974-25 Exceptions to the debt test

Short term schemes

(1) A *scheme does not satisfy the debt test in subsection 974-20(1) in relation to an entity if:
  (a) at least a substantial part of a *financial benefit mentioned in that subsection does not consist of either of the following or a combination of either of the following:
    (i) a liquid or monetary asset;
    (ii) an amount of money; and
  (b) the scheme requires the financial benefit mentioned in paragraph 974-20(1)(c) to be provided within a period of no more than 100 days of the receipt of the first financial benefit mentioned in paragraph 974-20(1)(b); and
  (c) the financial benefit mentioned in paragraph 974-20(1)(c):
    (i) is in fact provided within that period; or
    (ii) is not provided within that period because the entity required to provide the benefit neglects to provide the benefit within that period (although willing to do so); or
    (iii) is not provided within that period because the entity required to provide the benefit is unable to provide the benefit within that period (although willing to do so); and
  (d) the scheme is not one of a number of *related schemes that together are taken to give rise to a *debt interest under subsection 974-15(2).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Regulations

(2) The regulations may make provision in relation to the application or operation of subsection (1). Without limiting this, the regulations may:
   (a) specify what constitutes a substantial part of a *financial benefit for the purposes of paragraph (1)(a); or
   (b) specify a period to be substituted for the period referred to in paragraph (1)(b).

974-30 Providing a financial benefit

Issue of equity interest

(1) The following do not constitute the provision of a *financial benefit by an entity or a *connected entity of the entity:
   (a) the issue of an *equity interest in the entity or a connected entity of the entity; or
   (b) an amount that is to be applied in respect of the issue of an equity interest in the entity or a connected entity of the entity.

Providing a financial benefit to an entity

(2) A *financial benefit is taken to be provided to an entity if it is provided:
   (a) to the entity; or
   (b) on the entity's behalf; or
   (c) for the entity's benefit.

Obligation to provide future financial benefit

(3) For the avoidance of doubt, if you have a present obligation to provide a *financial benefit to an entity at some time in the future:
   (a) the financial benefit is taken to be a financial benefit to be provided in the future; and
   (b) the obligation to provide the financial benefit is taken not to be a financial benefit being provided at the present.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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974-35 Valuation of financial benefits—general rules

Value in nominal terms or present value terms

(1) For the purposes of this Subdivision:

(a) the value of a *financial benefit received or provided under a *scheme is its value calculated:

(i) in nominal terms if the performance period (see subsection (3)) must end no later than 10 years after the interest arising from the scheme is issued; or

(ii) in present value terms (see section 974-50) if the performance period must or may end more than 10 years after the interest arising from the scheme is issued; and

(b) the regulations may make provisions relating to the valuation of a financial benefit.

Assume scheme runs its full term

(2) The value of a *financial benefit received or provided under a *scheme is calculated assuming that the interest arising from the scheme will continue to be held for the rest of its life.

Note 1: Section 974-40 makes specific provision for cases in which there is a right or option to terminate the interest early.

Note 2: Section 974-45 makes specific provision for cases involving convertible interests.

Performance period

(3) The ***performance period*** is the period within which, under the terms on which the interest is issued, the *effectively non-contingent obligations of the issuer, and any *connected entity of the issuer, to provide a *financial benefit in relation to the interest have to be met.

(4) An obligation is treated as having to be met within 10 years after the interest is issued if:

(a) the issuer; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) the *connected entity of the issuer;

has an *effectively non-contingent obligation to terminate the interest within that 10 year period even if the terms on which the interest is issued formally allow the obligation to continue after the end of that 10 year period.

Benefit dependent on variable factor

(5) If:

(a) a *financial benefit received or provided in respect of an interest depends on a factor that may vary over time (such as a variable interest rate); and

(b) that factor is one commonly used in commercial arrangements; and

(c) it would be unreasonable to expect any of the parties to the *scheme to know, or to anticipate accurately, the future value of that factor; and

(d) that factor has a particular value (the ***starting value***) when the scheme is entered into;

the value of the financial benefit is calculated assuming that the factor's value will retain the starting value for the whole of the life of the scheme.

Note: For example, the value of a return based on a floating interest rate is calculated on the basis that the interest rate remains the interest rate that is applicable when the scheme is entered into.

Scheme wholly in foreign currency etc.

(6) If all the *financial benefits provided and received under a *scheme are denominated in a particular foreign currency or in terms of quantities of a particular commodity or other unit of account, they are not to be converted into Australian currency for the purpose of comparing their relative values for the purposes of this Subdivision.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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974-40 Valuation of financial benefits—rights and options to terminate early

(1) This section deals with the situation in which a party to a *scheme has a right or option to terminate the scheme early (whether by discharging an obligation early, converting the interest arising from the scheme into another interest or otherwise).

Note 1: An example of terminating a scheme early by discharging an obligation early is terminating a loan by discharging the obligation to repay the principal (and any outstanding interest) early.

Note 2: In certain circumstances, conversion of an interest into another interest can terminate its life (see section 974-45).

(2) The existence of the right or option is to be disregarded in working out the length of the life of the interest arising from the *scheme for the purposes of this Subdivision if the party does not have an *effectively non-contingent obligation to exercise the right or option.

(3) If the party does have an *effectively non-contingent obligation to exercise the right or option, the life of the interest ends at the earliest time at which the party will have to exercise the right or option.

(4) This section does not limit subsection 974-35(2).

974-45 Valuation of financial benefits—convertible interests

(1) This section deals with the situation in which a *scheme gives rise to an *interest that will or may convert into an *equity interest in a company.

(2) The life of the interest ends no later than the time when it converts into that *equity interest.

(3) The possibility of the conversion is to be disregarded in working out the length of the life of the interest arising from the *scheme for the purposes of section 974-35 if it is uncertain:

(a) whether the interest will ever convert; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) when the interest will convert.

Note: Section 974-40 deals with the situation in which a party to the scheme may exercise a right or option to convert the interest.

(4) This section does not limit subsection 974-35(2).

974-50 Valuation of financial benefits—value in present value terms

(1) Subject to the regulations made for the purposes of subsection (5), the value in present value terms of a *financial benefit to be provided or received in respect of an interest (the ***test interest***) is calculated under subsection (4).

(2) If you need to calculate the values in present value terms of a number of *financial benefits, the value of each financial benefit is to be calculated separately.

(3) The value of a *financial benefit is to be calculated assuming that all amounts to be paid by an entity in respect of the test interest are paid at the earliest time when the entity becomes liable to pay them.

(4) The value of a *financial benefit in present value terms is:

$$\frac{\text{Amount or value of *financial benefit in nominal terms}}{\left[1 + \text{Adjusted benchmark rate of return}\right]^{n}}$$

where:

adjusted benchmark rate of return is 75% of the *benchmark rate of return on the test interest.

n is the number of years in the period starting on the day on which the test interest is issued and ending on the day on which the *financial benefit is to be provided. If the period includes a part of a year, that part is to be expressed as the fraction:

$$\frac{\text{Number of days in that period}}{\text{Number of days in the year}}$$

year means a period of 12 months.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(5) The regulations may provide for the method of calculating the value in present value terms of a *financial benefit.

(6) Without limiting subsection (5), the regulations may:
(a) provide for an entirely different method of calculating the present value of the *financial benefit; or
(b) specify the adjusted *benchmark rate of return; or
(c) provide for a different method of determining the adjusted benchmark rate of return; or
(d) specify rules for determining whether a *debt interest is an *ordinary debt interest.

974-55 The debt interest and its issue

(1) If a *scheme, or 2 or more *related schemes, give rise to a *debt interest in an entity, the debt interest:
(a) consists of the interest that carries the right to receive a *financial benefit that the entity or a *connected entity has an *effectively non-contingent obligation to provide under the scheme or any of the schemes; and
(b) is taken, subject to section 974-60, to be a debt interest in the entity; and
(c) is taken to be issued by the entity; and
(d) is ***issued*** when the entity (or a connected entity of the entity) first receives a *financial benefit under the scheme or any of the schemes; and
(e) is ***on issue*** while an effectively non-contingent obligation of the entity (or a connected entity of the entity) to provide a financial benefit under the scheme or any of the schemes remains unfulfilled.

(2) The interest referred to in paragraph (1)(a) may take the form of a proprietary right, a chose in action or any other form.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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974-60 Debt interest arising out of obligations owed by a number of entities

(1) This section deals with the situation in which a *scheme, or a number of *related schemes together, would, apart from this section, give rise to the same *debt interest in 2 or more entities.

Note: A scheme may give rise to the same debt interest in 2 or more entities if each of those entities has non-contingent obligations to provide financial benefits under the scheme.

(2) The *debt interest:

(a) is a debt interest in the entity identified under subsection (3) or (4); and

(b) is not a debt interest in the other entity or entities.

(3) The *debt interest is a debt interest in the entity identified using the following method statement:

Method statement

Step 1. Work out, for each of the entities, the total value of the *financial benefits that the entity is under an *effectively non-contingent obligation to provide under the *scheme or schemes: this is the entity's ***obligation value***.

Step 2. The *debt interest is taken to be a debt interest in the entity with the greatest obligation value.

Step 3. If it is not possible to determine which entity has the greatest obligation value (whether because of an equality of, or uncertainty as to, obligation values or otherwise), the *debt interest is taken to be a debt interest in the entity agreed on by all the entities.

Step 4. If the entities do not agree, the interest is taken to be a *debt interest in the entity determined by the Commissioner.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(4) Despite subsection (3), the Commissioner may determine that the *debt interest is a debt interest in the entity specified in the determination.

(5) The Commissioner may make the determination only if satisfied, having regard to the economic substance of the relevant transactions, that the *debt interest is properly considered from a commercial point of view to be an interest in the entity specified in the determination.

974-65 Commissioner's power

(1) Despite subsection 974-20(1) (the debt test), the Commissioner may determine that a *scheme gives rise to a ***debt interest*** in an entity if the Commissioner considers that:

(a) the scheme would satisfy paragraphs 974-20(1)(a), (b), (c) and (e); but

(b) instead of satisfying paragraph 974-20(1)(d), the scheme would satisfy all the following subparagraphs:

(i) it is substantially more likely than not that the value of the *financial benefit to be provided by the entity (or a *connected entity of the entity) under the *effectively non-contingent obligation will be at least equal to the substantial part of the value of the financial benefit received or to be received by the entity (or its connected entity) under the scheme;

(ii) it is substantially more likely than not that other financial benefits will be provided by the entity (or its connected entity) to one or more entities under the scheme;

(iii) it is substantially more likely than not that the sum of the values of the financial benefits mentioned in subparagraphs (i) and (ii) will be at least equal to the value of the financial benefit received by the entity (or its connected entity) under the scheme.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(2) In making the determination, the Commissioner must have regard to the following:

(a) the difference between the value of the *financial benefit received and the value of the financial benefit to be provided under the *effectively non-contingent obligation;

(b) the degree of likelihood of other financial benefits being provided under the *scheme;

(c) the degree of likelihood of the sum of the value of the financial benefits mentioned in subparagraphs (1)(b)(i) and (ii) being equal to or greater than the value of the financial benefit received under the scheme;

(d) the particular circumstances surrounding the scheme (including circumstances of the parties to the scheme and their purposes for entering into the scheme).

(3) If the Commissioner determines under this section that a *scheme gives rise to a *debt interest, the scheme has that effect for all purposes of this Division.

Subdivision 974-C—Equity interests in companies

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974-70 Meaning of *equity interest* in a company

Scheme giving rise to equity interest

(1) A *scheme gives rise to an ***equity interest*** in a company if, when the scheme comes into existence:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) the scheme satisfies the equity test in subsection 974-75(1) in relation to the company because of the existence of an interest; and

(b) the interest is not characterised as, and does not form part of a larger interest that is characterised as, a *debt interest in the company, or a *connected entity of the company, under Subdivision 974-B.

Note 1: An equity interest can also arise under subsection (2) if a notional scheme with the combined effect of a number of related schemes would give rise to an equity interest under this subsection. To do this, the notional scheme would need to satisfy paragraph (b). This means that the related schemes will not give rise to an equity interest if the notional scheme would be characterised as (or form part of a larger interest that would be characterised as) a debt interest in the company or a connected entity.

Note 2: An equity interest can also arise under section 974-80 (arrangements for funding return through connected entities).

Note 3: Section 974-95 defines various aspects of the equity interest that arises.

Related schemes giving rise to equity interest

(2) Two or more *related schemes (the ***constituent schemes***) are taken together to give rise to an ***equity interest*** in a company if:

(a) the company enters into, participates in or causes another entity to enter into or participate in the constituent schemes; and

(b) a scheme with the combined effect or operation of the constituent schemes (the ***notional scheme***) would give rise to an *equity interest in the company under subsection (1) if the notional scheme came into existence when the last of the constituent schemes came into existence; and

(c) it is reasonable to conclude that the company intended, or knew that a party to the scheme or one of the schemes intended, the combined economic effects of the constituent schemes to be the same as, or similar to, the economic effects of an equity interest.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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This is so whether or not the constituent schemes come into existence at the same time and even if none of the constituent schemes would individually give rise to that or any other equity interest.

Note: Section 974-105 explains the effect, for tax purposes, of actions taken under the schemes.

(3) Subsection (2) does not apply if each of the constituent *schemes individually gives rise to an *equity interest in the company.

(4) Two or more related *schemes do not give rise to an *equity interest in a company under subsection (2) if the Commissioner determines that it would be unreasonable to apply that subsection to those schemes.

(5) Without limiting subsection 974-10(5), the Commissioner must, in exercising the power to make a determination under subsection (4), have regard to the following:

(a) the purpose of the *schemes (considered both individually and in combination);

(b) the effects of the schemes (considered both individually and in combination);

(c) the rights and obligations of the parties to the schemes (considered both individually and in combination);

(d) whether the schemes (when considered either individually or in combination) provide the basis for, or underpin, an interest issued to investors with the expectation that the interest can be assigned to other investors;

(e) whether the schemes (when considered either individually or in combination) comprise a set of rights and obligations issued to investors with the expectation that it can be assigned to other investors;

(f) any other relevant circumstances.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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974-75 The test for an equity interest

Basic test for equity interest

(1) A *scheme satisfies the equity test in this subsection in relation to a company if it gives rise to an interest set out in the following table:

Equity interests	
Item	**Interest**
1	An interest in the company as a member or stockholder of the company.
2	An interest that carries a right to a variable or fixed return from the company if either the right itself, or the amount of the return, is in substance or effect *contingent on aspects of the economic performance (whether past, current or future) of: (a) the company; or (b) a part of the company's activities; or (c) a *connected entity of the company or a part of the activities of a connected entity of the company. The return may be a return of an amount invested in the interest.
3	An interest that carries a right to a variable or fixed return from the company if either the right itself, or the amount of the return, is at the discretion of: (a) the company; or (b) a *connected entity of the company. The return may be a return of an amount invested in the interest.
4	An interest issued by the company that: (a) gives its holder (or a *connected entity of the holder) a right to be issued with an *equity interest in the company or a *connected entity of the company; or (b) is an *interest that will, or may, convert into an equity interest in the company or a connected entity of the company.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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This subsection has effect subject to subsection (2) (requirement for financing arrangement).

Note: Section 974-90 allows regulations to be made clarifying when a right or return is taken to be at discretion of a company or connected entity.

Financing arrangement

(2) A *scheme that would otherwise give rise to an *equity interest in a company because of an item in the table in subsection (1) (other than item 1) does not give rise to an equity interest in the company unless the scheme is a *financing arrangement for the company.

Form interest may take

(3) The interest referred to in item 2, 3 or 4 in the table in subsection (1) may take the form of a proprietary right, a chose in action or any other form.

Exception for certain at call loans—until 30 June 2005

(4) If:

(a) a *financing arrangement takes the form of a loan to a company by a *connected entity; and

(b) the loan does not have a fixed term; and

(c) either:

(i) the loan is repayable on demand made by the connected entity, and repayment is required immediately on the making of the demand, or is required at the end of a particular period after the demand is made (being a period that is not longer than is reasonably necessary to arrange repayment); or

(ii) the loan is repayable on the death of the connected entity (if the connected entity is an individual); and

(d) the arrangement was entered into on or before 30 June 2005;

the arrangement does not give rise to an ***equity interest*** in the company. Instead, the arrangement is taken, despite anything in

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Subdivision 974-B, to give rise to a ***debt interest*** in the company. This subsection ceases to have effect on 1 July 2005.

Note: If this subsection ceases to have effect in relation to an interest that is, according to the other provisions of this Division, an equity interest immediately after the cessation, an adjustment to the company's non-share capital account will occur at that time (see subsection 164-15(2)).

(5) If, while subsection (4) applies to a *financing arrangement, a circumstance occurs that would otherwise have attracted the operation of subsection 974-110(1) or (2) in relation to the arrangement:

(a) that subsection of section 974-110 does not apply to change the result that subsection (4) of this section produces in relation to the arrangement; but

(b) for the purpose of applying this Division in relation to the arrangement after subsection (4) of this section has ceased to have effect, that subsection of section 974-110 is taken to have produced the result that it would have produced if subsection (4) of this section had not applied to the arrangement.

Further exception for certain related party at call loans

(6) In applying this Division in relation to a particular *scheme and a particular income year (which may be the income year in which the scheme is entered into or a later income year), the scheme is taken not to give rise to an ***equity interest*** in a company, and instead to give rise to a ***debt interest*** in the company, if:

(a) the scheme takes the form of a loan to the company that satisfies paragraphs (4)(a), (b) and (c); and

(b) the company's *GST turnover (worked out at the end of the income year) is less than $20,000,000.

Note: If this subsection does not apply in relation to the previous income year or the next income year, and the scheme gives rise to an equity interest according to the other provisions of this Division, an adjustment to the company's non-share capital account will occur at the end of the previous income year or the start of the next income year (see subsections 164-15(2) and 164-20(3)).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(7) For the purpose of paragraph (6)(b), the question whether a company's *GST turnover (worked out at the end of an income year) is less than $20,000,000 is to be determined in accordance with subsection 188-10(2) of the *GST Act, as if that amount of $20,000,000 were a turnover threshold for the purposes of that subsection of the GST Act.

974-80 Equity interest arising from arrangement funding return through connected entities

(1) This section deals with the situation in which:

(a) an interest carries a right to a variable or fixed return from a company; and

(b) the interest is held by a *connected entity of the company; and

(c) apart from this section, the interest would not be an *equity interest in the company; and

(ca) the *scheme that gives rise to the interest is a *financing arrangement for the company; and

(d) there is a scheme, or a series of schemes, designed to operate so that the return to the connected entity is to be used to fund (directly or indirectly) a return to another person (the ***ultimate recipient***).

(2) The interest is an ***equity interest*** in the company if:

(a) the amount of the return to the ultimate recipient is in substance or effect *contingent on aspects of the economic performance (whether past, current or future) of:

(i) the company; or

(ii) a part of the company's activities; or

(iii) a *connected entity of the company or a part of the activities of a connected entity of the company; or

(b) either the right itself, or the amount of the return to the ultimate recipient, is at the discretion of:

(i) the company; or

(ii) a connected entity of the company; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(c) the interest in respect of which the return to the ultimate recipient is made or another interest that arises from the scheme, or any of the schemes, referred to in paragraph (1)(d):

(i) gives the ultimate recipient (or a connected entity of the ultimate recipient) a right to be issued with an *equity interest in the company or a connected entity of the company; or

(ii) is an *interest that will, or may, convert into an equity interest in the company or a connected entity of the company;

and if the interest does not form part of a larger interest that is characterised as a *debt interest in the entity in which it is held, or a *connected entity, under Subdivision 974-B. The return may be a return of an amount invested in the interest.

Note 1: Section 974-90 allows regulations to be made clarifying when a right or return is taken to be at the discretion of a company or connected entity.

Note 2: Paragraphs (a), (b) and (c) parallel items 2, 3 and 4 of the table in subsection 974-75(1).

Example: Company A, Company B1, Company B2 and Company B3 are connected entities.

Company B1 operates Trust Fund C. An interest in Trust Fund C is issued to person H and the return on that interest is contingent on aspects of the economic performance of Company A.

Trust Fund C lends the money paid by H for the purchase of the interest to Company B1 which lends the money to Company B2 which lends the money to Company B3 which lends the money to Company A.

Under the arrangements under which the interest is issued and the loans made, payments of interest by Company A on the loan that Company B3 makes to Company A are intended to pass back through Company B2 and Company B1 to fund the return on H's interest in Trust Fund C.

Under subsection (2), Company B3 will have an equity interest in Company A. If the return to Company B3 were itself contingent on Company A's performance, Company B3's interest would be an

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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equity interest in Company A under item 2 of the table in subsection 974-75(1) (and not under subsection (2) of this section).

Company B2 has an equity interest in Company B3 and Company B1 has an equity interest in Company B2. This is because the returns they get are intended to fund the return on H's interest in Trust Fund C and that return is contingent on aspects of the economic performance of Company A (which is related to both Company B3 and Company B2).

(3) The interest referred to in paragraph (1)(a) or (2)(c) may take the form of a proprietary right, a chose in action or any other form.

974-85 Right or return contingent on aspects of economic performance

(1) A right, or the amount of a return, is ***contingent on aspects of the economic performance*** of an entity, or a part of the entity's activities, if the right or return is contingent on the economic performance of that entity, or that part of those activities, but not solely because of one of the following:

(a) the ability or willingness of an entity to meet the obligation to satisfy the right to the return;

(b) the receipts or turnover of the entity or the turnover generated by those activities.

(2) The regulations may specify circumstances in which a right or return is to be taken to be contingent, or not contingent, on aspects of the economic performance of an entity or a part of an entity's activities.

(3) The regulations may provide that paragraph (1)(b) does not apply in the circumstances specified in the regulations.

(4) The regulations may provide that an interest that:

(a) is covered by item 2 in the table in subsection 974-75(1) or paragraph 974-80(2)(a); and

(b) arises in the circumstances specified in the regulations;

is not an ***equity interest*** because of:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(c) the limited extent to which the right or return that the interest carries is *contingent on aspects of the economic performance of an entity or a part of the entity's activities; or

(d) the practical insignificance of the right or return that the interest carries being contingent on that performance.

974-90 Right or return at discretion of company or connected entity

The regulations may specify circumstances in which a right, or the amount of a return, is to be taken to be ***at the discretion*** of a company or a *connected entity of the company.

974-95 The equity interest

(1) If a *scheme gives rise to an *equity interest in a company because of an item of the table in subsection 974-75(1), the equity interest consists of the interest referred to in that item.

(2) If 2 or more *related schemes give rise to an *equity interest in a company because of an item of the table in subsection 974-75(1), the equity interest consists of the combination of interests under the schemes that satisfy the requirements of that item.

(3) Subsection 974-80(2) also provides that certain interests are *equity interests in a company.

(4) If the returns on a *non-share equity interest in a company are payable to 2 or more entities:

(a) each entity is taken to be the holder of a non-share equity interest in the company; and

(b) each entity's non-share equity interest consists of the interests that:

(i) constitute the non-share equity interest; and

(ii) are held by that entity.

(5) The company in which an *equity interest exists is taken to be the issuer of the interest.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Subdivision 974-D—Common provisions

Table of sections

974-100 Treatment of convertible and converting interests
974-105 Effect of action taken in relation to interest arising from related schemes
974-110 Effect of material change
974-112 Determinations by Commissioner

974-100 Treatment of convertible and converting interests

(1) If a *debt interest is an *interest that will or may convert into an *equity interest, the conversion is taken, for the purposes of this Division to give rise to a new interest (and is not treated merely as a continuation of the debt interest).

(2) If an *equity interest is an *interest that will or may convert into a *debt interest, the conversion is taken, for the purposes of this Division to give rise to a new interest (and is not treated merely as a continuation of the equity interest).

974-105 Effect of action taken in relation to interest arising from related schemes

(1) If:

(a) a *scheme, or schemes, give rise to a *debt interest in an entity or an *equity interest in a company; and

(b) the entity or company pays a return, or undertakes any other transaction, in respect of any of the following (the ***component element***):

(i) the scheme; or

(ii) a part of the scheme; or

(iii) one of those schemes; or

(iv) a part of one of those schemes;

then, for the purposes of the provisions that subsection (2) covers, the return is taken to be paid, or the transaction to have been

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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undertaken, in respect of the debt interest or equity interest and not in respect of the component element.

Example: Company A issues a convertible note to Company B. Company C, a connected entity of Company B, provides a binding collateral undertaking to Company A that Company B will exercise the option to convert the note into shares in Company A. The convertible note and the undertaking are related schemes that may give rise to an equity interest in Company A if their combined effect satisfies section 974-70. If so, the returns on the note are taken to be returns in respect of the equity interest.

(2) This subsection covers:

(a) the provisions of this Division (other than this section); and

(b) any other provision of this Act whose operation depends on an expression whose meaning is given by this Division.

974-110 Effect of material change

Change to existing scheme—general rule

(1) If:

(a) a *scheme or schemes give rise to a *debt interest (or an *equity interest) in a company; and

(b) the scheme, or one or more of the schemes, are subsequently changed, including where one or more (but not all) of the schemes cease to exist; and

(c) the scheme or schemes as they exist immediately after the change would give rise to an equity interest (or a debt interest) in the company if they came into existence when the change occurred; and

(d) subsection (1A) does not apply to the change;

this Division applies after the change as if the scheme or schemes as they exist immediately after the change came into existence when the change occurred.

Note 1: This will mean that the characterisation of the interest will change at that time.

Note 2: This section can apply to an interest a number of times so that, for example, an interest that is equity when issued may change to debt

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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because of one subsequent change and then back to equity because of a later change.

Note 3: There will be an adjustment to the company's non-share capital account when the change occurs (see subsections 164-15(2) and 164-20(3)).

Change to existing scheme—special rule for changing a related party at call etc. loan to a private company from equity to debt

(1A) If:

(a) a *scheme takes the form of a loan that satisfies paragraphs 974-75(4)(a), (b) and (c); and

(b) the scheme gives rise to an *equity interest (disregarding the effect this subsection has on the characterisation of the interest because of the change referred to in paragraph (c) of this subsection); and

(c) the scheme is subsequently changed; and

(d) the change occurs in the period starting immediately after the end of a particular income year (the ***year of effect***) and ending at the end of the earlier of the following days:

(i) the due date for lodgment of the company's *income tax return for the year of effect;

(ii) the date of lodgment of the company's income tax return for the year of effect; and

(e) the scheme, as it exists immediately after the change, would give rise to a *debt interest in the company if the interest came into existence when the change occurred; and

(f) the company is a *private company in relation to the year of effect; and

(g) subsection 974-75(6) does not apply in relation to the loan and the year of effect; and

(h) the company elects that this subsection is to apply to the change;

this Division applies as if the scheme, as it exists immediately after the change, had come into existence at the start of the year of effect, and as if no other change of a kind referred to in subsection (1) had occurred in relation to the interest in the period

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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commencing at the start of the year of effect and ending when the first-mentioned change was made.

Note 1: This will mean that:

(a) the characterisation of the interest will change, with effect back to the start of the year of effect; and

(b) that characterisation will not be affected by other changes that occurred after the start of the year of effect and before the change to which this subsection applies.

Note 2: This section can apply to an interest a number of times so that, for example, an interest that is an equity interest when issued may change to debt because of one subsequent change and then back to equity because of a later change.

Note 3: An adjustment to the company's non-share capital account will be taken to have occurred at the start of the year of effect (see subsection 164-20(3)).

(1B) An election for the purposes of paragraph (1A)(h):

(a) must be in writing; and

(b) can only be made in the period referred to in paragraph (1A)(d); and

(c) cannot be revoked.

Entering into a new related scheme

(2) If:

(a) a *scheme or schemes give rise to a *debt interest (or an *equity interest) in a company; and

(b) the company subsequently enters into, participates in or causes another entity to enter into or participate in a new *related scheme; and

(c) the scheme or schemes, together with:

(i) the new related scheme; and

(ii) any other related scheme that the entity (or company) enters into, participates in or causes another entity to enter into or participate in before the new related scheme is entered into;

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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would give rise to an equity interest (or a debt interest) in the company if they all came into existence when the new related scheme is entered into;

this Division applies after the new related scheme is entered into as if all the schemes referred to in paragraph (c) had come into existence when the new related scheme is entered into.

Note 1: This will mean that the characterisation of the interest will change at that time.

Note 2: This section can apply to an interest a number of times so that, for example, an interest that is equity when issued may change to debt because of one subsequent change and then back to equity because of a later change.

Note 3: There will be an adjustment to the company's non-share capital account when the change occurs (see subsections 164-15(2) and 164-20(3)).

All prior changes to be taken into account

(3) In applying paragraphs (1)(c), (1A)(e) and (2)(c) to the *scheme or schemes, take into account:

(a) all changes to the scheme or schemes that occur before the change or before the new related scheme is entered into; and

(b) all *related schemes entered into before the change or before the new related scheme is entered into; and

(c) all changes to related schemes referred to in paragraph (b) that occur before the change or before the new related scheme is entered into.

974-112 Determinations by Commissioner

Determinations covered by this section

(1) This section covers a determination by the Commissioner under any of the following provisions:

(a) subsection 974-15(4);

(b) subsection 974-60(3), (4) or (5);

(c) section 974-65;

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(d) subsection 974-70(4);
(e) subsection 974-150(1).

Determination on own initiative or on application

(2) The Commissioner may make a determination covered by this section:
(a) on his or her own initiative; or
(b) on an application made under subsection (3).

Application for determination

(3) An entity may apply to the Commissioner for a determination covered by this section in relation to:
(a) an interest of which the entity is the issuer; or
(b) an interest of which the entity would be the issuer:
(i) if the determination were made; or
(ii) if the determination were not made.

Note: Paragraph (b) may apply, for example, if the effect of the determination applied for would be to allow, or to prevent, a number of related schemes giving rise to a debt interest or an equity interest.

(4) The application:
(a) must be in writing; and
(b) must set out the grounds on which the applicant thinks the determination should be made; and
(c) must set out any information relevant to deciding whether to make the determination.

Review of determinations

(5) A taxpayer who is dissatisfied with a determination covered by this section may object against the determination in the manner set out in Part IVC of the *Taxation Administration Act 1953*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Subdivision 974-E—Non-share distributions by a company

Table of sections

974-115 Meaning of *non-share distribution*
974-120 Meaning of *non-share dividend*
974-125 Meaning of *non-share capital return*

974-115 Meaning of *non-share distribution*

A company makes a ***non-share distribution*** to you if:

(a) you hold a *non-share equity interest in the company; and

(b) the company:

(i) distributes money to you; or

(ii) distributes other property to you; or

(iii) credits an amount to you;

as the holder of that interest.

974-120 Meaning of *non-share dividend*

(1) Subject to subsection (2), all *non-share distributions are ***non-share dividends***.

(2) A *non-share distribution is not a ***non-share dividend*** to the extent to which the company debits the distribution against:

(a) the company's *non-share capital account; or

(b) the company's *share capital account.

974-125 Meaning of *non-share capital return*

A ***non-share capital return*** is a *non-share distribution to the extent to which it is not a *non-share dividend.

Subdivision 974-F—Related concepts

Table of sections

974-130 Financing arrangement

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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974-135 Effectively non-contingent obligation
974-140 Ordinary debt interest
974-145 Benchmark rate of return
974-150 Schemes
974-155 Related schemes
974-160 Financial benefit
974-165 Convertible and converting interests

974-130 Financing arrangement

(1) A *scheme is a ***financing arrangement*** for an entity if it is entered into or undertaken:

(a) to raise finance for the entity (or a *connected entity of the entity); or

(b) to fund another scheme, or a part of another scheme, that is a *financing arrangement under paragraph (a); or

(c) to fund a return, or a part of a return, payable under or provided by or under another scheme, or a part of another scheme, that is a financing arrangement under paragraph (a).

(2) The following are examples of *schemes that are generally entered into or undertaken to raise finance:

(a) a bill of exchange;

(b) income securities;

(c) a *convertible interest that will convert into an *equity interest.

Note: Paragraph (a) is likely to be relevant for debt interests, paragraph (b) for equity interests and paragraph (c) for both.

(3) The following are examples of *schemes that are generally not entered into or undertaken to raise finance:

(a) a derivative that is used solely for managing financial risk;

(b) a contract for personal services entered into in the ordinary course of a business.

Note: These may be relevant for both debt interests and equity interests.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(4) For the purposes of subsection (1), the following *schemes are taken not to be entered into or undertaken to raise finance:

(a) a lease or bailment that satisfies all of the following:

(i) the property leased or bailed is not property to which Division 16D of Part III of the *Income Tax Assessment Act 1936* (arrangements relating to the use of property) applies;

(ii) the lease or bailment is not a relevant agreement for the purposes of section 128AC of that Act (deemed interest in respect of hire-purchase and certain other arrangements);

(iii) the lease or bailment is not an *arrangement to which Division 240 of this Act (about arrangements treated as a sale and loan), or Division 242 of this Act (about luxury car leases), applies;

(v) the lessee or bailee, or a *connected entity of the lessee or bailee, is not to, and does not have an obligation (whether contingent or not) or a right to, acquire the leased or bailed property;

(vi) Division 250 of this Act does not apply to a person and the property leased or bailed;

(b) a securities lending arrangement under section 26BC of the *Income Tax Assessment Act 1936*;

(c) a life insurance or general insurance contract undertaken as part of the issuer's ordinary course of business;

(d) a scheme for the payment of royalties (within the meaning of the *Income Tax Assessment Act 1936*) other than:

(i) a qualifying arrangement for the purposes of Division 16D of Part III of the *Income Tax Assessment Act 1936*; or

(ii) a relevant agreement for the purposes of section 128AC of that Act; or

(iii) a scheme or arrangement for the payment of royalties in relation to an asset if Division 250 of this Act applies to a person and the asset.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(5) The regulations may:

(a) specify that particular *schemes are not ***financing arrangements***; and

(b) specify circumstances in which a scheme will not be a ***financing arrangement***.

974-135 Effectively non-contingent obligation

(1) There is an ***effectively non-contingent obligation*** to take an action under a *scheme if, having regard to the pricing, terms and conditions of the scheme, there is in substance or effect a non-contingent obligation (see subsections (3), (4) and (6)) to take that action.

(2) Without limiting subsection (1), that subsection applies to:

(a) providing a *financial benefit under the *scheme; or

(b) terminating the scheme.

(3) An obligation is ***non-contingent*** if it is not contingent on any event, condition or situation (including the economic performance of the entity having the obligation or a *connected entity of that entity), other than the ability or willingness of that entity or connected entity to meet the obligation.

(4) The existence of the right of the holder of an *interest that will or may convert into an *equity interest in a company to convert the interest does not of itself make the issuer's obligation to repay the investment not non-contingent.

(5) An obligation to redeem a preference share is not contingent merely because there is a legislative requirement for the redemption amount to be met out of profits or a fresh issue of *equity interests.

(6) In determining whether there is in substance or effect a non-contingent obligation to take the action, have regard to the artificiality, or the contrived nature, of any contingency on which the obligation to take the action depends.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Note: The artificiality, or the contrived nature, of a contingency would tend to indicate that there is, in substance or effect, a non-contingent obligation to take that action.

(7) An obligation of yours is not ***effectively non-contingent*** merely because you will suffer some detrimental practical or commercial consequences if you do not fulfil the obligation.

Note: For example, a contingent obligation to make payments in respect of an income security issued by an approved deposit-taking institution (ADI) is not effectively non-contingent merely because of the detrimental effect non-payment would have on the ADI's business.

(8) The regulations may make further provisions relating to the following:

(a) what constitutes a non-contingent obligation;

(b) what does not constitute a non-contingent obligation;

(c) what constitutes an *effectively non-contingent obligation;

(d) what does not constitute an effectively non-contingent obligation.

974-140 Ordinary debt interest

(1) A *debt interest arising from a scheme is an ***ordinary debt interest*** if none of the obligations under the scheme is in substance or effect *contingent on aspects of the economic performance of:

(a) the issuer of the interest; or

(b) a *connected entity; or

(c) a part of the operations of the issuer or a connected entity.

(2) The regulations may specify rules for determining whether a *debt interest is an *ordinary debt interest.

974-145 Benchmark rate of return

(1) The ***benchmark rate of return*** for an interest (the ***test interest)*** in an entity is the annually compounded internal rate of return on an *ordinary debt interest that:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) is issued, immediately before the test interest is issued, by the entity, or an equivalent entity, to an entity that is not a *connected entity; and
(b) has a comparable maturity date; and
(c) is in the same currency; and
(d) is issued in the same market; and
(e) has the same credit status; and
(f) has the same degree of subordination to debts owed to the ordinary creditors of the issuer.

(2) If there is no interest that satisfies subsection (1), the ***benchmark rate of return*** for the test interest is the annually compounded internal rate of return on an interest that is closest to the test interest in the respects referred to in that subsection (adjusted appropriately to take account of the differences between that interest and the test interest).

(3) The regulations may:
(a) specify the meaning to be given to an expression used in this section; or
(b) provide for a different method of determining the *benchmark rate of return.

974-150 Schemes

(1) The Commissioner:
(a) may determine that what would otherwise be a single *scheme is to be treated for the purposes of this Division as 2 or more separate schemes; and
(b) may determine that the schemes are to be taken for the purposes of this Division to not be *related schemes.

(2) Without limiting subsection 974-10(5), the Commissioner must, in exercising the power to make a determination under subsection (1), have regard to the following:
(a) the purpose of the *scheme (considered both as a whole and in terms of its individual components);

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) the effects of the scheme and each of its components (considered both as a whole and in terms of its individual components);
(c) the rights and obligations of the parties to the scheme (considered both as a whole and in relation to its individual components);
(d) whether the scheme (when considered as a whole or in terms of its individual components) provides the basis for, or underpins, an interest issued to investors with the expectation that the interest can be assigned to other investors;
(e) whether the scheme (when considered as a whole or in terms of its individual components) comprises a set of rights and obligations issued to investors with the expectation that it can be assigned to other investors;
(f) any other relevant circumstances.

(3) The regulations:
(a) may provide that, in the circumstances specified in the regulations, what would otherwise be a single *scheme is to be treated for the purposes of this Division as 2 or more separate schemes; and
(b) may provide that the schemes are to be taken for the purposes of this Division to not be *related schemes.

974-155 Related schemes

(1) Subject to subsection (3), 2 *schemes are ***related*** to one another if they are related to one another in any way.

(2) Without limiting subsection (1), 2 *schemes are ***related*** to each other if:
(a) the schemes are based on stapled instruments; or
(b) one of the schemes would, from a commercial point of view, be unlikely to be entered into unless the other scheme was entered into; or
(c) one of the schemes depends for its effect on the operation of the other scheme; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(d) one scheme complements or supplements the other; or

(e) there is another scheme to which both the schemes are related because of a previous application or applications of this subsection.

(3) Two *schemes are not ***related*** to one another merely because:

(a) one refers to the other; or

(b) they have a common party.

(4) The regulations may specify circumstances in which 2 *schemes:

(a) are taken to be related to one another; or

(b) are taken not to be related to one another.

974-160 Financial benefit

(1) In this Act:

financial benefit:

(a) means anything of economic value; and

(b) includes property and services; and

(c) includes anything that regulations made for the purposes of subsection (3) provide is a financial benefit;

even if the transaction that confers the benefit on an entity also imposes an obligation on the entity.

(2) In applying subsection (1), benefits and obligations are to be looked at separately and not set off against each other.

(3) The regulations may provide that a thing specified in the regulations is a ***financial benefit*** for the purposes of this Act.

974-165 Convertible and converting interests

An interest (the ***first interest***) is an ***interest that will or may convert into another interest*** (the ***second interest***) if:

(a) the first interest, or a part of the first interest, must be or may be converted into the second interest; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) the first interest, or a part of the first interest, must be or may be redeemed, repaid or satisfied by:
  (i) the issue or transfer of the second interest (whether to the holder of the first interest or to some other person); or
  (ii) the acquisition of the second interest (whether by the holder of the first interest or by some other person); or
  (iii) the application in or towards paying-up (in whole or in part) the balance unpaid on the second interest (whether the second interest is to be issued to the holder of the first interest or to some other person); or

(c) the holder of the first interest has, or is to have, a right or option to have allotted or transferred to the holder or to some other person, or for the holder or some other person otherwise to acquire:
  (i) the second interest; or
  (ii) a right or option to acquire the second interest.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Division 975—Concepts about companies

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Subdivision 975-A—General

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975-150 *Position to affect rights* in relation to a company
975-155 When is an entity a *controller (for CGT purposes)* of a company?
975-160 When an entity has an *associate-inclusive control interest*

975-150 *Position to affect rights* in relation to a company

(1) A person is ***in a position to affect rights*** of a company in relation to another company if the person has a right, power or option:

(a) to acquire those rights from one or other of those companies; or

(b) to do something that would prevent one or other of those companies from exercising its rights for its own benefit, or from receiving any benefit arising from having those rights.

(2) It does not matter whether the person has the right, power or option because of the *constitution of one or other of those companies, any agreement or otherwise.

(3) However, the right, power or option of an owner of *ownership interests in the *head entity of a *demerger group to *acquire, under a *demerger, ownership interests in the *demerged entity is not a right, power or option covered by subsection (1).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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975-155 When is an entity a *controller (for CGT purposes)* of a company?

An entity (the ***first entity***) is a ***controller (for CGT purposes***) of a company if:

(a) the first entity has an *associate-inclusive control interest in the company of at least 50%; or

(b) the first entity has an associate-inclusive control interest in the company of at least 40% and entities other than the first entity or associates of the first entity do not control the company; or

(c) the first entity controls the company (alone or with an *associate).

975-160 When an entity has an *associate-inclusive control interest*

(1) An entity has an ***associate-inclusive control interest*** in a company in the circumstances set out in Subdivision A of Division 3 of Part X of the *Income Tax Assessment Act 1936*.

(2) However, in working out whether an entity has an associate-inclusive control interest of a particular percentage for the purposes of section 975-155, there are these modifications to the way Part X of that Act operates:

(a) that Part is applied to any company, including one acting as a trustee; and

(b) subsection 349(4) applies in all cases in working out which entity holds a direct control interest or a control tracing interest equal to 100%; and

(c) subsections 350(6) and (7) and 355(1) are ignored; and

(d) despite subsection 352(2), an interposed entity may be taken into account in calculating an indirect control interest if the interposed entity is:

(i) a company of which the first entity or an *associate is a controller; or

(ii) a partnership or a trust; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(e) section 354 applies as if it referred to partnerships rather than CFP's; and

(f) section 355 applies as if it referred to trusts rather than CFT's.

Note 1: Part X of the *Income Tax Assessment Act 1936* defines company to exclude a company in the capacity of a trustee.

Note 2: The terms direct control interest and control tracing interest are relevant to working out associate-inclusive control interests in a company: see sections 350, 351, 353, 354 and 355 of that Act.

Note 3: Under subsection 349(4) of that Act, if 2 or more entities would have a direct control interest or a control tracing interest in a company or trust equal to 100%, only one of them holds the interest.

Note 4: Subsections 350(6) and (7) of that Act deal with direct control interests in a company. They deal with interests held by Australian entities. Under subsection 355(1), certain entities are taken to hold a control tracing interest in a trust equal to 100%.

Note 5: Paragraphs (2)(d), (e) and (f) of this section are necessary because Part X of the *Income Tax Assessment Act 1936* applies only to CFE's (which comprise CFC's, CFP's and CFT's).

Subdivision 975-G—What is a company's share capital account?

Table of sections

975-300 Meaning of ***share capital account***

975-300 Meaning of *share capital account*

(1) A company's ***share capital account*** is:

(a) an account that the company keeps of its share capital; or

(b) any other account (whether or not called a share capital account) that satisfies the following conditions:

(i) the account was created on or after 1 July 1998;

(ii) the first amount credited to the account was an amount of share capital.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(2) If a company has more than one account covered by subsection (1), the accounts are taken, for the purposes of this Act, to be a single account.

Note: Because the accounts are taken to be a single account (the ***combined share capital account***), tainting of any of the accounts has the effect of tainting the combined share capital account.

(3) However, if a company's *share capital account is *tainted, that account is taken not to be a share capital account for the purposes this Act, other than:

(a) subsection 118-20(6); and

(b) Division 197; and

(ba) paragraph 202-45(e); and

(c) the definition of ***paid-up share capital*** in subsection 6(1) of the *Income Tax Assessment Act 1936*; and

(d) subsection 44(1B) of the *Income Tax Assessment Act 1936*; and

(f) subsection 159GZZZQ(5) of the *Income Tax Assessment Act 1936*.

Subdivision 975-W—Wholly-owned groups of companies

Table of sections

975-500 Wholly-owned groups
975-505 What is a 100% subsidiary?

975-500 Wholly-owned groups

Two companies are members of the same ***wholly-owned group*** if:

(a) one of the companies is a *100% subsidiary of the other company; or

(b) each of the companies is a *100% subsidiary of the same third company.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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975-505 What is a 100% subsidiary?

(1) A company (the ***subsidiary company***) is a ***100% subsidiary*** of another company (the ***holding company***) if all the *shares in the subsidiary company are beneficially owned by:

(a) the holding company; or

(b) one or more 100% subsidiaries of the holding company; or

(c) the holding company and one or more 100% subsidiaries of the holding company.

(2) However, the subsidiary company is *not* a ***100% subsidiary*** of the holding company if a person is *in a position to affect rights, in relation to the subsidiary company, of:

(a) the holding company; or

(b) a 100% subsidiary of the holding company.

(3) The subsidiary company is also not a ***100% subsidiary*** of the holding company if at some future time a person will be *in a position to affect rights as described in subsection (2).

(4) A company (other than the subsidiary company) is a ***100% subsidiary*** of the holding company if, and only if:

(a) it is a 100% subsidiary of the holding company; or

(b) it is a 100% subsidiary of a 100% subsidiary of the holding company;

because of any other application or applications of this section.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Division 976—Imputation

Table of sections

976-1 Franked part of a distribution
976-5 Unfranked part of a distribution
976-10 The part of a distribution that is franked with an exempting credit
976-15 The part of a distribution that is franked with a venture capital credit

976-1 Franked part of a distribution

The ***franked part*** of a *distribution is an amount worked out using the formula:

*Franking credit on the dividend × Applicable gross-up rate

where:

applicable gross-up rate means the *corporate tax gross-up rate of the entity making the distribution for the income year in which the distribution is made.

976-5 Unfranked part of a distribution

The ***unfranked part*** of a *distribution is the amount that is left after deducting the *franked part of the distribution from the total distribution.

976-10 The part of a distribution that is franked with an exempting credit

The part of a distribution that is franked with an exempting credit is worked out using the formula:

*Exempting credit on the distribution × Applicable gross-up rate

where:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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applicable gross-up rate means the *corporate tax gross-up rate of the entity making the distribution for the income year in which the distribution is made.

976-15 The part of a distribution that is franked with a venture capital credit

The part of a distribution that is franked with a venture capital credit is worked out using the formula:

*Venture capital credit on the distribution × Applicable gross-up rate

where:

applicable gross-up rate means the *corporate tax gross-up rate of the entity making the distribution for the income year in which the distribution is made.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Division 977—Realisation events, and the gains and losses they realise for income tax purposes

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CGT assets

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977-10 Loss realised for income tax purposes
977-15 Gain realised for income tax purposes

Trading stock

977-20 Realisation event
977-25 Disposal of trading stock: loss realised for income tax purposes
977-30 Ending of an income year: loss realised for income tax purposes
977-35 Disposal of trading stock: gain realised for income tax purposes
977-40 Ending of an income year: gain realised for income tax purposes

Revenue assets

977-50 Meaning of ***revenue asset***
977-55 Loss or gain realised for income tax purposes

CGT assets

977-5 Realisation event

For a *CGT asset, a ***realisation event*** is a *CGT event (except CGT event E4, CGT event E10 and CGT event G1).

977-10 Loss realised for income tax purposes

(1) A loss is ***realised for income tax purposes*** by a *realisation event that happens to a *CGT asset if, and only if, an entity makes a *capital loss from the event. That capital loss is the loss realised by the event.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(2) If a provision of this Act reduces the loss that would, apart from that provision, be *realised for income tax purposes by the event, the *capital loss is reduced by the same amount.

977-15 Gain realised for income tax purposes

(1) A gain is ***realised for income tax purposes*** by a *realisation event that happens to a *CGT asset if, and only if, an entity makes a *capital gain from the event. That capital gain is the gain that is realised by the event.

(2) If a provision of this Act reduces the gain that would, apart from that provision, be *realised for income tax purposes by the event, the *capital gain is reduced by the same amount.

Trading stock

977-20 Realisation event

For an item of *trading stock, a ***realisation event*** is a disposal of the item or the ending of an income year.

977-25 Disposal of trading stock: loss realised for income tax purposes

(1) A loss is ***realised for income tax purposes*** by a *realisation event consisting of disposal of an item of *trading stock if, and only if:

(a) the item is disposed of, for less than its *cost, in the same income year in which it became part of the trading stock on hand of the entity disposing of it; or

(b) the item is disposed of in a later income year for less than its *value as trading stock of the entity on hand at the start of the later income year.

(2) The loss that is realised for income tax purposes by the event is the difference between the amount included in the entity's assessable income because of the disposal and:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) the amount that the entity can deduct for the item's *cost; or
(b) the item's *value as *trading stock on hand at the start of the later income year;

as appropriate.

(3) If a provision of this Act reduces the loss that would, apart from that provision, be *realised for income tax purposes by the event:
(a) the amount that the entity can deduct for the item's *cost; or
(b) the item's *value as *trading stock on hand at the start of the later income year;

as appropriate, is reduced by the same amount.

977-30 Ending of an income year: loss realised for income tax purposes

(1) A loss is ***realised for income tax purposes*** by a *realisation event that happens to an item of *trading stock and consists of the ending of an income year if, and only if, the *value of the item, as trading stock of an entity on hand at the end of that income year, is less than:
(a) its *cost, if it became part of the trading stock on hand of the entity during that income year; or
(b) otherwise, its value as trading stock of the entity on hand at the start of that income year.

(2) The loss that is realised for income tax purposes by the event is the difference between the *value of the item, as *trading stock of the entity on hand at the end of that income year and:
(a) the amount that the entity can deduct for the item's *cost; or
(b) the item's *value as trading stock on hand at the start of the income year;

as appropriate.

(3) If a provision of this Act reduces the loss that would, apart from that provision, be *realised for income tax purposes by the event:
(a) the amount that the entity can deduct for the item's *cost; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) the item's *value as *trading stock on hand at the start of the income year;

as appropriate, is reduced by the same amount.

977-35 Disposal of trading stock: gain realised for income tax purposes

(1) A gain is ***realised for income tax purposes*** by a *realisation event consisting of disposal of an item of *trading stock if, and only if:

(a) the item is disposed of, for more than its *cost, in the same income year in which it became part of the trading stock on hand of the entity disposing of it; or

(b) the item is disposed of in a later income year for more than its *value as trading stock of the entity on hand at the start of the later income year.

(2) The gain that is realised for income tax purposes by the event is the difference between the amount included in the entity's assessable income because of the disposal and:

(a) the amount that the entity can deduct for the item's *cost; or

(b) the item's *value as *trading stock on hand at the start of the later income year;

as appropriate.

(3) If a provision of this Act reduces the gain that would, apart from that provision, be *realised for income tax purposes by the event, the amount that is included in the assessable income of the entity because of the disposal is reduced by the same amount.

977-40 Ending of an income year: gain realised for income tax purposes

(1) A gain is ***realised for income tax purposes*** by a *realisation event that happens to an item of *trading stock and consists of the ending of an income year if, and only if, the *value of the item, as trading stock of an entity on hand at the end of that income year, is greater than:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) its *cost, if it became part of the trading stock on hand of the entity during that income year; or

(b) otherwise, its value as trading stock of the entity on hand at the start of that income year.

(2) The gain that is realised for income tax purposes by the event is the difference between the *value of the item, as *trading stock of the entity on hand at the end of that income year and:

(a) the amount that the entity can deduct for the item's *cost; or

(b) the item's *value as trading stock on hand at the start of the income year;

as appropriate.

(3) If a provision of this Act reduces the gain that would, apart from that provision, be *realised for income tax purposes by the event:

(a) the amount that the entity can deduct for the item's *cost; or

(b) the item's *value as *trading stock on hand at the start of the income year;

as appropriate, is increased by the same amount.

Revenue assets

977-50 Meaning of *revenue asset*

A *CGT asset is a ***revenue asset*** if, and only if:

(a) the profit or loss on your disposing of the asset, ceasing to own it, or otherwise realising it, would be taken into account, in calculating your assessable income or *tax loss, otherwise than as a *capital gain or *capital loss; and

(b) the asset is neither *trading stock nor a *depreciating asset.

977-55 Loss or gain realised for income tax purposes

For a *revenue asset:

(a) disposing of, ceasing to own, or otherwise realising, the asset is a ***realisation event***; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) a loss is ***realised for income tax purposes*** by the *realisation event if, and only if, there is a loss on the event; and

(c) a gain is ***realised for income tax purposes*** by the realisation event if, and only if, there is a profit on the event; and

(d) the loss or profit on the event is the loss or gain realised for income tax purposes; and

(e) if a provision of this Act reduces the loss or gain that would, apart from that provision, be realised for income tax purposes by the event, the loss or profit to be taken into account in calculating your assessable income or *tax loss is reduced by the same amount.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Division 980—Affordable housing

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Guide to Division 980

980-1 What this Division is about

A dwelling is used to provide affordable housing if certain conditions are met, including that the dwelling is tenanted or available to be tenanted, and that tenancies of the dwelling are exclusively managed by a community housing provider.

Subdivision 980-A—Providing affordable housing

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980-10 Eligible community housing providers
980-15 Affordable housing certificates

Operative provisions

980-5 Providing affordable housing

A *dwelling is used to ***provide affordable housing*** on a particular day (the ***test day***) if:

(a) on the test day, the dwelling is *taxable Australian real property and is *residential premises that:

(i) are tenanted or available to be tenanted; and

(ii) are not *commercial residential premises; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) on the test day, the tenancy or prospective tenancy of the dwelling is exclusively managed by an *eligible community housing provider; and

(c) the eligible community housing provider has given each entity that holds an *ownership interest in the dwelling a certificate under section 980-15 that covers the dwelling for the test day; and

(d) no entity is entitled to receive an incentive, under the Scheme prescribed for the purposes of Part 2 of the *National Rental Affordability Scheme Act 2008*, for the dwelling for the NRAS year (within the meaning of that Scheme) that includes the test day; and

(e) in the case of a *managed investment trust holding an *ownership interest in the dwelling on the test day—none of the tenants or occupants of the dwelling on that day holds an interest in the trust that passes the *non-portfolio interest test at any time during that day.

980-10 Eligible community housing providers

(1) An ***eligible community housing provider*** is:

(a) an entity registered (however described) under an *Australian law as a provider of community housing services; or

(b) an entity registered (however described) by an *Australian government agency as a provider of community housing services.

(2) However, an entity that ceases to be covered by subsection (1) continues to be an ***eligible community housing provider*** for the 90-day period starting on the day of the cessation.

980-15 Affordable housing certificates

For the purposes of paragraph 980-5(c), a certificate must:

(a) include a declaration that the *eligible community housing provider reasonably believes paragraphs 980-5(a) and (b) to be satisfied for the *dwelling for the test day; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) be given in the *approved form on or before the 31st day after the end of the income year that contains the test day.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Part 6-5—Dictionary definitions

Division 995—Definitions

995-1 Definitions

(1) In this Act, except so far as the contrary intention appears:

4% manner has the meaning given by section 43-145.

70% DFE rule has the meaning given by section 394-35.

95% services indirect value shift has the meaning given by section 727-700.

100% subsidiary has the meaning given by section 975-505.

165-CC tagged asset has the meaning given by section 715-30.

170-D deferred loss has the meaning given by section 715-310.

AAT means the Administrative Appeals Tribunal.

ABN has the meaning given by the *A New Tax System (Australian Business Number) Act 1999*.

abnormal trading has the meaning given by Subdivision 960-H.

above-average special professional income has the meaning given by section 405-15.

acceptable amount of an instalment for an *instalment quarter has the meaning given by section 45-232 in Schedule 1 to the *Taxation Administration Act 1953*.

accountable membership interest has the meaning given by section 208-30.

accountable partial interest has the meaning given by section 208-35.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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account-based annuity has the meaning given by the *Superannuation Industry (Supervision) Regulations 1994*.

accounting principles: A matter is in accordance with ***accounting principles*** if it is in accordance with:

(a) *accounting standards; or

(b) if there are no accounting standards applicable to the matter—authoritative pronouncements of the Australian Accounting Standards Board that apply to the preparation of financial statements.

accounting principles for tax cost setting has the meaning given by:

(a) subsection 705-70(3); and

(b) subsection 711-45(1A).

accounting standards has the same meaning as in the *Corporations Act 2001*.

accrued leave transfer payment has the meaning given by subsection 26-10(2).

accumulated ABSTUDY SSL debt has the meaning given by section 9C of the *Student Assistance Act 1973*.

accumulated HELP debt has the meaning given by section 140-25 of the *Higher Education Support Act 2003*.

accumulated SSL debt has the meaning given by section 1061ZVEC of the *Social Security Act 1991*.

accumulated TSL debt has the meaning given by section 35 of the *Trade Support Loans Act 2014*.

accumulated VETSL debt has the same meaning as in the *VET Student Loans Act 2016*.

accumulation phase value of a *superannuation interest has the meaning given by subsection 307-205(2).

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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ACNC type of entity means an entity that meets the description of a type of entity in column 1 of the table in subsection 25-5(5) of the *Australian Charities and Not-for-profits Commission Act 2012*.

acquire:

(a) a *CGT asset: you ***acquire*** a CGT asset (in its capacity as a CGT asset) in the circumstances and at the time worked out under Division 109 (including under a provision listed in Subdivision 109-B); and

Note: A CGT asset acquired before 20 September 1985 may be treated as having been acquired on or after that day: see, for example, Division 149.

(b) an item of *intellectual property: an entity does not ***acquire*** an item of intellectual property merely because a licence relating to a patent, design or copyright is surrendered to the entity.

acquisition time has the meaning given by section 58-5.

acquisition year has the meaning given by section 58-5.

active asset has the meaning given by section 152-40.

active foreign business asset of a company that is a foreign resident has the meaning given by section 768-540.

active foreign business asset percentage of a company has the meaning given by section 768-510.

active participant:

(a) in a *scheme under which there is a *direct value shift, has the meaning given by subsection 725-65(2); and

(b) in a *scheme under which there is an *indirect value shift, has the meaning given by subsection 727-530(3).

actual cost method of working out the *value of a *registered emissions unit has the meaning given by section 420-53.

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

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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additional investment requirements for ESVCLPs has the meaning given by subsection 118-428(1).

ADI (authorised deposit-taking institution) means a body corporate that is an ADI for the purposes of the *Banking Act 1959*.

ADI equity capital of an entity at a particular time means the total of the following:

(a) all the entity's *equity capital at that time; and

(b) the total value of all the *debt interests *issued by the entity that satisfy all of the following:

(i) at that time, the interests are *on issue and have been on issue for 90 days or more;

(ii) none of the interests gives rise to any cost, at any time, that is covered by paragraph 820-40(1)(a).

A debt interest is treated as having satisfied subparagraph (b)(i) at that time if it was on issue at that time, and the total period for which it remains on issue is 90 days or more.

adjacent land has the meaning given by subsection 118-120(2).

adjacent structure has the meaning given by subsection 118-120(6).

adjustable value:

(a) of a *depreciating asset, has the meaning given by section 40-85; and

(ba) of an asset, for the purposes of determining the consequences of a choice under any of sections 715-100, 715-105, 715-125, 715-130 and 715-185, has the meaning given by section 715-145; and

(b) of an *equity or loan interest:

(i) for the purposes of determining the consequences of a *direct value shift—has the meaning given by sections 725-240, 725-315 and 725-325; and

(ii) for the purposes of determining the consequences of an *indirect value shift—has the meaning given by

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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sections 727-830, 727-835 and 727-840.

adjustable value method means the method (for determining the effect of *indirect value shifts) for which Subdivision 727-H provides.

adjusted assessed tax has the meaning given by section 45-375 in Schedule 1 to the *Taxation Administration Act 1953*.

adjusted assessed taxable income has the meaning given by section 45-370 in Schedule 1 to the *Taxation Administration Act 1953*.

adjusted available frankable profits has the meaning given by subsection 215-25(2).

adjusted average debt has the meaning given by sections 820-85, 820-120, 820-185 and 820-225.

adjusted average equity capital has the meaning given by sections 820-300, 820-330, 820-589 and 820-613.

adjusted Division 6 percentage, in relation to a trust estate, has the same meaning as in Division 6 of Part III of the *Income Tax Assessment Act 1936*.

adjusted on-lent amount has the meaning given by sections 820-100, 820-200 and 820-210.

adjusted tax on *adjusted taxable income or on *adjusted withholding income has the meaning given by section 45-340 in Schedule 1 to the *Taxation Administration Act 1953*.

adjusted taxable income has the meaning given by sections 45-330 and 45-480 in Schedule 1 to the *Taxation Administration Act 1953*.

adjusted taxable income for offsets means adjusted taxable income for rebates within the meaning of subsection 6(1) of the *Income Tax Assessment Act 1936*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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adjusted unrealised loss at an *alteration time for a company has the meaning given by section 165-115U.

adjusted withholding income has the meaning given by sections 45-335 and 45-485 in Schedule 1 to the *Taxation Administration Act 1953*.

adopted child of a person means someone the person has adopted:

(a) under a *State law or *Territory law about adoption of children; or

(b) under a *foreign law about adoption of children, if the adoption would be recognised as valid under a State law or Territory law.

affected interest:

(a) in the *losing entity for an *indirect value shift, has the meaning given by section 727-460; or

(b) in the *gaining entity for an indirect value shift, has the meaning given by section 727-465.

affected owner:

(a) of *down interests, has the meaning given by section 725-80; and

(b) of *up interests, has the meaning given by section 725-85; and

(c) for an *indirect value shift, has the meaning given by section 727-530.

affiliate has the meaning given by section 328-130.

AFOF means an *Australian venture capital fund of funds.

agent: this Act applies to some entities that are not agents in the same way as it applies to agents: see section 960-105.

aggregated turnover has the meaning given by section 328-115.

Agriculture Department means the Department administered by the Minister administering the *Farm Household Support Act 2014*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Agriculture Secretary means the Secretary of the *Agriculture Department.

alienated personal services payment has the meaning given by section 13-10 in Schedule 1 to the *Taxation Administration Act 1953*.

All Groups Consumer Price Index number means the All Groups Consumer Price Index number (being the weighted average of the 8 capital cities) published by the Australian Statistician.

allocable cost amount has the meaning given by section 705-60 and subsection 711-20(1).

allocated annuity means an *immediate annuity that satisfies the requirements of subregulation 1.05(4) of the Superannuation Industry (Supervision) Regulations.

allocated pension means a *current pension that satisfies the requirements of subregulation 1.06(4) of the Superannuation Industry (Supervision) Regulations.

allowable OB deduction has the meaning given by subsection 121EF(2) of the *Income Tax Assessment Act 1936*.

alteration time:

(a) for a company has the meaning given by sections 165-115L, 165-115M, 165-115N, 165-115P, 165-115Q, 715-245, 715-250 and 719-725; and

(b) for a trust, has the meaning given by section 715-270.

AMIT (short for ***attribution managed investment trust***) has the meaning given by section 276-10.

AMIT cost base increase amount has the meaning given by section 104-107E.

AMIT cost base net amount has the meaning given by section 104-107C.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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AMIT cost base reduction amount has the meaning given by section 104-107D.

AMIT DIR payment has the meaning given by section 12A-25 in Schedule 1 to the *Taxation Administration Act 1953*.

AMIT dividend payment has the meaning given by section 12A-30 in Schedule 1 to the *Taxation Administration Act 1953*.

AMIT interest payment has the meaning given by section 12A-35 in Schedule 1 to the *Taxation Administration Act 1953*.

AMIT member annual statement: see ***AMMA statement***.

AMIT royalty payment has the meaning given by section 12A-40 in Schedule 1 to the *Taxation Administration Act 1953*.

AMMA statement (short for ***AMIT member annual statement***) has the meaning given by section 276-460.

amount includes a nil amount.

amount required to be withheld by an entity from a *withholding payment means:

(a) the amount that the entity must withhold from the payment under Division 12 in Schedule 1 to the *Taxation Administration Act 1953*; or

(aaa) the amount that Division 12A in that Schedule requires the entity to pay to the Commissioner in respect of the payment; or

(aa) the amount that Division 13 in that Schedule requires the entity to pay to the Commissioner in respect of the *alienated personal services payment to which the withholding payment relates; or

(b) the amount that Division 14 in that Schedule requires the entity to pay to the Commissioner in respect of the *non-cash benefit, *capital proceeds or *taxable supply to which the withholding payment relates;

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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or that amount as varied by the Commissioner under section 15-15 in the Schedule.

amount withheld by an entity from a *withholding payment means:

(a) an amount that the entity withheld from the payment under Division 12 in Schedule 1 to the *Taxation Administration Act 1953*; or

(aaa) an amount that the entity paid to the Commissioner under Division 12A in that Schedule in respect of the payment; or

(aa) an amount that the entity paid to the Commissioner under Division 13 in that Schedule in respect of the *alienated personal services payment to which the withholding payment relates; or

(b) an amount that the entity paid to the Commissioner under Division 14 in that Schedule in respect of the *non-cash benefit, *capital proceeds or *taxable supply to which the withholding payment relates.

ancillary fund means:

(a) a *public ancillary fund; or

(b) a *private ancillary fund.

ancillary mining activities has the meaning given by section 40-740.

annual exploration cap for an income year has the meaning given by subsection 418-103(1).

annual global income has the meaning given by section 960-565.

annual instalment component of your *tax position has the meaning given by section 45-610 in Schedule 1 to the *Taxation Administration Act 1953*.

annual investment income report means a report, relating to *Part VA investments, that an entity is required to give to the Commissioner, in respect of a *financial year, under section 393-10 in Schedule 1 to the *Taxation Administration Act 1953*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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annual payer means an entity that has become an annual payer under section 45-140 in Schedule 1 to the *Taxation Administration Act 1953*, and has not since ceased to be an annual payer under section 45-150 or 45-155 or former section 45-180 in that Schedule.

annual tax period election has the same meaning as in the *GST Act.

annual turnover has the meaning given by section 328-120.

annuity includes:

(a) an annuity, within the meaning of the *Superannuation Industry (Supervision) Act 1993*; or

(b) a pension, within the meaning of the *Retirement Savings Accounts Act 1997*.

annuity instrument means an instrument that secures the grant of an annuity (whether dependent on the life of an individual or not).

apartment building has the meaning given by section 43-95.

applicable functional currency has the meaning given by section 960-70.

applicable fund earnings has the meaning given by section 305-75.

apportionable deductions are:

(a) amounts deducted or deductible under section 25-75 (which provides a deduction for rates and land tax); or

(b) amounts deducted or deductible under section 30-15 because of item 1, 2, 7 or 8 in the table in that section, except amounts deducted or deductible for gifts of *trading stock in cases where:

(i) the gifts are covered by section 70-90 (which has the effect that the giver's assessable income includes the market value of the gift); and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(ii) no election has been made, or is made, under Subdivision 385-E (which allows the giver to choose to spread the market value of a gift of live stock over the giver's assessable income for 5 income years or to reduce the amount included in the giver's assessable income by the cost of replacement live stock).

approved deposit fund has the meaning given by section 10 of the *Superannuation Industry (Supervision) Act 1993*.

approved deposit fund payment has the meaning given by section 307-5.

approved form has the meaning given by section 388-50 in Schedule 1 to the *Taxation Administration Act 1953*.

approved investment plan, of an *ESVCLP, has the meaning given by subsection 13-15(2) of the *Venture Capital Act 2002*.

approved management plan for land has the meaning given by section 40-640.

approved occupational clothing guidelines has the meaning given by subsection 34-55(1).

approved stock exchange means a stock exchange named in regulations made for the purposes of this definition.

APRA means the Australian Prudential Regulation Authority.

area covered by an international tax sharing treaty: if, under an *international tax sharing treaty, Australia and another country share tax revenues from activities undertaken in an area identified by or under the treaty, that area is an ***area covered by an international tax sharing treaty***.

arm's length: in determining whether parties deal at ***arm's length***, consider any connection between them and any other relevant circumstance.

arm's length capital amount:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) for an *outward investing entity (ADI)—has the meaning given by section 820-315; and
(b) for an *inward investing entity (ADI)—has the meaning given by section 820-410.

arm's length conditions has the meaning given by section 815-125.

arm's length debt amount:
(a) for an *outward investing entity (non-ADI)—has the meaning given by section 820-105; and
(b) for an *inward investing entity (non-ADI)—has the meaning given by section 820-215.

arm's length profits has the meaning given by section 815-225.

arrangement means any arrangement, agreement, understanding, promise or undertaking, whether express or implied, and whether or not enforceable (or intended to be enforceable) by legal proceedings.

arrangement payment has the meaning given by section 240-65.

arrangement payment period has the meaning given by section 240-70.

arrangement period for a *tax preferred use of an asset has the meaning given by section 250-65.

artistic support has the meaning given by subsection 405-25(5).

Arts Minister means the Minister administering the *National Gallery Act 1975*.

Arts Secretary means the Secretary of the Department administered by the *Arts Minister.

artwork means:
(a) a painting, sculpture, drawing, engraving or photograph; or
(b) a reproduction of such a thing; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(c) property of a similar description or use.

ASIC means the Australian Securities and Investments Commission.

assessable amount has the meaning given by subsection 155-5(2) in Schedule 1 to the *Taxation Administration Act 1953*.

assessable FHSS released amount, for an income year, means the amount included in a person's assessable income for the income year under section 313-20 in respect of the person's *FHSS released amounts.

assessable film income for an income year is so much of the amount, or the sum of the amounts, to which section 26AG of the *Income Tax Assessment Act 1936* applies in relation to you for the income year as is assessable income.

assessable income has the meaning given by sections 6-5, 6-10, 6-15, 17-10 and 17-30.

For the effect of GST-related amounts on assessable income, see Division 17.

Note: For income years before 1997-98, ***assessable income*** has the meaning given by section 6-3 of the *Income Tax (Transitional Provisions) Act 1997*.

assessable non-primary production income has the meaning given by subsection 392-85(2).

assessable primary production income has the meaning given by subsection 392-80(2).

assessable professional income has the meaning given by subsection 405-20(1).

assessable recoupment has the meaning given by section 20-20.

assessed Division 293 tax means *Division 293 tax, as assessed under Schedule 1 to the *Taxation Administration Act 1953*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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assessed excess transfer balance tax means *excess transfer balance tax, as assessed under Schedule 1 to the *Taxation Administration Act 1953*.

assessed first home super saver tax means *first home super saver tax, as assessed under Schedule 1 to the *Taxation Administration Act 1953*.

assessed GST has the meaning given by the *GST Act.

assessed net amount has the meaning given by the *GST Act.

assessed net fuel amount has the meaning given by the *Fuel Tax Act 2006*.

assessment:

(a) of an *assessable amount, means an ascertainment of the assessable amount; and

(b) in relation to a *tax-related liability not covered by paragraph (a), has the meaning given by a *taxation law that provides for the assessment of the amount of the liability.

Note: The table lists provisions of taxation laws that define ***assessment***.

Taxation laws that define *assessment*

Item	Taxation law	Provision
1	*Income Tax Assessment Act 1936*	subsection 6(1)
5	*Fringe Benefits Tax Assessment Act 1986*	subsection 136(1)
10	*Petroleum Resource Rent Tax Assessment Act 1987*	section 2
15	*Superannuation Guarantee (Administration) Act 1992*	section 6
20	*Superannuation Contributions Tax (Assessment and Collection) Act 1997*	section 43
25	*Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Act 1997*	section 38

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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assessment day for an income year of a *life insurance company has the meaning given by section 219-45.

asset, of a *sub-fund of a *CCIV, means any of the assets of the sub-fund, ascertained in accordance with Subdivision B of Division 3 of Part 8B.5 of the *Corporations Act 2001*.

asset-based income tax regime has the meaning given by section 830-105.

asset entity has the meaning given by section 12-436 in Schedule 1 to the *Taxation Administration Act 1953*.

asset included in the total assets of a company that is a foreign resident has the meaning given by section 768-545.

associate has the meaning given by section 318 of the *Income Tax Assessment Act 1936*.

Note: Under section 87-35, Australian government agencies, and certain parts of Australian governments and authorities, are not treated as associates for the purposes of ascertaining whether an entity is conducting a personal services business.

associated enterprises article has the meaning given by subsection 815-15(5).

associated government entity means:

(a) for the Commonwealth—each authority of the Commonwealth; or
(b) for an authority of the Commonwealth—each other authority of the Commonwealth; or
(c) for a State—each authority of the State; or
(d) for an authority of a State—each other authority of the State; or
(e) for a Territory—each authority of the Territory; or
(f) for an authority of a Territory—each other authority of the Territory.

associate entity has the meaning given by section 820-905.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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associate entity debt has the meaning given by section 820-910.

associate entity equity has the meaning given by section 820-915.

associate entity excess amount has the meaning given by section 820-920.

associate-inclusive control interest in a company has the meaning given by section 975-160.

associate interest has the meaning given by section 820-905.

at risk has the meaning given by section 118-430.

attributable income has the meaning given by Division 7 of Part X of the *Income Tax Assessment Act 1936*.

attributable taxpayer has the meaning given by Part X of the *Income Tax Assessment Act 1936*.

attribution managed investment trust: see ***AMIT***.

attribution percentage, in relation to a *CFC or a *CFT, has the meaning given by Part X of the *Income Tax Assessment Act 1936*.

audited consolidated financial statements for an entity for a period has the meaning given by section 820-935.

auditing principles: a matter is in accordance with ***auditing principles*** if it is in accordance with:

(a) *auditing standards; or

(b) if there are no auditing standards applicable to the matter—authoritative pronouncements of the Auditing and Assurance Standards Board that apply to the preparation of financial statements.

auditing standard has the same meaning as in the *Corporations Act 2001*.

Australia has the meaning affected by section 960-505.

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Australian agricultural land for rent has the meaning given by section 12-448 in Schedule 1 to the *Taxation Administration Act 1953*.

Australian Business Register means the Australian Business Register established and maintained under the *A New Tax System (Australian Business Number) Act 1999*.

Australian Business Registrar means the Registrar of the *Australian Business Register.

Australian carbon credit unit has the same meaning as in the *Carbon Credits (Carbon Farming Initiative) Act 2011*.

Australian controlled foreign entity has the meaning given by section 820-745.

Australian controller:

(a) of a *controlled foreign company mentioned in paragraph 820-745(a)—has the meaning given by section 820-750; and

(b) of a *controlled foreign trust—has the meaning given by section 820-755; and

(c) of a *controlled foreign corporate limited partnership—has the meaning given by section 820-760.

Australian corporate tax entity: an entity is an ***Australian corporate tax entity*** at a particular time if the entity is:

(a) a *corporate tax entity at that time; and

(b) for a company or a *corporate limited partnership—an Australian resident at that time; and

(c) for a *public trading trust—a *resident unit trust for the income year in which that time occurs.

Australian entity has the same meaning as in Part X of the *Income Tax Assessment Act 1936*.

Australian financial market means a financial market (within the meaning of Chapter 7 of the *Corporations Act 2001*) operating

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under an Australian market licence granted under subsection 795B(1) of that Act.

Australian financial services licence has the meaning given by section 761A of the *Corporations Act 2001*.

Australian fund has the meaning given by section 74 of the *Life Insurance Act 1995*.

Australian government agency means:

(a) the Commonwealth, a State or a Territory; or

(b) an authority of the Commonwealth or of a State or a Territory.

Australian law means a *Commonwealth law, a *State law or a *Territory law.

Australian legislature means:

(a) the Parliament of the Commonwealth of Australia; or

(b) the Parliament of a State; or

(c) the Legislative Assembly for the Australian Capital Territory; or

(d) the Legislative Assembly of the Northern Territory of Australia.

Australian/overseas fund has the meaning given by section 74 of the *Life Insurance Act 1995*.

Australian permanent establishment, of an entity, means a *permanent establishment of the entity that is in Australia.

Australian resident means a person who is a resident of Australia for the purposes of the *Income Tax Assessment Act 1936*.

Australian source: without limiting when *ordinary income or *statutory income has an ***Australian source***, it has an ***Australian source*** if it is *derived from a source in Australia for the purposes of the *Income Tax Assessment Act 1936*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Australian-sourced amount has the meaning given by the regulations mentioned in section 312-5 (about trans-Tasman portability of retirement savings).

Australian superannuation fund has the meaning given by section 295-95.

Australian trust has the same meaning as in Part X of the *Income Tax Assessment Act 1936.*

Australian venture capital fund of funds has the meaning given by subsection 118-410(3).

authorised ASIO officer has the meaning given by section 355-70 in Schedule 1 to the *Taxation Administration Act 1953*.

authorised law enforcement agency officer has the meaning given by section 355-70 in Schedule 1 to the *Taxation Administration Act 1953*.

available expense has the meaning given by section 175-30.

available fraction for a *bundle of losses has the meaning given by sections 707-320, 719-310 and 719-315.

available frankable profits has the meaning given by section 215-20 and affected by subsection 215-25(1).

available income has the meaning given by section 175-30.

available loss exposure amount has the meaning given by paragraph 830-50(1)(a).

average equity capital has the meaning given by sections 820-395, 820-420 and 820-615.

average income has the meaning given in subsection 392-45(1).

average taxable professional income has the meaning given by subsections 405-50(1) and (2).

averaging adjustment has the meaning given in section 392-75.

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averaging component has the meaning given in subsection 392-90(1).

award transport payment has the meaning given by section 900-220.

balancing adjustment event has the meaning given by section 40-295.

Note: Subsection 417-30(1) provides that certain events (connected with Timor Sea petroleum) are taken not to be balancing adjustment events.

BAS amount means any debt or credit that arises directly under the *BAS provisions.

Note: BAS stands for Business Activity Statement.

base assessment has the meaning given by sections 45-320 and 45-470 in Schedule 1 to the *Taxation Administration Act 1953*.

base interest rate has the meaning given by section 8AAD of the *Taxation Administration Act 1953*.

base penalty amount: the base penalty amount for calculating the amount of an administrative penalty is worked out under the relevant provision in this table:

Base penalty amount

Item	For a penalty for this:	See:
1	False or misleading statement Position not reasonably arguable	Section 284-90 in Schedule 1 to the *Taxation Administration Act 1953*
2	*Schemes	Section 284-160 in that Schedule
3	Failure to lodge returns etc.	Section 286-80 in that Schedule

base value, of a *depreciating asset, has the meaning given by subsection 40-70(1).

base year, in relation to an income year, has the meaning given by sections 45-320 and 45-470 in Schedule 1 to the *Taxation Administration Act 1953*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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basic assessable income has the meaning given by subsection 392-45(2).

basic concessional contributions cap means the concessional contributions cap under subsection 291-20(2), disregarding any increase under subsection 291-20(3).

basic rates has the meaning given by subsection 392-35(4).

basic taxable income has the meaning given by section 392-15.

BAS provisions means:

(a) Part VII of the *Fringe Benefits Tax Assessment Act 1986*; and
(b) the *indirect tax law; and
(c) Parts 2-5 and 2-10 in Schedule 1 to the *Taxation Administration Act 1953* (which are about the PAYG system); and
(d) Division 389 in Schedule 1 to the *Taxation Administration Act 1953*; and
(e) the *Major Bank Levy Act 2017*.

Note: BAS stands for Business Activity Statement.

behaviour that is harmful or abusive means one or more of the following:

(a) emotional abuse;
(b) sexual abuse;
(c) physical abuse;
(d) suicide;
(e) self-harm;
(f) substance abuse;
(g) harmful gambling.

benchmark franking percentage has the meaning given by section 203-30.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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benchmark instalment rate has the meaning given by sections 45-360 and 45-530 in Schedule 1 to the *Taxation Administration Act 1953*.

benchmark rate of return for an interest has the meaning given by section 974-145.

benchmark rule is the rule in section 203-25.

benchmark tax has the meaning given by sections 45-365 and 45-535 in Schedule 1 to the *Taxation Administration Act 1953*.

beneficiary, of a *CCIV sub-fund trust, means a *member of the *sub-fund who is taken because of subsection 195-110(1) to be a beneficiary of the trust.

bereavement Subdivision has the meaning given by section 52-20.

bid period has the meaning given by section 9 of the *Corporations Act 2001*.

borrowed securities amount of an entity at a particular time means the total of the liabilities of the entity, to the extent that they meet these conditions:

(a) the value of the liability at that time is worked out by reference to the value at that time of securities that the entity has short sold;

(b) as at that time, the entity has settled the sale using securities it acquired under one or more of these *arrangements:

(i) a reciprocal purchase agreement (otherwise known as a repurchase agreement);

(ii) a sell-buyback arrangement;

(iii) a securities loan arrangement.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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borrowing means any form of borrowing, whether secured or unsecured, and includes the raising of funds by the issue of a bond, debenture, discounted security or other document evidencing indebtedness.

branch hybrid has the meaning given by section 832-485.

branch hybrid mismatch has the meaning given by section 832-470.

bribe to a foreign public official has the meaning given by section 26-52.

bribe to a public official has the meaning given by section 26-53.

bundle of losses has the meaning given by section 707-315.

business includes any profession, trade, employment, vocation or calling, but does not include occupation as an employee.

business continuity test has the meaning given by Subdivision 165-E.

business continuity test period has the meaning given by sections 165-13, 165-15, 165-35, 165-40, 165-45, 165-126, 165-129, 165-132, 166-5, 166-20, 166-40, 707-125, 707-135, 715-50, 715-55, 715-60, 715-70, 715-95, 715-355 and 715-360, and affected by sections 415-35, 415-40 and 707-400.

business day means a day other than:

(a) a Saturday or a Sunday; or

(b) a day which is a public holiday for the whole of:

(i) any State; or

(ii) the Australian Capital Territory; or

(iii) the Northern Territory.

business kilometres has the meaning given by sections 28-25 and 28-90.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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business meeting has the meaning given by subsections 32-65(3) and (4).

business profits article has the meaning given by subsection 815-15(6).

business travel expense has the meaning given by section 900-95.

business use percentage has the meaning given by section 28-90.

capital allowance means a deduction under:

(a) Division 40 (capital allowances) of this Act; or

(ab) Division 43 (capital works) of this Act; or

(ac) Subdivision 328-D (capital allowances for small business entities) of this Act; or

(d) former Division 10BA of Part III of that Act (Australian films); or

(e) former Division 10B of Part III of that Act (copyright in Australian films).

capital gain: for each *CGT event a ***capital gain*** is worked out in the way described in that event.

Note 1: There are some CGT events for which there is no capital gain.

Note 2: For income years before 1998-99, ***capital gain*** has the meaning given by section 102-20 of the *Income Tax (Transitional Provisions) Act 1997*.

capital loss: for each *CGT event a ***capital loss*** is worked out in the way described in that event.

Note 1: There are some CGT events for which there is no capital loss.

Note 2: For income years before 1998-99, ***capital loss*** has the meaning given by section 102-20 of the *Income Tax (Transitional Provisions) Act 1997*.

capital proceeds has the meaning given by Division 116.

capital protected borrowing has the meaning given by section 247-10.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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capital protection has the meaning given by section 247-10.

capital stake has the meaning given by section 166-235.

capped defined benefit income stream has the meaning given by section 294-130.

capped life of a *depreciating asset has the meaning given by section 40-102.

car means a *motor vehicle (except a motor cycle or similar vehicle) designed to carry a load of less than 1 tonne and fewer than 9 passengers.

carbon sequestration has the meaning given by section 40-1015.

car expense has the meaning given by section 28-13.

car fringe benefit has the meaning given by subsection 136(1) of the *Fringe Benefits Tax Assessment Act 1986*.

car limit has the meaning given by section 40-230.

carried interest:

(a) of a *general partner in a *VCLP, an *ESVCLP or an *AFOF—has the meaning given by subsections 104-255(4) and (6); and

(b) of a *limited partner in a *VCMP—has the meaning given by subsections 104-255(5) and (6).

carry back: you ***carry back*** to an income year so much of a *tax loss for a later income year as you specify, in a *loss carry back choice, to be carried back to the earlier income year.

Note: You can make a loss carry back choice only for the 2020-21, 2021-22 or 2022-23 income year.

carry-forward trust component deficit, of a particular character, has the meaning given by section 276-330.

carrying on an *enterprise includes doing anything in the course of the commencement or termination of the enterprise.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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cash management trust means a trust that satisfies these requirements:

(a) the trust is of a kind commonly known as a cash management trust;

(b) each unit in the trust carries the same rights as every other unit in the trust.

cash settlable has the meaning given by subsection 230-45(2).

CBC reporting entity: see ***country by country reporting entity***.

CBC reporting group: see ***country by country reporting group***.

CBC reporting parent: see ***country by country reporting parent***.

CCIV: see ***corporate collective investment vehicle***.

CCIV sub-fund trust has the meaning given by subsection 195-110(2).

cessation event, in relation to a *provisional head company of a *MEC group, has the meaning given by subsection 719-60(6).

CFC has the meaning given by Part X of the *Income Tax Assessment Act 1936*.

CFT has the meaning given by section 342 of the *Income Tax Assessment Act 1936*.

CGT asset has the meaning given by section 108-5.

CGT cap amount has the meaning given by section 292-105.

CGT concession stakeholder has the meaning given by subsection 152-60.

CGT event means any of the CGT events described in Division 104. A CGT event described by number (for example: ***CGT event A1***) refers to the relevant event in that Division.

CGT exempt amount has the meaning given by section 152-315.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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CGT retirement exemption limit has the meaning given by section 152-320.

CGT small business entity has the meaning given by subsection 152-10(1AA).

chain of trusts has the meaning given by section 104-71.

changeover time for a company has the meaning given by sections 165-115C, 165-115D and 719-705.

child: without limiting who is a child of an individual, each of the following is the ***child*** of an individual:

(a) the individual's *adopted child, stepchild or exnuptial child;
(b) a child of the individual's *spouse;
(c) someone who is a child of the individual within the meaning of the *Family Law Act 1975*.

child recipient of a *superannuation income stream has the meaning given by section 294-175.

class of a taxable income or a *tax loss of a *life insurance company has the meaning given by section 320-133.

class: *membership interests in a company or trust form a ***class*** if the interests have the same, or substantially the same, rights.

clean building has the meaning given by section 12-430 in Schedule 1 to the *Taxation Administration Act 1953*.

clean building managed investment trust has the meaning given by section 12-425 in Schedule 1 to the *Taxation Administration Act 1953*.

Climate Change Minister means the Minister administering the *National Greenhouse and Energy Reporting Act 2007*.

Climate Change Secretary means the Secretary of the Department administered by the *Climate Change Minister.

closing pool balance has the meaning given by:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) for a low-value pool—section 40-440; or
(b) for a *general small business pool—section 328-200.

closing pool value has the meaning given by section 40-830.

collectable has the meaning given by section 108-10.

commencing day of a *CFC has the meaning given by section 406 of the *Income Tax Assessment Act 1936*.

commencing day asset of a *CFC has the meaning given by section 406 of the *Income Tax Assessment Act 1936*.

commercial horticulture has the meaning given by 40-535.

commercial residential premises has the same meaning as in the *GST Act.

Commissioner means the Commissioner of Taxation.

Note: The office of Commissioner of Taxation is created by section 4 of the *Taxation Administration Act 1953*.

Commissioner's instalment rate has the meaning given by section 45-115 in Schedule 1 to the *Taxation Administration Act 1953*.

committed capital of a partnership has the meaning given by section 118-445.

common ownership: see ***under common ownership***.

common-ownership nexus: see section 727-400.

common stake has the meaning given by sections 124-783 and 124-783A.

common stakeholder has the meaning given by section 124-783.

Commonwealth education or training payment has the meaning given by subsection 52-145(1).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Commonwealth labour market program has the meaning given by subsection 52-145(2).

Commonwealth law means a law of the Commonwealth.

Commonwealth of Nations country means:

(a) a foreign country that is a member of the Commonwealth of Nations; or

(b) a colony, overseas territory or protectorate of such a member; or

(c) a territory for whose international relations such a member is responsible;

other than one declared by the regulations not to be a Commonwealth of Nations country.

Commonwealth public sector superannuation scheme has the same meaning as in the *Superannuation (Unclaimed Money and Lost Members) Act 1999*.

community shed means a public institution that satisfies all of the following requirements:

(a) the institution's dominant purposes are advancing mental health and preventing or relieving social isolation;

(b) the institution seeks to achieve those purposes principally by providing a physical location where it supports individuals to undertake activities, or work on projects, in the company of others;

(c) either:

(i) there are no particular criteria for membership of the institution; or

(ii) the criteria for membership of the institution relate only to an individual's gender or Indigenous status (in that membership is, for cultural reasons, open only to *Indigenous persons) or both.

company means:

(a) a body corporate; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) any other unincorporated association or body of persons;

but does not include a partnership or a *non-entity joint venture.

Note 1: Division 830 treats foreign hybrid companies as partnerships.

Note 2: A reference to a company includes a reference to a corporate limited partnership: see section 94J of the *Income Tax Assessment Act 1936*.

company's share:

(a) of a partnership's *notional loss or *notional net income—has the meaning given by sections 165-80 and 165-85; and

(b) of a partnership's *full year deductions—has the meaning given by sections 165-90.

comparison rate has the meaning given by section 392-55.

compensable work-related trauma has the meaning given by subsection 136(1) of the *Fringe Benefits Tax Assessment Act 1986*.

completed, in relation to a *film, has the meaning given by subsection 376-55(2).

complying approved deposit fund means a complying approved deposit fund within the meaning of section 47 of the *Superannuation Industry (Supervision) Act 1993*.

complying health insurance policy has the meaning given by the *Private Health Insurance Act 2007*.

complying superannuation asset has the meaning given by subsection 320-170(6).

complying superannuation asset pool has the meaning given by subsection 320-170(6).

complying superannuation class:

(a) for a taxable income of a *life insurance company—has the meaning given by section 320-137; or

(b) for a *tax loss of a *life insurance company—has the meaning given by section 320-141.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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complying superannuation entity means:

(a) a *complying superannuation fund; or

(b) a *complying approved deposit fund; or

(c) a *pooled superannuation trust.

complying superannuation fund means a complying superannuation fund within the meaning of section 45 of the *Superannuation Industry (Supervision) Act 1993*.

complying superannuation liabilities of a *life insurance company means liabilities of the company under *life insurance policies referred to in subsection 320-190(1).

complying superannuation life insurance policy means a *life insurance policy that:

(a) is held by the trustee of a *complying superannuation entity; or

(b) is held by an individual and:

(i) provides for an *annuity that is not presently payable, if the annuity was purchased out of a *superannuation lump sum or an *employment termination payment; or

(ia) provides for an *immediate annuity, if the annuity is a *superannuation income stream that is *not* in the *retirement phase; or

(ii) is so held in the benefit fund of a *friendly society, being a fund that is a *regulated superannuation fund; or

(c) is held by another *life insurance company and is a *complying superannuation asset of that company;

and is not an *excluded complying superannuation life insurance policy.

complying superannuation plan means:

(a) a *complying superannuation fund; or

(b) a *public sector superannuation scheme that is:

(i) a *regulated superannuation fund; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(ii) an exempt public sector superannuation scheme (within the meaning of section 10 of the *Superannuation Industry (Supervision) Act 1993*); or

(c) a *complying approved deposit fund; or

(d) an *RSA.

component of your *tax position has the meaning given by section 45-610 in Schedule 1 to the *Taxation Administration Act 1953*.

concessional contributions has the meaning given by sections 291-25 and 291-165.

concessional contributions cap has the meaning given by section 291-20.

concessional cross staple rent cap has the meaning given by sections 12-443 and 12-444 in Schedule 1 to the *Taxation Administration Act 1953*.

conduit foreign income has the meaning given by Subdivision 802-A.

connected entity of an entity means:

(a) an *associate of the entity; or

(b) another member of the same *wholly owned group if the entity is a company and is a member of such a group.

connected with: an entity is ***connected with*** you in the circumstances described in section 328-125.

Note: This meaning is affected by section 152-78.

connecting power to land or upgrading the connection has the meaning given by section 40-655.

conservation covenant has the meaning given by section 31-5.

consideration, for a *taxable supply, has the same meaning as in the *GST Act.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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consideration receivable:

(a) ***consideration receivable*** on the disposal of a leased *car has the meaning given by section 20-115; and

(b) ***consideration receivable*** for *trading stock changing hands has the meaning given by subsection 70-100(11).

consolidatable group has the meaning given by section 703-10.

consolidated group has the meaning given by section 703-5.

Note 1: Part 3-90 contains rules relating to the tax treatment of consolidated groups. Division 719 (of that Part) applies those rules to MEC groups with modifications (see section 719-2).

Note 2: Provisions in the *Income Tax Assessment Act 1936* and in the *Income Tax Assessment Act 1997* (other than in Part 3-90) referring only to consolidated groups do *not* apply to MEC groups.

consolidation transitional year for a *member of a *consolidated group or a member of a *MEC group, is an income year for that member that satisfies both of the following conditions:

(a) the group is in existence during all or any part of that year;

(b) Subdivision 45-Q in Schedule 1 to the *Taxation Administration Act 1953* (including that Subdivision as applied under Subdivision 45-S in that Schedule):

(i) does not apply at all to the *head company or the *provisional head company of the group during that year; or

(ii) starts to apply at any time during that year to the head company or the provisional head company of the group because of subsection 45-705(2) or subparagraph 45-705(3)(c)(ii), (4)(d)(ii) or (iv), or subsection 45-915(2) or subparagraph 45-915(3)(c)(ii), (4)(b)(ii) or (iv), in that Schedule.

constitution of a company means the memorandum and articles of association of the company, or any other rules or document constituting the company or governing its activities.

constitutional corporation means:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) a corporation to which paragraph 51(xx) of the Constitution applies; or
(b) a body corporate that is incorporated in a Territory.

constitutionally protected fund means a fund that is declared by the regulations to be a constitutionally protected fund.

construction expenditure has the meaning given by section 43-70.

construction expenditure area has the meaning given by section 43-75.

contingent on aspects of the economic performance has the meaning given by section 974-85.

continuing shareholders has the meaning given by sections 175-10, 175-20, 175-25, 175-45, 175-60, 175-65 and 175-85.

continuous disability policy has the meaning given by section 9A of the *Life Insurance Act 1995*.

contract of reinsurance, in respect of *life insurance policies, does not include a contract of reinsurance in respect of:

(a) the parts of *complying superannuation life insurance policies in respect of which the liabilities of the company that issued the policies are to be discharged out of a *complying superannuation asset pool; or
(b) policies that are *exempt life insurance policies.

contributions segment has the meaning given by section 307-220.

contributions-splitting superannuation benefit has the meaning given by the regulations.

control a non-fixed trust has the meaning given by Subdivision 269-E in Schedule 2F to the *Income Tax Assessment Act 1936*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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control (for value shifting purposes) has the meaning given by sections 727-355, 727-360, 727-365 and 727-375.

controlled foreign company has the same meaning as in Part X of the *Income Tax Assessment Act 1936.*

controlled foreign corporate limited partnership has the meaning given by section 820-760.

controlled foreign entity debt has the meaning given by section 820-885.

controlled foreign entity equity has the meaning given by section 820-890.

controlled foreign trust has the same meaning as in Part X of the *Income Tax Assessment Act 1936.*

controller (for CGT purposes): an entity is a ***controller (for CGT purposes)*** of a company in the circumstances mentioned in section 975-155.

controller (for imputation purposes) has the meaning given by subsections 207-130(5) and (6).

convertible interest means a convertible interest in a company or in a trust or unit trust and:

(a) a ***convertible interest*** in a company is an interest of the kind referred to in item 4 of the table in subsection 974-75(1); and

(b) a ***convertible interest*** in a trust or unit trust is an interest that has the same or a similar effect in relation to the trust or unit trust.

convertible note:

(a) a ***convertible note*** of a company has the meaning given by section 82L of the *Income Tax Assessment Act 1936*; and

(b) a ***convertible note*** of a trust or unit trust means a note that has the same or a similar effect in relation to the trust or unit trust.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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co-operative company has the same meaning as in Division 9 of Part III of the *Income Tax Assessment Act 1936*.

copyright collecting society means either of the following bodies:

(a) a body that satisfies all of the following conditions:
  (i) a declaration under the *Copyright Act 1968* is in force in respect of the body;
  (ii) the body is a company whose *constitution contains provisions about the distribution of amounts collected or *derived by it, including a requirement that a *member of the society cannot direct the body to pay an amount at a particular time;
  (iii) other conditions prescribed by the regulations (if any) for the purposes of this subparagraph are met;

(b) a company that satisfies all of the following conditions:
  (i) the company is incorporated under an *Australian law relating to companies;
  (ii) the company has and maintains the purpose of collective administration of copyrights;
  (iii) if the company has other purposes—these purposes are incidental to the purpose described in subparagraph (ii) or, if the company is the *resale royalty collecting society, relate to the company's functions or duties as resale royalty collecting society;
  (iv) the company collects or derives, and distributes, income of a kind mentioned in paragraph 51-43(2)(a) or (b);
  (v) the company's constitution allows any copyright owner, or his or her *agent, to be a member of the society, or allows all copyright owners of a particular type to be members;
  (vi) the company's constitution prohibits the payment of *dividends;
  (vii) the company's constitution contains provisions about the payment, out of amounts collected or derived by it, of the administrative costs of collecting those amounts;

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(viii) the company's constitution contains provisions about the distribution of amounts collected or derived by it, including a requirement that an amount must be paid to a member as soon as is reasonably possible after the allocation of the amount to the member, as well as a requirement that a member cannot direct the company to pay an amount at a particular time;

(ix) the company's constitution, or contracts with members, contains such other provisions as are prescribed by the regulations (if any), being provisions necessary to ensure that the interests of members or their agents are protected adequately;

(x) the company's constitution requires the company to hold amounts on trust for copyright owners who are not members, or for members pending the payment of amounts to them;

(xi) the company's constitution, or contracts with members, allows all members to access the company's records;

(xii) other conditions prescribed by the regulations (if any) for the purposes of this subparagraph are met.

core R&D activities has the meaning given by section 355-25.

core shipping activities has the meaning given by section 51-110.

corporate change has the meaning given by section 166-175.

corporate collective investment vehicle or ***CCIV*** has the same meaning as in the *Corporations Act 2001*.

corporate limited partnership has the meaning given by section 94D of the *Income Tax Assessment Act 1936*.

corporate tax entity has the meaning given by section 960-115.

corporate tax gross-up rate, of an entity for an income year, means the amount worked out using the following formula:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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$$\frac{100\% - \text{*Corporate tax rate for imputation purposes of the entity for the income year}}{\text{*Corporate tax rate for imputation purposes of the entity for the income year}}$$

corporate tax rate:

(a) in relation to a company to which paragraph 23(2)(a) of the *Income Tax Rates Act 1986* applies—means the rate of tax in respect of the taxable income of a company covered by that paragraph; or

(b) in relation to another entity—means the rate of tax in respect of the taxable income of a company covered by paragraph 23(2)(b) of that Act.

corporate tax rate for imputation purposes, of an entity for an income year, means:

(a) unless paragraph (b) applies—the entity's *corporate tax rate for the income year, worked out on the assumptions that:

(i) the entity's *aggregated turnover for the income year is equal to its aggregated turnover for the previous income year; and

(ii) the entity's base rate entity passive income (within the meaning of the *Income Tax Rates Act 1986*) for the income year is equal to its base rate entity passive income for the previous income year; and

(iii) the entity's assessable income for the income year is equal to its assessable income for the previous income year; or

(b) if the entity did not exist in the previous income year—the rate of tax in respect of the taxable income of a company covered by paragraph 23(2)(a) of the *Income Tax Rates Act 1986*.

cost:

(a) ***cost*** of a *depreciating asset has the meaning given by Subdivision 40-C; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) ***cost*** of an item of *trading stock, in the case of an animal that you acquired by natural increase, has the meaning given by section 70-55; and

Note: The cost of an animal acquired by natural increase before the 1997-98 income year is the cost price of the animal under former section 34 of the *Income Tax Assessment Act 1936*. See subsection 70-55(2) of the *Income Tax (Transitional Provisions) Act 1997*.

(c) ***cost*** of a *registered emissions unit has the meaning given by section 420-60.

cost base of a *CGT asset has the meaning given by Subdivision 110-A.

cost-free debt capital has the meaning given by section 820-946.

COT transfer of a loss has the meaning given by section 707-210.

country by country reporting entity has the meaning given by section 815-370.

country by country reporting group has the meaning given by section 815-380.

country by country reporting parent has the meaning given by section 815-375.

CRC program means the program administered by the Commonwealth known as the Cooperative Research Centres Program.

created:

(a) a *consolidated group is ***created*** from a *MEC group if the consolidated group comes into existence under section 703-55 at the time the MEC group ceases to exist (as mentioned in that section); and

(b) a MEC group is ***created*** from a consolidated group if:

(i) the MEC group comes into existence under section 719-40 when a *special conversion event

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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happens to a *potential MEC group derived from an *eligible tier-1 company of a *top company; and

(ii) the eligible tier-1 company was the *head company of the consolidated group (as mentioned in paragraph 719-40(1)(b)).

creditable acquisition has the meaning given by section 195-1 of the *GST Act.

creditable importation has the meaning given by section 195-1 of the *GST Act.

creditable purpose has the meaning given by section 195-1 of the *GST Act.

credit absorption tax has the meaning given by section 770-15.

credit reporting bureau has the meaning given by subsection 355-72(7) in Schedule 1 to the *Taxation Administration Act 1953*.

cross-character allocation amount, of a particular character, has the meaning given by section 276-330.

cross staple arrangement has the meaning given by section 12-436 in Schedule 1 to the *Taxation Administration Act 1953*.

Crown lease has the meaning given by section 124-580.

CRS (short for Common Reporting Standard) has the meaning given by subsection 396-110(1) in Schedule 1 to the *Taxation Administration Act 1953*.

CRS Commentary has the meaning given by subsection 396-110(2) in Schedule 1 to the *Taxation Administration Act 1953*.

crystallised pre-July 83 amount, in relation to a *superannuation interest, means the amount mentioned in paragraph 307-225(2)(e) in relation to the interest.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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crystallised reduction amount has the meaning given by section 136-10 in Schedule 1 to the *Taxation Administration Act 1953*.

crystallised segment has the meaning given by section 307-225.

cultural organisation has the meaning given by section 30-300.

currency exchange rate effect has the meaning given by section 775-105.

current GST turnover has the meaning given by section 195-1 of the *GST Act.

current pension means a pension that has begun to be paid.

current termination value of a *life insurance policy, or of the *net risk component of a life insurance policy, has the meaning given in prudential standards made under section 230A of the *Life Insurance Act 1995*.

current year means the income year for which you are working out your assessable income, deductions and *tax offsets.

custodian has the meaning given by section 12-390 in Schedule 1 to the *Taxation Administration Act 1953*.

customs dealing has the meaning given by the *Wine Tax Act.

customs duty has the meaning given by the *GST Act.

dad and partner pay has the meaning given by the *Paid Parental Leave Act 2010*.

date of the settlement or order, for a *structured settlement or a *structured order, has the meaning given by section 54-5.

death benefits dependant has the meaning given by section 302-195.

death benefit termination payment has the meaning given by subsection 82-130(3).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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debenture of a company or unit trust includes debenture stock, bonds, notes and any other securities of the company or trust, whether or not constituting a charge on its assets.

debit value, of a *superannuation interest that supports an income stream that is, or was at any time, a *capped defined benefit income stream, has the meaning given by section 294-145.

debt account discharge liability has the meaning given by section 133-120 in Schedule 1 to the *Taxation Administration Act 1953*.

debt capital, of an entity and at a particular time, means any *debt interests issued by the entity that are still *on issue at that time.

debt deduction has the meaning given by section 820-40.

debt interest in an entity has the meaning given by Subdivision 974-B.

debt-like trust instrument has the meaning given by section 276-505.

debt property has the meaning given by section 243-30.

decrease time for a *direct value shift has the meaning given by section 725-155.

decreasing adjustment has the meaning given by section 195-1 of the *GST Act.

deduct has the meaning given by sections 8-1 and 8-5.

deductible gift recipient has the meaning given by section 30-227.

deducting hybrid has the meaning given by section 832-550.

deducting hybrid mismatch has the meaning given by section 832-545.

deduction means an amount that you can deduct.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Note: For income years before 1997-98, ***deduction*** has the meaning given by section 8-3 of the *Income Tax (Transitional Provisions) Act 1997*.

deduction component:

(a) of a *deduction/non-inclusion mismatch—has the meaning given by subsections 832-105(1) and 832-105(2); and

(b) of a *deduction/deduction mismatch—has the meaning given by subsection 832-110(2); and

(c) of a *hybrid financial instrument mismatch—has the meaning given by subsection 832-200(2); and

(d) of a *hybrid payer mismatch—has the meaning given by subsection 832-305(2); and

(e) of a *reverse hybrid mismatch—has the meaning given by subsection 832-395(2); and

(f) of a *branch hybrid mismatch—has the meaning given by subsection 832-470(2); and

(g) of a *deducting hybrid mismatch—has the meaning given by subsection 832-545(2); and

(h) of an *offshore hybrid mismatch—means the *deduction component of the relevant hybrid financial instrument mismatch, hybrid payer mismatch, reverse hybrid mismatch, branch hybrid mismatch or deducting hybrid mismatch.

deduction/deduction mismatch has the meaning given by section 832-110.

deduction/non-inclusion mismatch has the meaning given by section 832-105.

deduction year has the meaning given by section 170-20.

default commutation notice has the meaning given by section 136-10 in Schedule 1 to the *Taxation Administration Act 1953*.

Defence Minister means the Minister administering section 1 of the *Defence Act 1903*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Defence Secretary means the Secretary of the Department administered by the *Defence Minister.

deferral reversal, for a *superannuation interest, has the meaning given by section 133-25 in Schedule 1 to the *Taxation Administration Act 1953*.

deferred BAS payer, at a particular time, means an entity that has an obligation to notify the Commissioner of a *BAS amount at that time, other than:

(a) an entity that has an obligation at that time to give the Commissioner a *GST return for a monthly *tax period; or

(b) an entity whose obligation to notify a BAS amount at that time relates only to one or more of the following:

(i) an *amount withheld by a *medium withholder or a *large withholder;

(ii) the *PAYG instalment of an *annual payer.

Note: You are therefore a deferred BAS payer if you have an obligation to give the Commissioner a GST return for a quarterly tax period or if you are a GST instalment payer within the meaning of the GST Act.

deferred roll-over gain: an asset has a deferred roll-over gain at a particular time if:

(a) before that time there was a roll-over under a provision or former provision of this Act in relation to a disposal or a *CGT event that happened in relation to the asset; and

(b) as a result of the roll-over all or part of a *capital gain from the disposal or CGT event was disregarded.

The amount of the deferred roll-over gain is equal to the amount of the capital gain that was disregarded, reduced by the amount (if any) by which the gain has been taken into account in working out a *net capital gain (section 102-5) or *net capital loss (section 102-10) in relation to the asset between the roll-over time and the particular time.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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deferred roll-over loss: an asset has a deferred roll-over loss at a particular time if:

(a) before that time there was a roll-over under a provision or former provision of this Act in relation to a disposal or a *CGT event that happened in relation to the asset; and

(b) as a result of the roll-over all or part of a *capital loss from the disposal or CGT event was disregarded.

The amount of the deferred roll-over loss is equal to the amount of the capital loss that was disregarded, reduced by the amount (if any) by which the loss has been taken into account in working out a *net capital gain (section 102-5) or *net capital loss (section 102-10) in relation to the asset between the roll-over time and the particular time.

deferred superannuation income stream has the meaning given by the *Superannuation Industry (Supervision) Regulations 1994.*

deferred to a debt account, for a *superannuation interest, in relation to *assessed Division 293 tax, has the meaning given by section 133-10 in Schedule 1 to the *Taxation Administration Act 1953*.

deficit:

(a) section 205-40 sets out when a *franking account is in deficit; and

(b) section 208-125 sets out when an *exempting account is in deficit; and

(c) section 210-130 sets out when a *venture capital sub-account is in deficit.

defined benefit contributions has the meaning given by sections 293-115, 293-150 and 293-195.

defined benefit income has the meaning given by section 303-2.

defined benefit income cap has the meaning given by section 303-4.

defined benefit interest has the meaning given by section 291-175.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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defined benefit tax has the meaning given by section 133-15 in Schedule 1 to the *Taxation Administration Act 1953*.

demerged entity has the meaning given by section 125-70.

demerger has the meaning given by section 125-70.

demerger dividend has the meaning given by subsection 6(1) of the *Income Tax Assessment Act 1936*.

demerger group has the meaning given by section 125-65.

demerger subsidiary has the meaning given by section 125-65.

demerging entity has the meaning given by section 125-70.

demutualise: a mutual entity (within the meaning of the *Corporations Act 2001*) that issues one or more MCIs (within the meaning of that Act) is taken not to ***demutualise*** by doing so.

Note: MCI is short for mutual capital instrument (see section 167AD of the *Corporations Act 2001*).

departing Australia superannuation payment has the meaning given by section 301-170.

depository entity has the meaning given by section 166-260.

depreciating asset has the meaning given by section 40-30.

depreciating asset lease: a ***depreciating asset lease*** is an agreement (including a renewal of an agreement) under which the entity that *holds the *depreciating asset grants a *right to use the asset to another entity. However, a ***depreciating asset lease*** does not include a *hire purchase agreement or a *short-term hire agreement.

Deputy Commissioner means a Deputy Commissioner of Taxation.

derivative financial arrangement has the meaning given by subsection 230-350(1).

derive has a meaning affected by subsection 6-5(4).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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design of a uniform has the meaning given by subsection 34-25(2).

designated infrastructure project means an infrastructure project designated under section 415-70.

designated infrastructure project entity has the meaning given by section 415-20.

determined member component has the meaning given by section 276-205.

determined trust component has the meaning given by section 276-255.

development assistance for a *film has the meaning given by section 376-55.

development expenditure for a *film means expenditure to the extent to which it is incurred in meeting the development costs for the film and includes expenditure to the extent to which it is incurred on any of the following:

(a) location surveys and other activities undertaken to assess locations for possible use in the film;
(b) storyboarding for the film;
(c) scriptwriting for the film;
(d) research for the film;
(e) casting actors for the film;
(f) developing a budget for the film;
(g) developing a shooting schedule for the film.

died in the line of duty has the meaning given by subsection 302-195(3).

diminishing value method has the meaning given by sections 40-70 and 40-72.

dining facility has the meaning given by section 32-60.

direct equity interests in a company are *shares in the company.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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direct forestry expenditure has the meaning given by section 394-45.

direct participation interest has the meaning given by section 960-190.

direct roll-over replacement has the meaning given by section 723-110.

direct small business participation percentage has the meaning given by section 152-70.

direct SRWUIP payment has the meaning given by subsection 59-67(3).

direct value shift has the meaning given by section 725-145.

direct voting percentage in a company has the meaning given by section 768-550.

disability policy means a *life insurance policy under which a benefit is payable in the event of:

(a) the death, by accident or by some other cause stated in the contract, of the person whose life is insured (the ***insured***); or

(b) injury to, or disability of, the insured as a result of accident or sickness; or

(c) the insured being found to have a stated condition or disease;

but does not include a contract of consumer credit insurance within the meaning of the *Insurance Contracts Act 1984*.

disability superannuation benefit means a *superannuation benefit if:

(a) the benefit is paid to an individual because he or she suffers from ill-health (whether physical or mental); and

(b) 2 legally qualified medical practitioners have certified that, because of the ill-health, it is unlikely that the individual can ever be *gainfully employed in a capacity for which he or she is reasonably qualified because of education, experience or training.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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disaggregated attributable decrease: section 727-775 sets out how to determine whether an *indirect value shift has produced a ***disaggregated attributable decrease*** in the *market value of an *equity or loan interest.

disaggregated attributable increase: section 727-805 sets out how to determine whether an *indirect value shift has produced a ***disaggregated attributable increase*** in the *market value of an *equity or loan interest.

disallow:

(a) a *net capital loss—has the meaning given by section 175-40; or

(b) a *capital loss—has the meaning given by section 175-55.

disallowed capital allowance percentage has the meaning given by subsection 250-150(4).

discount: an *equity or loan interest is issued at a ***discount*** as provided in section 725-150.

discount capital gain has the meaning given by Subdivision 115-A.

discount percentage has the meaning given by Subdivision 115-B.

discretionary benefits means investment account benefits (as defined by section 14 of the *Life Insurance Act 1995*) that are regarded as non-participating benefits for the purposes of that Act solely because of the operation of Prudential Rules No. 22 in force under section 252 of that Act.

disease has the meaning given by subsection 34-20(3).

disentitling event has the meaning given by section 385-163.

disposal year has the meaning given by subsection 385-105(2).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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dispose of a *CGT asset: you ***dispose of*** a CGT asset (in its capacity as a CGT asset) in the circumstances specified in section 104-10.

disregarded small fund assets has the meaning given by section 295-387.

distributable profits of a company has the meaning given by section 317 of the *Income Tax Assessment Act 1936*.

distributing body has the meaning given by section 128U of the *Income Tax Assessment Act 1936*.

distribution, by a *corporate tax entity, has the meaning given by section 960-120.

distribution event has the meaning given by subsection 207-120(5).

distribution statement has the meaning given by section 202-80.

diverted profits tax means tax imposed by the *Diverted Profits Tax Act 2017*.

dividend has the meaning given by subsections 6(1) and (4) and 6BA(5) and section 94L of the *Income Tax Assessment Act 1936*.

dividend stake has the meaning given by section 166-235.

dividend stripping operation has the meaning given by section 207-155.

Division 6C land has the meaning given by section 12-448 in Schedule 1 to the *Taxation Administration Act 1953*.

Division 230 financial arrangement: a *financial arrangement is a ***Division 230 financial arrangement*** if Division 230 applies in relation to your gains and losses from the arrangement.

Division 230 starting value:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) the ***Division 230 starting value*** of an asset or liability that is or is part of a *Division 230 financial arrangement to which Subdivision 230-C (fair value method) applies is the amount of the asset or the amount of the liability according to the relevant standards mentioned in section 230-230 that apply in relation to the arrangement; and

(b) the ***Division 230 starting value*** of an asset or liability that is or is part of a Division 230 financial arrangement to which Subdivision 230-D (foreign exchange retranslation method) applies is the value of the asset or the amount of the liability according to the relevant standards mentioned in section 230-280 that apply in relation to the arrangement; and

(c) the ***Division 230 starting value*** of an asset or liability that is or is part of a Division 230 financial arrangement to which Subdivision 230-F (reliance on financial reports method) applies is the value of the asset or the amount of the liability according to the relevant standards mentioned in section 230-420 that apply in relation to the arrangement.

Division 293 tax means tax imposed by the *Superannuation (Sustaining the Superannuation Contribution Concession) Imposition Act 2013*.

Division 293 tax law means:

(a) the *Income Tax Assessment Act 1997*, so far as it relates to the *Division 293 tax; and

(b) any Act that imposes Division 293 tax; and

(c) the *Taxation Administration Act 1953*, so far as it relates to any Act covered by paragraphs (a) and (b) (or to so much of that Act as is covered); and

(d) any other Act, so far as it relates to any Act covered by paragraphs (a) to (c) (or to so much of that Act as is covered); and

(e) regulations and other legislative instruments under an Act, so far as they relate to any Act covered by paragraphs (a) to (d) (or to so much of that Act as is covered).

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Division 405 payment has the meaning given by section 405-5 in Schedule 1 to the *Taxation Administration Act 1953*.

Division 405 report has the meaning given by section 405-10 in Schedule 1 to the *Taxation Administration Act 1953*.

Division 410 payment has the meaning given by section 410-5 in Schedule 1 to the *Taxation Administration Act 1953*.

Division 410 report has the meaning given by section 410-10 in Schedule 1 to the *Taxation Administration Act 1953*.

Division 415 payment has the meaning given by section 415-5 in Schedule 1 to the *Taxation Administration Act 1953*.

Division 417 payment has the meaning given by section 417-5 in Schedule 1 to the *Taxation Administration Act 1953*.

Division 832 control group has the meaning given by section 832-205.

documentary has the meaning given by section 376-25.

down interest has the meaning given by section 725-155.

DPT assessment has the meaning given by section 145-10 in Schedule 1 to the *Taxation Administration Act 1953*.

dual inclusion income has the meaning given by section 832-680.

dual listed company arrangement has the meaning given by section 125-60.

dual listed company voting share has the meaning given by section 125-60.

dual resident investment company has the meaning given by section 6F of the *Income Tax Assessment Act 1936*.

dwelling has the meaning given by section 118-115.

early retirement scheme has the meaning given by section 83-180.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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early retirement scheme payment has the meaning given by section 83-180.

early stage venture capital limited partnership has the meaning given by subsection 118-407(4).

economic infrastructure facility has the meaning given by section 12-439 in Schedule 1 to the *Taxation Administration Act 1953*.

effective life: the ***effective life*** of a *depreciating asset is worked out under sections 40-95, 40-100, 40-102, 40-103, 40-105 and 40-110.

effectively non-cancellable has the meaning given by section 250-130.

effectively non-contingent obligation has the meaning given by section 974-135.

election to rely on financial reports has the meaning given by section 230-395.

electronic payment means a payment by way of electronic transmission, in an electronic format approved by the Commissioner.

electronic sales suppression tool has the meaning given by section 8WAB of the *Taxation Administration Act 1953*.

electronic signature of an entity means a unique identification of the entity in electronic form that is approved by the Commissioner.

element taxed in the fund has the meaning given by section 307-275.

element untaxed in the fund has the meaning given by section 307-275.

eligible community housing provider has the meaning given by section 980-10.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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eligible continuing substantial member of a *former exempting entity has the meaning given by section 208-155.

eligible Division 166 company means a company:

(a) that is *not* a *widely held company; and

(b) in which:

(i) *voting stakes that carry rights to more than 50% of the voting power in the company; or

(ii) *dividend stakes that carry rights to receive more than 50% of any dividends that the company may pay; or

(iii) *capital stakes that carry rights to receive more than 50% of any distribution of capital of the company;

are beneficially owned (whether directly, or *indirectly through one or more interposed entities) by:

(iv) a widely held company; or

(v) an entity mentioned in subsection 166-245(2) that satisfies the condition in subsection 166-245(3); or

(vi) a *non-profit company; or

(vii) a charity; or

(viii) 2 or more entities mentioned in subparagraphs (iv) to (vii).

Note: For subparagraphs (b)(i), (ii) and (iii), Division 167 has special rules for working out rights to voting power, dividends and capital distributions in a company whose shares do not all carry the same rights to those matters.

eligible for a granny flat interest has the meaning given by subsection 137-10(2).

eligible security has the meaning given by section 775-190.

eligible tier-1 company has the meaning given by section 719-15.

eligible venture capital investment has the meaning given by sections 118-425 and 118-427.

Note: This meaning is also affected by subsection 118-435(2).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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eligible venture capital investor has the meaning given by subsection 118-415(2).

eligible venture capital partner has the meaning given by section 118-420.

employee share scheme has the meaning given by subsection 83A-10(2).

employee share trust has the meaning given by subsection 130-85(4).

Employment Secretary means the Secretary of the Department responsible for employment policy.

employment termination payment has the meaning given by section 82-130.

end benefit has the meaning given by section 133-130 in Schedule 1 to the *Taxation Administration Act 1953*.

endowment policy has the meaning given by section 295-480.

ends, in relation to a *corporate change, has the meaning given by section 166-175.

end user of an asset has the meaning given by section 250-50.

end value of an asset has the meaning given by section 250-180.

enterprise has the meaning given by section 9-20 of the *GST Act.

entertainment has the meaning given by section 32-10.

entity has the meaning given by section 960-100.

entity maintenance deduction has the meaning given by subsection 86-65(2).

environmental organisation has the meaning given by sections 30-260 and 30-275.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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environmental protection activities has the meaning given by section 40-755.

Environment Minister means the Minister administering the *Environment Protection and Biodiversity Conservation Act 1999*.

Environment Secretary means the Secretary of the Department administered by the *Environment Minister.

equity capital of an entity at a particular time means the total of the following as at that time:

(a) the issue price (however described) of each *equity interest in the entity that is still *on issue, reduced by so much (if any) of the issue price as remains unpaid;
(b) the entity's general reserves and asset revaluation reserves;
(c) the entity's retained earnings;
(d) the entity's net earnings (if any) for the current year, reduced by:
  (i) the *tax the entity expects to pay in respect of those net earnings; and
  (ii) so much of each distribution to the entity's *members that has been made or declared as at that time as is attributable to the entity's earnings for the current year;
(e) if the entity is a *corporate tax entity—provisions for *distributions of profit;
(f) if paragraph (e) does not apply—provisions for distributions to the entity's *members;

reduced by the total of the following as at that time:

(g) the entity's negative retained earnings (if any);
(h) the entity's net loss (if any) for the current year.

equity holder in a company means an entity that holds an *equity interest in the company.

equity interest in an entity has the meaning given by:

(a) in the case of a company—Subdivision 974-C; and
(b) in the case of a trust or partnership—section 820-930.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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equity or loan interest has the meaning given by section 727-520.

ESS deferred taxing point, for an *ESS interest, has the meaning given by sections 83A-115 and 83A-120.

Note 1: ESS is short for employee share scheme.

Note 2: For ESS interests acquired before 1 July 2009, see subsection 83A-5(4) of the *Income Tax (Transitional Provisions) Act 1997*.

ESS interest, in a company, has the meaning given by subsection 83A-10(1).

Note: ESS is short for employee share scheme.

ESVCLP means an *early stage venture capital limited partnership.

ETP cap amount has the meaning given by section 82-160.

excepted MIT CSA income has the meaning given by section 12-442 in Schedule 1 to the *Taxation Administration Act 1953*.

excepted trust has the meaning given by section 272-100 in Schedule 2F to the *Income Tax Assessment Act 1936*.

excess concessional contributions has the meaning given by section 291-20.

excess concessional contributions determination has the meaning given by section 97-5 in Schedule 1 to the *Taxation Administration Act 1953*.

excess exploration credit tax means tax imposed by the *Excess Exploration Credit Tax Act 2015*.

excess franking offsets has the meaning given by section 36-55.

excess non-concessional contributions has the meaning given by section 292-85.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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excess non-concessional contributions determination has the meaning given by subsection 97-25(2) in Schedule 1 to the *Taxation Administration Act 1953*.

excess non-concessional contributions tax means tax imposed under the *Superannuation (Excess Non-concessional Contributions Tax) Act 2007*.

excess non-concessional contributions tax assessment has the meaning given by sections 292-230 and 292-310.

excess transfer balance has the meaning given by section 294-30 and modified by section 294-140.

excess transfer balance determination has the meaning given by section 136-10 in Schedule 1 to the *Taxation Administration Act 1953*.

excess transfer balance earnings has the meaning given by section 294-235.

excess transfer balance period has the meaning given by section 294-230.

excess transfer balance tax means tax imposed by the *Superannuation (Excess Transfer Balance Tax) Imposition Act 2016*.

excess untaxed roll-over amount has the meaning given by section 306-15.

exchangeable interest has the meaning given by section 130-100.

excisable goods has the meaning given by the *GST Act.

Excise Acts has the meaning given by the *Excise Act 1901*.

excise duty has the meaning given by the *GST Act.

excise-equivalent goods has the same meaning as in the *Customs Act 1901*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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excise law means:

(a) the *Excise Act 1901*; and

(b) any Act that imposes *excise duty; and

(c) the *Taxation Administration Act 1953*, so far as it relates to any Act covered by paragraphs (a) and (b); and

(d) any other Act, so far as it relates to any Act covered by paragraphs (a) to (c) (or to so much of that Act as is covered); and

(e) regulations under any Act, so far as they relate to any Act covered by paragraphs (a) to (d) (or to so much of that Act as is covered).

excluded complying superannuation life insurance policy means a *life insurance policy that:

(a) provides only for *superannuation death benefits, *disability superannuation benefits or temporary disability benefits of a kind referred to in paragraph 295-460(c), that are not *participating benefits; or

(b) is an *exempt life insurance policy.

excluded equity interest has the meaning given by section 820-946.

excluded foreign resident has the meaning given by subsection 118-110(4).

excluded loss has the meaning given by sections 175-5 and 175-40.

excluded STB has the same meaning as in section 24AT of the *Income Tax Assessment Act 1936*.

exempt Australian government agency means:

(a) the Commonwealth, a State or a Territory; or

(b) an authority of the Commonwealth or of a State or a Territory whose *ordinary income and *statutory income is exempt from income tax because of Division 50; or

(c) an STB (within the meaning of Division 1AB of Part III of the *Income Tax Assessment Act 1936*) whose *ordinary

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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income and *statutory income is exempt from income tax under that Division of that Part.

exempt entity means:

(a) an entity all of whose *ordinary income and *statutory income is exempt from income tax because of this Act or because of another *Commonwealth law, no matter what kind of ordinary income or statutory income the entity might have; or

(b) an *untaxable Commonwealth entity.

Note: See section 11-5 for a list of entities of the kind referred to in paragraph (a).

exempt film income for an income year is so much of the amount, or the sum of the amounts, to which section 26AG of the *Income Tax Assessment Act 1936* applies in relation to you for the income year as is *exempt income.

exempt foreign employment income means amounts that are exempt from tax under section 23AF or 23AG of the *Income Tax Assessment Act 1936*.

exempt foreign government agency means:

(a) the government of a foreign country, or of part of a foreign country; or

(b) an authority of the government of a foreign country, if the authority is of a similar nature to an authority that is an *exempt Australian government agency; or

(c) an authority of the government of part of a foreign country, if the authority is of a similar nature to an authority that is an *exempt Australian government agency.

exempt income has the meaning given by section 6-20.

Note: For income years before 1997-98, ***exempt income*** has the meaning given by section 6-20 of the *Income Tax (Transitional Provisions) Act 1997*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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exempting account means an account that arises under section 208-110.

exempting credit has the meaning given by section 208-115.

exempting debit has the meaning given by section 208-120.

exempting deficit has the meaning given by subsection 208-125(2).

exempting entity has the meaning given by section 208-20 and affected by section 220-500 if relevant.

exempting percentage has the meaning given by section 208-95.

exempting surplus has the meaning given by subsection 208-125(1).

exempt institution that is eligible for a refund has the meaning given in section 207-115.

Note: This definition is affected by sections 207-119 to 207-136.

exempt life insurance policy has the meaning given by section 320-246.

Note: This definition is affected by section 320-247.

exempt life insurance policy liabilities of a *life insurance company means liabilities of the company under the *life insurance policies referred to in subsection 320-245(1).

expected financial benefits has the meaning given by section 250-95.

exploration benefit has the meaning given by subsection 40-1100(2).

exploration credit means an exploration credit created, or to be created under Subdivision 418-D.

exploration credits allocation for an entity for an income year has the meaning given by section 418-81.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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exploration credits remainder for an income year has the meaning given by subsection 418-103(2).

exploration investment has the meaning given by section 418-111.

exploration or prospecting has a meaning affected by subsection 40-730(4).

external indirect equity or loan interest in a *subsidiary member of a *consolidated group or *MEC group has the meaning given by section 715-610 or 719-775.

facility agreement has the meaning given by section 775-185.

failure to notify penalty means the penalty worked out under Division 2 of Part IIA of the *Taxation Administration Act 1953*.

fair value election has the meaning given by subsection 230-210(1).

Families Department means the Department administered by the *Families Minister.

Families Minister means the Minister administering the *Data-matching Program (Assistance and Tax) Act 1990*.

Families Secretary means the Secretary of the *Families Department.

family law superannuation payment has the meaning given by section 307-5.

family trust has the same meaning as in section 272-75 in Schedule 2F to the *Income Tax Assessment Act 1936*.

farm-in farm-out arrangement has the meaning given by subsection 40-1100(1).

farm management deposit has the meaning given by Subdivision 393-B.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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FATCA Agreement has the meaning given by section 396-15 in Schedule 1 to the *Taxation Administration Act 1953*.

feature film includes a *film that is an animated feature film, but does not include a film that is not *feature-length.

feature-length: a *film is ***feature-length*** if:

(a) if the film is a large format film—the film is at least 45 minutes in duration; and

(b) otherwise—the film is more than 60 minutes in duration.

feedstock revenue has the meaning given by subsection 355-445(4).

fencing asset has the meaning given by subsection 40-520(4).

FHSS eligible concessional contribution for a *financial year means a *concessional contribution for the financial year that is eligible to be released under section 138-35 in Schedule 1 to the *Taxation Administration Act 1953*.

FHSS eligible non-concessional contribution for a *financial year means a *non-concessional contribution for the financial year that is eligible to be released under section 138-35 in Schedule 1 to the *Taxation Administration Act 1953*.

FHSS maximum release amount has the meaning given by section 138-25 in Schedule 1 to the *Taxation Administration Act 1953*.

FHSS releasable contributions amount has the meaning given by subsection 138-30(1) in Schedule 1 to the *Taxation Administration Act 1953*.

FHSS released amounts has the meaning given by section 313-10.

FIFO cost method of working out the *value of a *registered emissions unit has the meaning given by section 420-52.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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film means an aggregate of images, or of images and sounds, embodied in any material.

film authority has the meaning given by section 376-55.

film component has the meaning given by section 36-40.

film deductions for an income year are the following:

(a) amounts you could deduct for the income year under former section 124ZAFA of the *Income Tax Assessment Act 1936*;

(b) amounts that you could deduct for the income year and to which former section 124ZAO of that Act applied in relation to you for the income year.

film loss has the meaning given by section 36-40.

Note: Section 701-30 (rules about where an entity is not a subsidiary member for the whole of an income year) may affect a film loss.

final RUNL has the meaning given by section 715-35.

Finance Department means the Department administered by the *Finance Minister.

financed property has the meaning given by section 243-30.

Finance Minister means the Minister administering the *Public Governance, Performance and Accountability Act 2013*.

Finance Secretary means the Secretary of the *Finance Department.

financial arrangement has the meaning given by sections 230-45 to 230-55.

financial benefit has the meaning given by section 974-160.

financial entity, at a particular time, means an entity other than an *ADI that is any of the following at that time:

(a) a registered corporation under the *Financial Sector (Collection of Data) Act 2001*;

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) a *securitisation vehicle;

(c) an entity that:

(i) is a financial services licensee within the meaning of the *Corporations Act 2001* whose licence covers dealings in at least one of the financial products mentioned in paragraphs 764A(1)(a), (b) and (j) of that Act; or

(ii) under paragraph 911A(2)(h) or (l) of the *Corporations Act 2001*, is exempt from the requirement to hold an Australian financial services licence for dealings in at least one of those financial products;

and carries on a *business of dealing in securities, but not predominantly for the purposes of dealing in securities with, or on behalf of, the entity's *associates;

Note 1: Paragraphs 764A(1)(a), (b) and (j) of the *Corporations Act 2001* deal respectively with securities, managed investment products and government debentures, stocks and bonds.

Note 2: Paragraph 911A(2)(h) of that Act exempts financial services provided to wholesale clients by a person who is regulated by an overseas regulatory authority if the provision of the service is covered by an exemption from the Australian Securities and Investments Commission (ASIC).

Note 3: Paragraph 911A(2)(l) of that Act empowers ASIC to exempt financial services.

(d) an entity that:

(i) is a financial services licensee within the meaning of the *Corporations Act 2001* whose licence covers dealings in derivatives within the meaning of that Act; or

(ii) under paragraph 911A(2)(h) or (l) of the *Corporations Act 2001*, is exempt from the requirement to hold an Australian financial services licence for dealings in such derivatives;

and carries on a business of dealing in such derivatives, but not predominantly for the purposes of dealing in such derivatives with, or on behalf of, the entity's associates.

financial institution has the meaning given by section 202A of the *Income Tax Assessment Act 1936*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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financial investment includes the following:

(a) a *share in a company;

(b) an interest in a managed investment scheme (within the meaning of the *Corporations Act 2001*);

(c) a *forestry interest in a *forestry managed investment scheme;

(d) a right or option in respect of an investment referred to in paragraph (a), (b) or (c);

(e) an investment of a like nature to any of those referred to in paragraphs (a) to (d).

financial year means a period of 12 months beginning on 1 July.

financing arrangement has the meaning given by section 974-130.

financing cost has the meaning given by section 26-80.

firearms surrender arrangements means:

(a) an *Australian law; or

(b) administrative arrangements of a State or Territory;

implementing the agreement arising from the meeting of the Police Ministers held on 10 May 1996 concerning the surrender of prohibited firearms.

first continuity period has the meaning given by section 165-120.

first home super saver determination has the meaning given by subsection 138-10(1) in Schedule 1 to the *Taxation Administration Act 1953*.

first home super saver scheme means the scheme set out in:

(a) Division 313; and

(b) Division 138 in Schedule 1 to the *Taxation Administration Act 1953*;

and other provisions as they relate to those Divisions.

first home super saver tax means the tax imposed by the *First Home Super Saver Tax Act 2017*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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first use time has the meaning given by section 41-30.

FITO allocation amount, of a particular character, has the meaning given by section 276-335.

fixed entitlement:

(a) an entity has a ***fixed entitlement*** to a share of the income or capital of a company, partnership or trust if the entity has a fixed entitlement to that share within the meaning of Division 272 in Schedule 2F to the *Income Tax Assessment Act 1936*; and

(b) despite paragraph (a) of this definition, a *beneficiary of a *CCIV sub-fund trust is taken to have a ***fixed entitlement*** to a share of the income or capital of the trust as provided by section 195-120 of this Act.

Note: Section 165-245 of this Act affects when an entity is taken to have held or had, directly or indirectly, a fixed entitlement to a share of income or capital of a company.

fixed trust: a trust is a ***fixed trust*** if entities have *fixed entitlements to all of the income and capital of the trust.

Note: AMITs are treated as fixed trusts (see section 276-55).

flexible care has the same meaning as in the *Aged Care Act 1997*.

flows indirectly:

(a) subsections 207-50(2), (3) and (4) set out the circumstances in which a *franked distribution flows indirectly to an entity; and

(b) subsection 207-50(5) sets out the circumstances in which a franked distribution flows indirectly through an entity; and

(c) section 208-175 sets out the circumstances in which a *distribution *franked with an exempting credit flows indirectly to an entity; and

(d) section 220-405 sets out the circumstances in which a supplementary dividend (as defined in section OB1 of the Income Tax Act 1994 of New Zealand) flows indirectly to an entity; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(e) subsections 380-25(2), (3) and (4) set out the circumstances in which *NRAS rent flows indirectly to an entity; and
(f) subsection 380-25(5) sets out the circumstances in which NRAS rent flows indirectly through an entity.

FMD provider (short for farm management deposit provider) has the meaning given by subsection 393-20(3).

fodder storage asset has the meaning given by subsection 40-520(3).

Foreign Affairs Minister means the Minister administering the *International Development Association Act 1960*.

foreign bank means an *ADI that is a *foreign entity.

foreign controlled Australian company has the meaning given by section 820-785.

foreign controlled Australian entity has the meaning given by section 820-780.

foreign controlled Australian partnership has the meaning given by section 820-795.

foreign controlled Australian trust has the meaning given by section 820-790.

foreign currency means a currency other than Australian currency.

foreign currency hedge has the meaning given by subsection 230-350(2).

foreign entity means an entity that is not an *Australian entity.

foreign equity distribution has the meaning given by section 768-10.

foreign exchange retranslation election has the meaning given by subsections 230-255(1) and (3).

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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foreign general insurance company means a company that is a foreign resident, and whose sole or principal business is *insurance business.

foreign government agency means:

(a) the government of a foreign country or of part of a foreign country; or

(b) an authority of the government of a foreign country; or

(c) an authority of the government of part of a foreign country.

foreign hybrid has the meaning given by section 830-5.

foreign hybrid company has the meaning given by section 830-15.

foreign hybrid limited partnership has the meaning given by section 830-10.

foreign hybrid mismatch rules means a *foreign law corresponding to any of Subdivisions 832-C, 832-D, 832-E, 832-F, 832-G or 832-H (which are about hybrid mismatches).

foreign hybrid net capital loss amount has the meaning given by section 830-55.

foreign hybrid revenue loss amount has the meaning given by paragraph 830-45(1)(a).

foreign hybrid tax provisions means:

(a) the *Income Tax Assessment Act 1936* (other than Division 5A of Part III); and

(b) this Act (other than Subdivision 830-A and 830-B); and

(c) an Act that imposes any tax payable under the *Income Tax Assessment Act 1936* or this Act; and

(d) the *Income Tax Rates Act 1986*; and

(e) the *Taxation Administration Act 1953*, so far as it relates to an Act covered by paragraph (a), (b) or (c); and

(f) any other Act, so far as it relates to an Act covered by paragraph (a), (b), (c), (d) or (e); and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(g) regulations under an Act covered by any of the preceding paragraphs.

foreign income tax has the meaning given by section 770-15.

foreign income tax deduction has the meaning given by section 832-120.

foreign law means a law of a foreign country.

Note: ***Foreign country*** is defined in section 2B of the *Acts Interpretation Act 1901*.

foreign life insurance company means a company that is a foreign resident, and whose sole or principal business is life insurance.

foreign pension fund has the meaning given by subsection 840-805(4B).

foreign public official has the same meaning as in section 70.1 of the *Criminal Code*.

foreign resident means a person who is not a resident of Australia for the purposes of the *Income Tax Assessment Act 1936*.

Note: ***Foreign resident*** is not asterisked in this Act.

foreign resident life insurance policy means a *life insurance policy that:

(a) was issued by a company in the course of carrying on a *business at or through the *permanent establishment of the company in a foreign country; and

(b) is held by an entity that is neither an *associate of the company nor a Part X Australian resident (within the meaning of Part X of the *Income Tax Assessment Act 1936*).

foreign revenue claim has the meaning given by section 263-10 in Schedule 1 to the *Taxation Administration Act 1953*.

foreign service of document request has the meaning given by section 263-60 in Schedule 1 to the *Taxation Administration Act 1953*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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foreign superannuation fund:

(a) a *superannuation fund is a ***foreign superannuation fund*** at a time if the fund is not an *Australian superannuation fund at that time; and

(b) a superannuation fund is a ***foreign superannuation fund*** for an income year if the fund is not an Australian superannuation fund for the income year.

foreign tax period, in relation to an entity, in relation to a foreign tax imposed by a tax law of a foreign country, means the accounting period used by the entity for the purposes of determining the tax base under that law.

foreign trust for CGT purposes means a trust that is not a *resident trust for CGT purposes.

foreign venture capital fund of funds has the meaning given by subsections 118-420(4) and (5).

forestry interest in a *forestry managed investment scheme has the meaning given by subsection 394-15(3).

forestry managed investment scheme has the meaning given by subsection 394-15(1).

forestry manager of a *forestry managed investment scheme has the meaning given by subsection 394-15(2).

forestry road has the meaning given by subsection section 43-72.

forex cost base has the meaning given by section 775-85.

forex entitlement base has the meaning given by section 775-90.

forex realisation event means any of the forex realisation events described in Division 775.

forex realisation gain: for each *forex realisation event a ***forex realisation gain*** is worked out in the way described in the event.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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forex realisation loss: for each *forex realisation event a ***forex realisation loss*** is worked out in the way described in the event.

forgive a debt has the meaning given by sections 245-35, 245-36 and 245-37.

Note: Subdivisions 245-C to 245-G (about forgiveness of commercial debts) apply to certain arrangements as if the arrangements were forgiveness of debts: see section 245-45.

forgiveness income year, in relation to a debt that is *forgiven, means the income year in which the debt is forgiven.

form approved by Industry Innovation and Science Australia has the same meaning as in section 33-5 of the *Venture Capital Act 2002*.

former exempting entity has the meaning given by section 208-50.

fourth element expenditure has the meaning given by section 104-185.

frankable distribution has the meaning given by section 202-40.

frankable with a venture capital credit has the meaning given by section 210-50.

franked distribution: a *distribution is franked if an entity *franks it in accordance with section 202-5.

franked part of a *distribution has the meaning given by section 976-1.

franking account means an account that arises under section 205-10.

Note 1: Section 205-15 sets out when a credit arises in that account.

Note 2: Section 205-30 sets out when a debit arises in that account.

franking account balance has the meaning given by section 214-30.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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franking assessment has the meaning given by subsection 214-60(1) and affected by section 214-100.

franking credit has the meaning given by section 205-15.

franking debit has the meaning given by section 205-30.

franking deficit has the meaning given by subsection 205-40(2).

franking deficit tax means tax imposed under the *New Business Tax System (Franking Deficit Tax) Act 2002*.

Note: That Act imposes tax where it is payable under section 205-45 of this Act.

franking entity has the meaning given by section 202-15.

franking percentage has the meaning given by section 203-35.

franking period has the meaning given by sections 203-40 and 203-45.

franking return means a return required under Subdivision 214-A.

franking surplus has the meaning given by subsection 205-40(1).

franking tax has the meaning given by section 214-40.

franks with an exempting credit has the meaning given by section 208-60.

frank with a venture capital credit has the meaning given by section 210-30.

friendly society means:

(a) a body that is a friendly society for the purposes of the *Life Insurance Act 1995*; or

(b) a body that is registered or incorporated as a friendly society under a *State law or a *Territory law; or

(c) a body that is permitted, by a *State law or a *Territory law, to assume or use the expression ***friendly society***; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(d) a body that, immediately before the date that is the transfer date for the purposes of the *Financial Sector Reform (Amendments and Transitional Provisions) Act (No. 1) 1999*, was registered or incorporated as a friendly society under a *State law or a *Territory law.

friendly society dispensary means an approved pharmacist (within the meaning of Part VII of the *National Health Act 1953*) that is:

(a) a *friendly society; or

(b) a body carrying on *business for the benefit of members of a *friendly society.

fringe benefit means:

(a) a fringe benefit as defined by subsection 136(1) of *the Fringe Benefits Tax Assessment Act 1986*; and

(b) a benefit that would be a fringe benefit (as defined by subsection 136(1) of that Act) if paragraphs (d) and (e) of the definition of ***employer*** in that subsection of that Act were omitted.

fringe benefits taxable amount has the meaning given by section 5B of the *Fringe Benefits Tax Assessment Act 1986*.

fringe benefits tax law means a provision of an Act or regulations under which the extent of liability for tax imposed by the *Fringe Benefits Tax Act 1986* is worked out.

FS assessment debt means an FS assessment debt under:

(a) subsection 19AB(2) of the *Social Security Act 1991*; or

(b) the *Student Assistance Act 1973* as in force at a time on or after 1 July 1998.

FTB amount for an income year means an amount of family tax benefit (within the meaning of the *A New Tax System (Family Assistance) (Administration) Act 1999*) to which an individual is entitled in respect of the income year.

fuel tax credit has the meaning given by section 110-5 of the *Fuel Tax Act 2006*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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fuel tax law has the meaning given by section 110-5 of the *Fuel Tax Act 2006*.

fuel tax return means a return under the *Fuel Tax Act 2006*.

fuel tax return period has the meaning given by section 61-20 of the *Fuel Tax Act 2006*.

full year amounts has the meaning given by section 165-60.

full year deductions has the meaning given by subsections 165-55(5) and (6).

fund payment has the meaning given by sections 12-405 and 12A-110 in Schedule 1 to the *Taxation Administration Act 1953*.

fund-raising event has the meaning given by section 40-165 of the *GST Act, as modified by the omission of subparagraph 40-165(1)(b)(i) of that Act.

funeral policy means a *life insurance policy issued by a *friendly society for the sole purpose of providing benefits to pay for the funeral of the insured person.

Future Fund Board means the Future Fund Board of Guardians established by section 34 of the *Future Fund Act 2006*.

gainfully employed means employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.

gaining entity for an *indirect value shift has the meaning given by section 727-150.

GDP-adjusted notional tax has the meaning given by section 45-405 in Schedule 1 to the *Taxation Administration Act 1953*.

GDP amount for a *quarter has the meaning given by section 45-405 in Schedule 1 to the *Taxation Administration Act 1953*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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general deduction has the meaning given by section 8-1.

general insurance company means a body corporate that carries on *insurance business.

general insurance policy means a policy of insurance that is not a *life insurance policy or an *annuity instrument.

general interest charge means the charge worked out under Part IIA of the *Taxation Administration Act 1953*.

general partner means a partner of a *limited partnership whose liability in relation to the partnership is not limited.

general small business pool has the meaning given by section 328-185.

general transfer balance cap has the meaning given by section 294-35.

genuine redundancy payment has the meaning given by section 83-175.

geothermal energy extraction has the meaning given by subsection 15-40(4).

geothermal energy resources means matter occurring naturally within the Earth and containing energy as heat.

geothermal exploration information has the meaning given by subsection 15-40(3).

global financial statements has the meaning given by section 960-570.

global GST amount has the meaning given by section 195-1 of the *GST Act.

global method:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) of working out whether a company has an unrealised net loss at a particular time, has the meaning given by section 165-115E; and
(b) of working out whether a company has an adjusted unrealised loss at a particular time, has the meaning given by section 165-115U.

global parent entity has the meaning given by section 960-560.

goes for at least 4 hours, in relation to a *seminar, has the meaning given by subsection 32-65(2).

government entity has the meaning given by section 41 of the *A New Tax System (Australian Business Number) Act 1999*.

granny flat interest has the meaning given by subsection 137-10(1).

greater benefit from franking credits has a meaning affected by subsections 204-30(7) and (8).

greater benefits:
(a) under an *indirect value shift, has the meaning given by subsection 727-150(3); and
(b) under a *presumed indirect value shift, has the meaning given by subsection 727-855(1).

greenfields minerals expenditure has the meaning given by section 418-80.

greenfields minerals explorer has the meaning given by section 418-75.

gross averaging amount has the meaning given by section 392-70.

gross forgiven amount has the meaning given by section 245-75.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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gross vehicle mass of a vehicle means:

(a) the road weight specified by the manufacturer of the vehicle as the maximum design weight capacity of the vehicle; or

(b) in the absence of such a specification, the sum of:

(i) the weight of the vehicle; and

(ii) the weight of the maximum load for which the vehicle was designed (including the weight of the driver and a full tank of fuel, if applicable).

group heading has the meaning given by section 950-100.

GST has the meaning given by section 195-1 of the *GST Act.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

GST-free has the meaning given by section 195-1 of the *GST Act.

GST group has the meaning given by section 195-1 of the *GST Act.

GST inclusive market value has the meaning given by section 195-1 of the *GST Act.

GST joint venture has the meaning given by section 51-5 of the *GST Act.

GST law has the meaning given by section 195-1 of the *GST Act.

GST return has the same meaning as in section 195-1 of the *GST Act.

GST turnover has the meaning given by section 195-1 of the *GST Act.

guaranteed residual value for an asset that is put to a tax preferred use has the meaning given by subsection 250-85(3).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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guarantee period, for an annuity provided under a *structured settlement or a *structured order, has the meaning given by subsection 54-35(2).

Guide has the meaning given by section 950-150.

harm prevention charity has the meaning given by section 30-288.

head company:

(a) in relation to a *consolidated group or *consolidatable group—has the meaning given by section 703-15; and

(b) of a *MEC group—has the meaning given by section 719-75.

head entity of a demerger group has the meaning given by section 125-65.

Health Minister means the Minister administering the *National Health Act 1953*.

Health Secretary means the Secretary of the Department administered by the *Health Minister.

hedged item has the meaning given by subsections 230-335(10) and (11).

hedging financial arrangement has the meaning given by subsections 230-335(1) to (9) and sections 230-340 and 230-345.

hedging financial arrangement election has the meaning given by section 230-315.

held: see ***hold***.

Heritage Secretary means the Secretary of the Department administered by the Minister administering the *Australian Heritage Council Act 2003*.

HIH company has the meaning given by section 322-5.

HIH Trust has the meaning given by section 322-5.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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hire purchase agreement means:

(a) a contract for the hire of goods where:

(i) the hirer has the right, obligation or contingent obligation to buy the goods; and

Note: An example of a contingent obligation is a put option.

(ii) the charge that is or may be made for the hire, together with any other amount payable under the contract (including an amount to buy the goods or to exercise an option to do so), exceeds the price of the goods; and

(iii) title in the goods does not pass to the hirer until the option referred to in subparagraph (a)(i) is exercised; or

(b) an agreement for the purchase of goods by instalments where title in the goods does not pass until the final instalment is paid.

hold:

(a) ***hold*** a car for the purposes of Division 28 has the meaning given by section 28-90; and

(b) ***hold*** a *depreciating asset has the meaning given by section 40-40; and

(c) ***hold*** a *registered emissions unit has the meaning given by section 420-12.

horse opening value has the meaning given by subsection 70-65(1).

horse reduction amount has the meaning given by subsection 70-65(2).

horticultural plant has the meaning given by section 40-520.

horticulture has the meaning given by section 40-535.

hotel building has the meaning given by section 43-95.

housing and welfare means:

(a) residential accommodation; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) health, education, recreation or similar facilities, or facilities for meals; or

(c) works carried out directly in connection with such accommodation or facilities, including works for providing water, light, power, access or communications.

Housing Secretary means the Secretary of the Department administered by the Minister administering the *National Rental Affordability Scheme Act 2008*.

hybrid financial instrument mismatch has the meaning given by section 832-200.

hybrid mismatch has the meaning given by sections 832-215, 832-230, 832-310, 832-400, 832-475, 832-545 and 832-620.

hybrid payer has the meaning given by section 832-320.

hybrid payer mismatch has the meaning given by section 832-305.

hypothetical tax position has the meaning given by section 45-615 in Schedule 1 to the *Taxation Administration Act 1953*.

immediate annuity means an *annuity that is presently payable.

Immigration Department means the Department administered by the Minister administering the *Migration Act 1958*.

Immigration Secretary means the Secretary of the *Immigration Department.

import has the meaning given by section 195-1 of the *GST Act.

import declaration has the meaning given by the *Customs Act 1901*.

import declaration advice has the meaning given by the *Customs Act 1901*.

imported hybrid mismatch has the meaning given by section 832-615.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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importing payment, in relation to an *offshore hybrid mismatch, has the meaning given by section 832-625.

improvement threshold has the meaning given by section 108-85.

imputation benefit has the meaning given by subsection 204-30(6).

imputation system means the rules in Part 3-6.

IMR entity has the meaning given by section 842-220.

IMR financial arrangement has the meaning given by section 842-225.

IMR widely held entity has the meaning given by sections 842-230 and 842-240.

in a position to affect rights has the meaning given by section 975-150.

incapacitated entity has the meaning given by section 195-1 of the *GST Act.

incidental costs has the meaning given by section 110-35.

incidental forestry scheme receipts has the meaning given by subsection 394-30(4).

incidental shipping activities has the meaning given by section 51-115.

income bond means a *life insurance policy issued by a *friendly society under which bonuses are regularly distributed.

income company has the meaning given by section 170-10.

income for surcharge purposes, for a person and an income year, means the sum of the following:

(a) the person's taxable income for the income year (disregarding the person's *assessable FHSS released amount for the income year and subsection 271-105(1) in Schedule 2F to the *Income Tax Assessment Act 1936*);

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) the person's *reportable fringe benefits total (if any) for the income year;
(c) the person's *reportable superannuation contributions for the income year;
(d) the person's *total net investment loss for the income year;

less the amount mentioned in subsection 301-20(3) for the person for the income year if the person is entitled to a tax offset under subsection 301-20(2) for the income year.

income tax means income tax imposed by any of these:
(a) the *Income Tax Act 1986*;
(b) the *Income Tax (Diverted Income) Act 1981*;
(c) the *Income Tax (Former Complying Superannuation Funds) Act 1994*;
(d) the *Income Tax (Former Non-resident Superannuation Funds) Act 1994*;
(e) the *Income Tax (Fund Contributions) Act 1989*.

income tax law means a provision of an Act or regulations under which is worked out the extent of liability for:
(a) *tax; or
(b) *Medicare levy; or
(c) *franking tax; or
(d) *withholding tax; or
(e) *mining withholding tax; or
(f) tax payable in accordance with subsection 276-340(2), 276-410(2), 276-425(2) or 276-820(6) (AMIT offset taxation).

income tax liability, of an entity for an income year, is the amount assessed as being the amount of income tax that the entity owes (as mentioned in step 4 of the method statement in subsection 4-10(3)) for the financial year applicable to the entity under subsection 4-10(2).

income tax return means a return under section 161, 162 or 163 of the *Income Tax Assessment Act 1936*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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income year: the basic meaning is given by subsections 4-10(2) and 9-5(2). Some provisions refer to a particular income year. (They may describe it in different ways: for example, as the income year ending on 30 June 1998, or the 1997-98 income year.) For an entity that adopts an accounting period in place of the particular income year, the reference includes:

(a) the adopted accounting period; or

(b) if the adopted accounting period ends under section 18A of the *Income Tax Assessment Act 1936*:

(i) in relation to the commencing of the income year—the adopted accounting period (as ending under that section); or

(ii) in relation to the ending of the income year—the accounting period ending under that section on the day on which the adopted accounting period would (but for that section) have ended.

Note 1: The Commissioner can allow you to adopt an accounting period ending on a day other than 30 June. See section 18 of the *Income Tax Assessment Act 1936*.

Note 2: An accounting period ends, and a new accounting period starts, when a partnership becomes, or ceases to be, a VCLP, an ESVCLP, an AFOF or a VCMP. See section 18A of the *Income Tax Assessment Act 1936*.

in connection with: an economic benefit is *provided ***in connection with*** a *scheme if at least one of the tests in section 727-160 is satisfied.

increase time for a *direct value shift has the meaning given by section 725-155.

increasing adjustment has the meaning given by section 195-1 of the *GST Act.

independent Australian fund manager has the meaning given by section 842-245.

independent candidate has the meaning given by section 30-244.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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independent member has the meaning given by section 30-245.

indexation factor:

(a) for an amount mentioned in a provision listed at items 8 to 12 in section 960-265—***indexation factor*** has the meaning given by section 960-285; or

(aa) for the amount mentioned in the provision listed at item 14 in section 960-265—***indexation factor*** has the meaning given by section 960-290; or

(b) for an amount mentioned in a provision listed at another item in section 960-265—***indexation factor*** has the meaning given by section 960-275.

index number:

(a) for an amount mentioned in a provision listed at items 8 to 12 in section 960-265—***index number*** has the meaning given by section 960-285; or

(b) for any other amount (other than the amount mentioned in the provision listed at item 14 in section 960-265)—***index number*** has the meaning given by section 960-280.

Indigenous holding entity has the meaning given by subsection 59-50(6).

Indigenous land means any estate or interest in land that, under an *Australian law relating to *Indigenous persons, is held for the use or benefit of Indigenous persons.

Indigenous person means an individual who is:

(a) a member of the Aboriginal race of Australia; or

(b) a descendant of an Indigenous inhabitant of the Torres Strait Islands.

indirect Australian real property interest has the meaning given by section 855-25.

indirect equity interests: an entity has ***indirect equity interests*** in a company if it has *shares or other interests in entities interposed between the entity and the company.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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indirect equity or loan interest has the meaning given by section 727-525.

indirectly: entities have the right to receive *dividends or capital of a company ***indirectly*** for their own benefit if they would receive the dividends or capital for their own benefit if:

(a) the company were to pay or distribute the dividends or capital; and

(b) the dividends or capital were then successively paid or distributed by each entity interposed between the company and those entities.

An *ultimate owner ***indirectly*** has a beneficial interest in a *CGT asset of an entity, or in *ordinary income that may be *derived from a *CGT asset of an entity, as described in section 149-15.

indirect participation interest has the meaning given by section 960-185.

indirect primary equity interest has the meaning given by section 727-220.

indirect roll-over replacement has the meaning given by section 723-110.

indirect small business participation percentage has the meaning given by section 152-75.

indirect SRWUIP payment has the meaning given by subsection 59-67(4).

indirect tax means any of the following:

(a) *GST;

(b) *wine tax;

(c) *luxury car tax.

indirect tax document means a document that:

(a) was obtained by you in the course of:

(i) your appointment or employment by the Commonwealth; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(ii) the performance of services by you for the Commonwealth; or

(iii) the exercise of powers, or the performance of functions, by you under a delegation by the Commissioner; and

(b) was made or given under, or for the purposes of, an *indirect tax law.

Example: A GST return is a document made for the purposes of an indirect tax law.

indirect tax information means information that:

(a) was obtained by you in the course of:

(i) your appointment or employment by the Commonwealth; or

(ii) the performance of services by you for the Commonwealth; or

(iii) the exercise of powers, or the performance of functions, by you under a delegation by the Commissioner; and

(b) was disclosed or obtained under an *indirect tax law; and

(c) relates to the affairs of an entity other than you.

indirect tax law means any of the following:

(a) the *GST law;

(b) the *wine tax law;

(c) the *luxury car tax law;

(d) the *fuel tax law.

indirect tax or excise ruling means a *public ruling or a *private ruling, to the extent that the ruling relates to:

(a) an *indirect tax law (other than the *fuel tax law); or

(b) an *excise law.

indirect value shift has the meaning given by Subdivision 727-B.

indirect voting percentage in a company has the meaning given by section 768-555.

individual means a natural person.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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individual asset method:

(a) of working out whether a company has an unrealised net loss at a particular time, has the meaning given by section 165-115E; and

(b) of working out whether a company has an adjusted unrealised loss at a particular time, has the meaning given by section 165-115U.

individual superannuation guarantee shortfall has the meaning given by section 19 of the *Superannuation Guarantee (Administration) Act 1992*.

industrial activities has the meaning given by section 43-150.

industrial instrument means:

(a) an *Australian law; or

(b) an award, order, determination or industrial agreement in force under an *Australian law.

Industry Department means the Department administered by the Minister administering the *Industry Research and Development Act 1986*.

Industry Innovation and Science Australia means the board established by section 6 of the *Industry Research and Development Act 1986*.

Industry Secretary means the Secretary of the *Industry Department.

information exchange country has the meaning given by section 12-385 in Schedule 1 to the *Taxation Administration Act 1953*.

Infrastructure CEO means the Chief Executive Officer of Infrastructure Australia appointed under section 29 of the *Infrastructure Australia Act 2008*.

infrastructure project capital expenditure has the meaning given by subsection 415-75(4).

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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infrastructure project designation rules has the meaning given by section 415-100.

in-house dining facility has the meaning given by section 32-55.

in-house software is computer software, or a *right to use computer software, that you acquire, develop or have another entity develop:

(a) that is mainly for you to use in performing the functions for which the software was developed; and

(b) for which you cannot deduct amounts under a provision of this Act outside Divisions 40 and 328.

initial head company instalment rate, for a *head company of a *consolidated group, or a *provisional head company of a *MEC group, is an *instalment rate worked out on the basis of:

(a) for a group that comes into existence in an income year under section 703-50 or 719-50—the first *base assessment of a company as the head company of that group for which the *base year is that income year; and

(b) for a group (the ***later group***) for which either of the following conditions is satisfied:

(i) the later group is *created from a group (the ***first group***) that comes into existence under section 703-50 or 719-50;

(ii) starting from the first group, consolidated groups or MEC groups are successively created, ending in the creation of the later group;

the first base assessment of a company as the head company of the first group, the later group or any other group covered by subparagraph (ii), for which the base year is the income year in which the first group comes into existence.

Note: For example, subparagraph (b)(ii) covers a consolidated group that is created from a MEC group, which was in turn created from a consolidated group that came into existence under section 703-50.

initial participant in a *forestry managed investment scheme has the meaning given by subsection 394-15(5).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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injected amount has the meaning given by sections 175-10, 175-20 and 175-85.

injured person:

(a) in relation to a *structured settlement, has the meaning given by subparagraph 54-10(1)(a)(i); and

(b) in relation to a *structured order, has the meaning given by subparagraph 54-10(1A)(a)(i).

input tax credit has the meaning given by section 195-1 of the *GST Act.

input taxed has the meaning given by section 195-1 of the *GST Act.

installed ready for use means installed ready for use and held in reserve.

instalment group has the meaning given by section 45-145 in Schedule 1 to the *Taxation Administration Act 1953*.

instalment income has the meaning given by sections 45-120, 45-260, 45-280, 45-285, 45-286 and 45-465 in Schedule 1 to the *Taxation Administration Act 1953*.

instalment month has the meaning given by section 45-65 in Schedule 1 to the *Taxation Administration Act 1953*.

instalment of petroleum resource rent tax is an instalment of tax payable under Division 2 of Part VIII of the *Petroleum Resource Rent Tax Assessment Act 1987*.

instalment quarter has the meaning given by section 45-60 in Schedule 1 to the *Taxation Administration Act 1953*.

instalment trust has the meaning given by section 235-825.

instalment trust asset has the meaning given by section 235-825.

insurance business has the same meaning as in the *Insurance Act 1973*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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intellectual property: an item of ***intellectual property*** consists of the rights (including equitable rights) that an entity has under a *Commonwealth law as:

(a) the patentee, or a licensee, of a patent; or

(b) the owner, or a licensee, of a registered design; or

(c) the owner, or a licensee, of a copyright;

or of equivalent rights under a *foreign law.

interest in membership interests has the same meaning as in section 177EA of the *Income Tax Assessment Act 1936.*

interest realignment adjustment has the meaning given by subsection 40-364(7).

interest realignment arrangement has the meaning given by subsection 40-363(5).

interest that will or may convert into another interest has the meaning given by section 974-165.

intermediate controller has the meaning given by subsection 727-530(2).

international tax agreement means an agreement (within the meaning of the *International Tax Agreements Act 1953*) to which that Act gives the force of law.

international tax sharing treaty:

(a) means an agreement between Australia and another country under which Australia and the other country share tax revenues from activities undertaken in an area identified by or under the agreement; and

(b) does not include an agreement within the meaning of the *International Tax Agreements Act 1953*.

invalidity segment, of an *employment termination payment, has the meaning given by section 82-150.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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investment body for a *Part VA investment has the meaning given by section 202D of the *Income Tax Assessment Act 1936*.

investment commitment time has the meaning given by section 41-25.

investment registration requirement:

(a) in relation to a *VCLP—has the meaning given by subsection 9-1(2) of the *Venture Capital Act 2002*; and

(ab) in relation to an *ESVCLP—has the meaning given by subsection 9-3(2) of the *Venture Capital Act 2002*; and

(b) in relation to an *AFOF—has the meaning given by subsection 9-5(2) of the *Venture Capital Act 2002*.

investor for a *Part VA investment has the meaning given by section 202D of the *Income Tax Assessment Act 1936*.

invoice means a document notifying an obligation to make a payment.

involuntary roll-over superannuation benefit has the meaning given by section 306-12.

inward investing entity (ADI) has the meaning given by sections 820-395 and 820-609.

Note: Section 820-430 allows an inward investor (financial) to be treated as an inward investing entity (ADI) in certain cases.

inward investing entity (non-ADI) has the meaning given by sections 820-185, 820-583, 820-609 and 820-610.

inward investment vehicle (financial) has the meaning given by sections 820-185, 820-583, 820-609 and 820-610.

Note: Section 820-430 allows an inward investment vehicle (financial) to be treated as an outward investing entity (ADI) in certain cases.

inward investment vehicle (general) has the meaning given by sections 820-185 and 820-583.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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inward investor (financial) has the meaning given by section 820-185.

Note: Section 820-430 allows an inward investor (financial) to be treated as an inward investing entity (ADI) in certain cases.

inward investor (general) has the meaning given by section 820-185.

irrigation water provider has the meaning given by section 40-515.

IRU is an indefeasible *right to use a telecommunications cable system.

issued, in relation to a *debt interest, has the meaning given by paragraph 974-55(1)(d).

issue pool, for exploration investment made in an entity in an income year, has the meaning given by section 418-115.

IVS period has the meaning given by section 727-150.

IVS time has the meaning given by section 727-150.

joint venture operator for a *GST joint venture has the meaning given by section 195-1 of the *GST Act.

JPDA (short for Joint Petroleum Development Area) has the same meaning as it has in the *Petroleum (Timor Sea Treaty) Act 2003*.

KiwiSaver scheme has the meaning given by the KiwiSaver Act 2006 of New Zealand.

KiwiSaver scheme provider means a provider (within the meaning of the KiwiSaver Act 2006 of New Zealand).

Kyoto unit has the same meaning as in the *Australian National Registry of Emissions Units Act 2011*.

labour hire notional withheld amount has the meaning given by section 16-125 in Schedule 1 to the *Taxation Administration Act 1953*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Laminaria and Corallina decommissioning levy means levy imposed by the *Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) Act 2022*.

landcare operation has the meaning given by section 40-635.

large withholder has the meaning given by section 16-95 in Schedule 1 to the *Taxation Administration Act 1953*.

last retirement day means:

(a) if an individual's employment or office would have terminated when he or she reached a particular age or completed a particular period of service—the day he or she would reach the age or complete the period of service (as the case may be); or

(b) in any other case—the day on which he or she would turn 65.

laundry expense has the meaning given by section 900-40.

law enforcement agency has the meaning given by section 355-70 in Schedule 1 to the *Taxation Administration Act 1953*.

legal personal representative means:

(a) an executor or administrator of an estate of an individual who has died; or

(b) a trustee of an estate of an individual who is under a legal disability; or

(c) a person who holds a general power of attorney that was granted by another person.

legal practitioner means a person who is enrolled as a barrister, a solicitor or a barrister and solicitor of:

(a) a federal court; or

(b) a court of a State or Territory.

leisure facility has the meaning given by subsection 26-50(2).

lesser benefits:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) under an *indirect value shift, has the meaning given by paragraph 727-150(3)(a); and
(b) under a *presumed indirect value shift, has the meaning given by paragraph 727-855(1)(c).

liability, of a *sub-fund of a *CCIV, means any of the liabilities of the sub-fund, ascertained in accordance with Subdivision C of Division 3 of Part 8B.5 of the *Corporations Act 2001*.

liable entity has the meaning given by section 832-325.

LIC capital gain has the meaning given by section 115-285.

life benefit termination payment has the meaning given by subsection 82-130(2).

life events test has the meaning given by subsection 118-110(5).

life insurance business means:
(a) a business to the extent that it consists of issuing *life insurance policies; and
(b) any business that relates to a business to which paragraph (a) applies.

life insurance company means a company registered under section 21 of the *Life Insurance Act 1995*.

life insurance policy has the meaning given to the expression ***life policy*** in the *Life Insurance Act 1995* but includes:
(a) a contract made in the course of carrying on business that is *life insurance business because of a declaration in force under section 12A or 12B of that Act; and
(b) a sinking fund policy within the meaning of that Act.

life insurance premium includes consideration received or receivable in respect of the grant of, or the undertaking of liabilities in respect of, an *annuity or a *personal injury lump sum.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Note: Certain other amounts are treated as life insurance premiums when the life insurance business of a life insurance company is transferred to another life insurance company: see section 320-320.

like customable goods has the same meaning as in the *Customs Act 1901*.

limited partner means a partner of a *limited partnership whose liability in relation to the partnership is limited.

limited partnership means:

(a) an association of persons (other than a company) carrying on business as partners or in receipt of *ordinary income or *statutory income jointly, where the liability of at least one of those persons is limited; or

(b) an association of persons (other than one referred to in paragraph (a)) with legal personality separate from those persons that was formed solely for the purpose of becoming a *VCLP, an *ESVCLP, an *AFOF or a *VCMP and to carry on activities that are carried on by a body of that kind.

limited recourse debt has the meaning given by section 243-20.

linked assets and liabilities has the meaning given by subsection 705-59(2).

linked group has the meaning given by section 170-260.

listed country has the meaning given by section 320 of the *Income Tax Assessment Act 1936*.

listed investment company has the meaning given by section 115-290.

listed public company means a company *shares in which (except shares that carry a right to a fixed rate of *dividend) are listed for quotation in the official list of an *approved stock exchange. However, a company is *not* a ***listed public company*** if:

(a) a person (who is not a company) controls, or is able to control, or up to 20 persons (none of them companies)

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between them control, or are able to control, 75% or more of the voting power in the company (whether directly, or indirectly through one or more interposed entities); or

(b) a person (who is not a company) has, or up to 20 persons (none of them companies) have between them, the right to receive for their own benefit (whether directly, or *indirectly through one or more interposed entities) 75% or more of any *dividends that the company may pay; or

(c) a person (who is not a company) has, or up to 20 persons (none of them companies) have between them, the right to receive for their own benefit (whether directly, or *indirectly through one or more interposed entities) 75% or more of any distribution of capital of the company.

listed widely held trust has the meaning given by section 272-115 in Schedule 2F to the *Income Tax Assessment Act 1936*.

live stock does *not* include animals used as beasts of burden or working beasts in a *business other than a *primary production business.

local governing body means a local governing body established by or under a *State law or *Territory law.

lodge electronically: a document is lodged electronically if it is transmitted to the Commissioner in an electronic format approved by the Commissioner.

long service leave employment period has the meaning given by subsection 83-90(4).

long term bond rate, for a period, means:

(a) the average, expressed as a decimal fraction to 4 decimal places (rounding up if the fifth decimal place is 5 or more), of the daily assessed Australian Government bond capital market yields in respect of 10-year non-rebate Treasury bonds published by the Reserve Bank in relation to the period; or

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(b) if no such yields in respect of bonds of that kind were published by the Reserve Bank in relation to the period, the decimal fraction determined by the Minister by legislative instrument for the purposes of this definition in relation to the period.

look-through earnout right has the meaning given by subsection 118-565(1) or (4).

losing entity for an *indirect value shift has the meaning given by section 727-150.

loss carry back choice has the meaning given by section 160-15.

loss carry back tax offset has the meaning given by section 160-5.

loss carry back tax offset component has the meaning given by subsection 160-10(2).

loss company:

(a) at a particular time, has the meaning given by section 165-115R or 165-115S; and

(b) in relation to a transfer of a *tax loss or a *net capital loss has the meaning given by section 170-10 or 170-110.

loss denial balance of a *loss denial pool of an entity has the meaning given by sections 715-60, 715-70, 715-110, 715-135, 715-355 and 715-360.

loss denial pool of an entity has the meaning given by sections 715-60, 715-70, 715-110, 715-135, 715-355 and 715-360.

loss exposure amount has the meaning given by section 830-60.

loss-focussed basis has the meaning given by section 727-780.

loss year has the meaning given by sections 36-10, 165-70 and 175-35.

Note: The meaning of ***loss year*** in sections 36-10, 165-70 and 175-35 is modified by section 36-55 for a corporate tax entity that has an amount of excess franking offsets.

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low-cost asset has the meaning given by section 40-425.

low rate cap amount has the meaning given by section 307-345.

low tax component has the meaning given by section 295-545.

low tax contributions has the meaning given by sections 293-25 and 293-105.

low-value asset has the meaning given by section 40-425.

luxury car: a *car is a ***luxury car*** at a time if section 40-230 would reduce its *cost as a *depreciating asset if an entity acquired it at that time for its *market value.

Note 1: Division 242 treats a lease of a luxury car as a notional sale of the car by the lessor to the lessee financed by a notional loan by the lessor to the lessee.

Note 2: Section 242-10 of the *Income Tax (Transitional Provisions) Act 1997* extends this definition to cover reductions of cost under former provisions corresponding to section 40-230.

luxury car lease payment, in relation to a *car to which Division 242 (about luxury car leases) applies, means an amount that the lessee under the lease is required to pay for the rental or hire of the car, but does not include:

(a) an amount in the nature of a penalty payable for failure to make a payment for rental or hire on time; or

(b) a *termination amount.

luxury car lease payment period means a period for which a *luxury car lease payment under the lease is allocated or expressed to be payable.

Note: If a luxury car lease payment period for a lease of a luxury car would otherwise be longer than 6 months, subsection 242-35(3) divides the original period into periods of no longer than 6 months.

luxury car tax has the meaning given by section 27-1 of the *Luxury Car Tax Act.

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Luxury Car Tax Act means the *A New Tax System (Luxury Car Tax) Act 1999*.

luxury car tax law has the meaning given by section 27-1 of the *Luxury Car Tax Act.

majority control has the meaning given by section 45-145 in Schedule 1 to the *Taxation Administration Act 1953*.

majority underlying interests in a *CGT asset has the meaning given by section 149-15.

make, in relation to a *film, has the meaning given by section 376-125.

managed investment scheme means an entity, with more than 20 members, that is:

(a) a managed investment scheme for the purposes of the *Corporations Act 2001*; or

(b) an entity with a similar status to a managed investment scheme under a *foreign law relating to corporate regulation.

managed investment trust has the meaning given by section 275-10.

managed investment trust withholding tax means income tax payable under:

(a) Subdivision 840-M of this Act; or

(b) Subdivision 840-M of the *Income Tax (Transitional Provisions) Act 1997*.

margin scheme has the same meaning as in the *GST Act.

market integrity rules means rules made under section 798G of the *Corporations Act 2001*.

market value has a meaning affected by Subdivision 960-S.

market value method of working out the *value of a *registered emissions unit has the meaning given by section 420-54.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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maximum allowable debt:

(a) for an *outward investing entity (non-ADI)—has the meaning given by section 820-90 (or that section as applied by section 820-120); and

(b) for an *inward investing entity (non-ADI) covered by paragraph 820-185(1)(a) (or 820-225(1)(a))—has the meaning given by section 820-190 (or that section as applied by section 820-225).

maximum available release amount, for a *superannuation interest, has the meaning given by section 131-45 in Schedule 1 to the *Taxation Administration Act 1953*.

maximum exempt area has the meaning given by section 118-255.

maximum exploration credit amount for an income year has the meaning given by subsection 418-85(2).

maximum franking credit for a distribution has the meaning given by subsection 202-60(2).

MBL benefit has the meaning given by section 117-15 in Schedule 1 to the *Taxation Administration Act 1953*.

MBL reporting day, for a *quarter, has the meaning given by subsection 115-5(3) in Schedule 1 to the *Taxation Administration Act 1953*.

MDO has the meaning given by section 5 of the *Medical Indemnity Act 2002*.

meal allowance has the meaning given by section 900-30.

meal allowance expense has the meaning given by section 900-30.

MEC group has the meaning given by section 719-5.

Note 1: Part 3-90 contains rules relating to the tax treatment of consolidated groups. Division 719 (of that Part) applies those rules to MEC groups with modifications (see section 719-2).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Note 2: Provisions in the *Income Tax Assessment Act 1936* and in the *Income Tax Assessment Act 1997* (other than in Part 3-90) referring only to consolidated groups do *not* apply to MEC groups.

Medicare levy has the meaning given by the *Income Tax Assessment Act 1936*.

Medicare levy (fringe benefits) surcharge means Medicare levy surcharge imposed by the *A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999*.

Medicare levy surcharge means:

(a) an amount (other than a nil amount) of *Medicare levy that is payable by you only because of section 8B, 8C, 8D, 8E, 8F or 8G of the *Medicare Levy Act 1986*; or

(b) *Medicare levy (fringe benefits) surcharge.

medium withholder has the meaning given by section 16-100 in Schedule 1 to the *Taxation Administration Act 1953*.

member:

(a) in relation to a *GST group—has the meaning given by section 195-1 of the *GST Act; and

(b) in relation to a *consolidated group or *consolidatable group—has the meaning given by section 703-15; and

(ba) in relation to a *MEC group—has the meaning given by section 719-25; and

(bb) in relation to a *potential MEC group—has the meaning given by section 719-10; and

(bc) in relation to a *country by country reporting group—has the meaning given by section 815-380; and

(bd) in relation to a *notional listed company group—has the meaning given by section 960-575; and

(be) in relation to a *sovereign entity group—has the meaning given by section 880-20; and

(c) in relation to an entity—has the meaning given by section 960-130; and

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(d) in relation to a *copyright collecting society, means:
  (i) any entity that has been admitted as a member under the society's *constitution; or
  (ii) any entity that has authorised the society to license the use of his or her copyright material; and
(e) in relation to an *NRAS consortium—means:
  (i) an entity (other than in the capacity as a partner of a partnership) that is a party to the contractual *arrangement, or to one of the contractual arrangements, that established the NRAS consortium (whether or not the entity was a party to the arrangement when the NRAS consortium was established); or
  (ii) a partnership, if all of the partners of the partnership are parties to the contractual arrangement, or to one of the contractual arrangements, that established the NRAS consortium (whether or not the partners were parties to the arrangement when the NRAS consortium was established); and
(f) in relation to a *sub-fund of a *CCIV—means a person who is, under subsection 1222Q(3) of the *Corporations Act 2001*, a member of the sub-fund.

member component has the meaning given by section 276-210.

member of the Forces has the meaning given by section 52-105.

member of the tax preferred end user group has the meaning given by paragraph 250-60(4)(a).

member of the tax preferred sector has the meaning given by paragraph 250-60(4)(b).

membership interest in an entity has the meaning given by section 960-135.

member spouse means a member spouse within the meaning of Part VIIIB or VIIIC of the *Family Law Act 1975*.

metering point on land has the meaning given by section 40-655.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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minerals has a meaning affected by subsection 40-730(5).

minerals treatment has the meaning given by section 40-875.

minimum capital amount:

(a) for an *outward investing entity (ADI)—has the meaning given by section 820-305 (or that section as applied by section 820-330); and

(b) for an *inward investing entity (ADI)—has the meaning given by section 820-400 (or that section as applied by section 820-420).

minimum holding period, for an *ESS interest, has the meaning given by subsection 83A-45(5).

mining and quarrying operations has the meaning given by section 40-730.

mining building site has the meaning given by section 40-740.

mining capital expenditure has the meaning given by section 40-860.

mining entitlement has the meaning given by subsection 124-710(2).

mining payment has the meaning given by section 128U of the *Income Tax Assessment Act 1936*.

mining, quarrying or prospecting information has the meaning given by subsection 40-730(8).

mining, quarrying or prospecting right is:

(a) an authority, licence, permit or right under an *Australian law to mine, quarry or prospect for *minerals, *petroleum or quarry materials; or

(b) a lease of land that allows the lessee to mine, quarry or prospect for minerals, petroleum or quarry materials on the land; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(c) an interest in such an authority, licence, permit, right or lease; or

(d) any rights that:

(i) are in respect of buildings or other improvements (including anything covered by the definition of ***housing and welfare***) that are on the land concerned or are used in connection with operations on it; and

(ii) are acquired with such an authority, licence, permit, right, lease or interest.

However, a right in respect of anything covered by the definition of ***housing and welfare*** in relation to a quarrying site is not a ***mining, quarrying or prospecting right***.

mining site rehabilitation has the meaning given by section 40-735.

mining withholding tax means income tax payable under section 128V of the *Income Tax Assessment Act 1936*.

MIT agricultural income has the meaning given by sections 12-448 and 12-449 in Schedule 1 to the *Taxation Administration Act 1953*.

MIT cross staple arrangement income has the meaning given by sections 12-437 and 12-440 in Schedule 1 to the *Taxation Administration Act 1953*.

MIT participation interest has the meaning given by section 275-40.

MIT residential housing income has the meaning given by sections 12-450 and 12-451 in Schedule 1 to the *Taxation Administration Act 1953*.

MIT trading trust income has the meaning given by sections 12-446 and 12-447 in Schedule 1 to the *Taxation Administration Act 1953*.

MLS lump sums has the meaning given by section 61-590.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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modified market value of an entity has the meaning given by section 707-325.

money, in relation to the *consideration for a *taxable supply, has the same meaning as in the *GST Act.

money equivalent means:

(a) a right to receive money or something that is a *money equivalent under this definition; or

(b) a *financial arrangement (within the meaning of section 230-45).

moneylending debt means a debt resulting from a loan of money in the ordinary course of a *business of lending money carried on by the creditor.

monthly payer has the meaning given by section 45-136 in Schedule 1 to the *Taxation Administration Act 1953*.

more than 50% of the company's capital distributions has the meaning given by section 165-160.

more than 50% of the company's dividends has the meaning given by section 165-155.

more than 50% of the voting power has the meaning given by section 165-150.

more than a 50% stake:

(a) ***more than a 50% stake*** in a company has the meaning given by section 165-37; and

(b) ***more than a 50% stake*** in the income or capital of a trust has the meaning given by section 269-50 in Schedule 2F to the *Income Tax Assessment Act 1936*.

motor vehicle means any motor-powered road vehicle (including a 4 wheel drive vehicle).

MPR test day has the meaning given by subsection 45-138(4) in Schedule 1 to the *Taxation Administration Act 1953*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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multi-rate trustee has the meaning given by section 45-455 in Schedule 1 to the *Taxation Administration Act 1953*.

mutual affiliate company has the meaning given by section 121AC of the *Income Tax Assessment Act 1936*.

mutual insurance company has the meaning given by section 121AB of the *Income Tax Assessment Act 1936*.

MySuper product has the same meaning as in the *Superannuation Industry (Supervision) Act 1993*.

National Rental Affordability Scheme has the same meaning as in the *National Rental Affordability Scheme Act 2008*.

native title has the same meaning as in the *Native Title Act 1993*.

native title benefit has the meaning given by subsection 59-50(5).

natural resource means *minerals or any other non-living resource of the land, sea-bed or sea.

NDIS amount has the meaning given by the *National Disability Insurance Scheme Act 2013*.

net amount has the same meaning as in section 195-1 of the *GST Act.

net assessable film income for an income year is your *assessable film income for that year reduced by your *film deductions for that year.

net asset amount has the meaning given by section 104-95.

net capital gain has the meaning given by sections 102-5 and 165-111.

Note: For income years before 1998-99, ***net capital gain*** has the meaning given by section 102-20 of the *Income Tax (Transitional Provisions) Act 1997*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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net capital loss has the meaning given by sections 102-10 and 165-114 and affected by section 701-30.

net current termination value of a *life insurance policy means so much of the *current termination value of the policy as relates to the part of the policy that is not reinsured under a *contract of reinsurance.

net exempt film income for an income year is your *exempt film income for that year reduced by:

(a) any taxes payable in respect of that income in a country or place outside Australia; and

(b) any expenses (not of a capital nature) so far as you incurred them during that year in deriving that income.

net exempt income has the meaning given by section 36-20.

net forgiven amount, of a debt, has the meaning given by sections 245-85 and 245-90.

net fuel amount has the meaning given by section 60-5 of the *Fuel Tax Act 2006*.

net GST: Your ***net GST*** for a *supply, is:

(a) the *GST payable by you on the supply; plus

(b) the sum of any *increasing adjustments that you have relating to the supply; minus

(c) the sum of any *decreasing adjustments that you have relating to the supply.

net income:

(a) of a partnership—has the same meaning as in Division 5 of Part III of the *Income Tax Assessment Act 1936*; and

(b) of a trust (other than a *public trading trust or an *AMIT)—has the same meaning as in Division 6 of Part III of that Act; and

(c) of a public trading trust—has the same meaning as in Division 6C of Part III of that Act; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(d) of an AMIT—means the AMIT's total assessable income, reduced by all deductions of the AMIT.

net input tax credit: Your ***net input tax credit*** for an *acquisition or *importation is:

(a) the amount of any *input tax credit to which you are entitled for the acquisition or *importation; minus

(b) the sum of any *increasing adjustments that you have relating to the acquisition or *importation; plus

(c) the sum of any *decreasing adjustments that you have relating to the acquisition or *importation.

net investment component of ordinary life insurance policies has the meaning given by subsection 713-515(4).

net overstated amount has the meaning given by subsection 104-525(3).

net premium for a *life insurance policy means the amount of the *life insurance premium for the policy less the part (if any) of that premium that is reinsured under a *contract of reinsurance.

net risk component of a *life insurance policy means so much of the policy's risk component as:

(a) is not reinsured under a *contract of reinsurance; or

(b) is reinsured under a contract of reinsurance to which subsection 148(1) of the *Income Tax Assessment Act 1936* applies.

net small business income, of a *small business entity, has the meaning given by section 328-365.

net understated amount has the meaning given by subsection 104-525(3).

net value of an entity means the amount by which the sum of the *market values of the assets of the entity exceeds the sum of its liabilities.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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net value of the CGT assets of an entity has the meaning given by section 152-20.

neutralising amount:

(a) for a *hybrid payer mismatch—has the meaning given by section 832-330; and

(b) for a *deducting hybrid mismatch—has the meaning given by section 832-560.

new investment threshold has the meaning given by section 41-35.

new residential premises has the same meaning as in the *GST Act.

New Zealand-sourced amount has the meaning given by the regulations mentioned in section 312-5 (about trans-Tasman portability of retirement savings).

non-ADI financial institution has the meaning given by subsection 128A(1) of the *Income Tax Assessment Act 1936*.

non-arm's length component has the meaning given by section 295-545.

non-arm's length income has the meaning given by sections 295-550 and 275-610.

non-arm's length limited recourse debt has the meaning given by subsection 243-20(7).

non-assessable non-exempt income has the meaning given by section 6-23.

non-cash benefit is property or services in any form except money. If a non-cash benefit is dealt with on behalf of an entity, or is provided or dealt with as an entity directs, the benefit is taken to be provided to the entity.

non-complying approved deposit fund means an *approved deposit fund that is not a *complying approved deposit fund.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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non-complying superannuation fund means a *superannuation fund that:

(a) is a fund; and

(b) is not a *complying superannuation fund.

non-compulsory, in relation to a *uniform, has the meaning given by subsection 34-15(2).

non-concessional contributions has the meaning given by section 292-90.

non-concessional contributions cap has the meaning given by section 292-85.

non-concessional MIT income has the meaning given by section 12-435 in Schedule 1 to the *Taxation Administration Act 1953*.

non-debt liabilities, of an entity and at a particular time, means liabilities that the entity has at that time, other than:

(a) any *debt capital of the entity; or

(b) any *equity interest in the entity; or

(c) if the entity is a *corporate tax entity—a provision for a *distribution of profit; or

(ca) if paragraph (c) does not apply—a provision for a distribution to the entity's *members; or

(d) any liability of the entity under a securities loan arrangement if, as at that time, the entity:

(i) has received amounts for the sale of securities (other than any fees associated with the sale) under the arrangement; and

(ii) has not repurchased the securities under the arrangement; or

(e) a liability of the entity, to the extent that it meets the conditions for being taken into account in working out the *borrowed securities amount of the entity as at that time.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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non-entity joint venture means an arrangement that the Commissioner is satisfied is a contractual arrangement:

(a) under which 2 or more parties undertake an economic activity that is subject to the joint control of the parties; and

(b) that is entered into to obtain individual benefits for the parties, in the form of a share of the output of the arrangement rather than joint or collective profits for all the parties.

non-equity share means a *share that is not an *equity interest in the company.

Note: A share will not be an equity interest if it is characterised as, or forms part of a larger interest that is characterised as, a debt interest under Subdivision 974-B.

non-fixed trust means a trust that is not a *fixed trust.

non-membership equity interest: an interest in an entity is a ***non-membership equity interest*** in the entity at a time to the extent that it is *not* an accounting liability (within the meaning of subsection 705-70(1)) of the entity at that time, if:

(a) the interest is *not* a *membership interest in the entity at that time; and

(b) the interest is *not* a *debt interest in the entity at that time.

In determining the extent to which the interest is *not* an accounting liability at that time:

(c) treat each reference in subsection 705-70(1) to the joining entity as instead being a reference to the entity; and

(d) treat the reference in that subsection to the joining time as instead being a reference to that time.

non-member spouse means a non-member spouse within the meaning of Part VIIIB or VIIIC of the *Family Law Act 1975*.

non-portfolio interest test: an interest held by an entity in another entity passes the ***non-portfolio interest test*** in the circumstances set out in section 960-195.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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non-primary production deductions has the meaning given by subsection 392-85(3).

non-primary production shade-out amount has the meaning given by subsections 392-90(2) and (3).

non-profit company has the meaning given by section 3 of the *Income Tax Act 1986.*

non-profit sub-entity has the meaning given by section 195-1 of the *GST Act.

non-quotation withholding payment means a *withholding payment covered by Subdivision 12-E in Schedule 1 to the *Taxation Administration Act 1953*.

Note: Subdivision 12-E and Division 14 in that Schedule deal with collecting amounts on account of income tax payable by recipients of certain payments or non-cash benefits who have not quoted their tax file number or ABN, as appropriate.

non-share capital account means the account provided for by section 164-10.

non-share capital return has the meaning given by section 974-125.

non-share distribution has the meaning given by section 974-115.

non-share dividend has the meaning given by section 974-120.

non-share equity interest in a company means an *equity interest in the company that is not solely a *share.

no-TFN contributions income has the meaning given by section 295-610.

notional buyer has the meaning given by section 240-17.

notional depreciation for a lease period has the meaning given by section 20-120.

notional employer has the meaning given by section 28-185.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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notional interest has the meaning given by section 240-60.

notional listed company group has the meaning given by section 960-575.

notional loss:

(a) of a company—has the meaning given by sections 165-50 and 165-75; and

(b) of a partnership—has the meaning given by sections 165-80 and 165-85.

notional net capital gain has the meaning given by section 165-108.

notional net capital loss has the meaning given by section 165-108.

notional net income of a partnership has the meaning given by sections 165-80 and 165-85.

notional seller has the meaning given by section 240-17.

notional tax has the meaning given by sections 45-325 and 45-475 in Schedule 1 to the *Taxation Administration Act 1953*.

notional taxable income has the meaning given by sections 165-50 and 165-75.

notional taxed contributions has the meaning given by section 291-170.

notional written down value of a *depreciating asset has the meaning given by section 58-75.

NRAS approved participant (short for National Rental Affordability Scheme approved participant), of an *NRAS consortium, means a *member of the NRAS consortium who is the approved participant (within the meaning of the regulations made for the purposes of the *National Rental Affordability Scheme Act 2008*) for the NRAS consortium.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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NRAS certificate (short for National Rental Affordability Scheme certificate) means a certificate issued by the *Housing Secretary under the *National Rental Affordability Scheme.

NRAS consortium (short for National Rental Affordability Scheme consortium) means a consortium, joint venture or *non-entity joint venture:

(a) established by one or more contractual *arrangements, the purpose of which are to facilitate the leasing of *NRAS dwellings; and

(b) that is not a *corporate tax entity, a *superannuation fund, a trust or a partnership.

NRAS dwelling (short for National Rental Affordability Scheme dwelling) means an approved rental dwelling (within the meaning of the regulations made for the purposes of the *National Rental Affordability Scheme Act 2008*).

NRAS rent (short for National Rental Affordability Scheme rent) means rent *derived from a *NRAS dwelling under the *National Rental Affordability Scheme for an income year.

NRAS year has the same meaning as in the *National Rental Affordability Scheme Act 2008*.

NZ franking choice has the meaning given by section 220-35.

NZ franking company has the meaning given by section 220-30.

NZ resident has the meaning given by section 220-20.

OB activity has the meaning given by section 121D of the *Income Tax Assessment Act 1936*.

occupation specific clothing has the meaning given by subsection 34-20(1).

officially quoted price has the meaning given by subsections 124-784A(6) and (7).

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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off-market buy-back means a purchase that is a buy-back and an off-market purchase for the purposes of Division 16K of Part III of the *Income Tax Assessment Act 1936*.

off-market purchase has the meaning given by section 159GZZZJ of the *Income Tax Assessment Act 1936*.

offshore banking unit has the meaning given by section 128AE of the *Income Tax Assessment Act 1936*.

offshore document has the meaning given by section 353-25 in Schedule 1 to the *Taxation Administration Act 1953*.

offshore hybrid mismatch has the meaning given by sections 832-195, 832-300, 832-390, 832-465 and 832-540.

offshore information has the meaning given by section 353-25 in Schedule 1 to the *Taxation Administration Act 1953*.

on issue:

(a) a *debt interest is ***on issue*** as provided in paragraph 974-55(1)(e); and

(b) an *equity interest in an entity:

(i) is ***on issue*** from when it is issued until it stops being on issue because of subparagraph (ii); and

(ii) stops being ***on issue*** when, for reasons other than the economic performance of the entity (or of a *connected entity of the entity), there is no longer a reasonable likelihood that a substantial *financial benefit will be provided in respect of the interest under the *scheme, or under any of the schemes, that give rise to the interest.

on-lent amount, of an entity and at a particular time, means the value, as at that time, of:

(a) all the assets of the entity that are comprised by *debt interests issued by other entities; and

(b) all the assets of the entity that are comprised by leases for the hire of goods that are not covered by paragraph (a) and in relation to which the following subparagraphs are satisfied:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(i) each of the leases is for a term of 6 months or more;
(ii) the leases are part of the *business of hiring goods that the entity carries on;
(iii) the entity's business of hiring goods is not carried on predominantly for the purposes of hiring goods to the entity's *associates; and

(c) all the securities that were held by the entity that:
(i) have been sold by the entity under a reciprocal purchase agreement (otherwise known as a repurchase agreement), sell-buyback arrangement or securities loan arrangement; but
(ii) have not yet been repurchased by the entity under the agreement or arrangement; and

(d) if the entity:
(i) carries on a *business of dealing in securities; and
(ii) does not carry on that business predominantly for the purposes of dealing in securities with, or on behalf of, the entity's *associates;

all *shares that:
(iii) the entity holds at that time; and
(iv) are listed at that time for quotation in the official list of an *approved stock exchange; and
(v) are not shares in an *associate entity at that time of the entity.

on-market buy-back means a purchase that is a buy-back and an on-market purchase for the purposes of Division 16K of Part III of the *Income Tax Assessment Act 1936*.

opening adjustable value of a *depreciating asset has the meaning given by section 40-85.

opening pool balance has the meaning given by section 328-195.

operating entity has the meaning given by section 12-436 in Schedule 1 to the *Taxation Administration Act 1953*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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oral ruling has the meaning given by section 360-5 in Schedule 1 to the *Taxation Administration Act 1953*.

ordinary capital gain has the meaning given by section 124ZW of the *Income Tax Assessment Act 1936*.

ordinary class for a taxable income of a *life insurance company has the meaning given by section 320-139.

ordinary class for a *tax loss of a *life insurance company has the meaning given by section 320-143.

ordinary debt interest has the meaning given by section 974-140.

ordinary income has the meaning given by section 6-5.

ordinary investment policy means a *life insurance policy that is not:

(a) a *complying superannuation life insurance policy; or
(b) an *exempt life insurance policy; or
(c) a policy that provides for *participating benefits or *discretionary benefits; or
(d) a policy (other than a *funeral policy) under which amounts are to be paid only on the death or disability of a person.

ordinary payment is defined as set out in this table:

Ordinary payment

Item	***Ordinary payment*, in relation to this kind of a payment:**	**has the meaning given by:**
1	Payment under the ABSTUDY scheme	subsection 52-131(8)
2	Payment under the *Military Rehabilitation and Compensation Act 2004*	subsection 52-114(3)
3	Social security payment	subsection 52-10(3)
4	Veterans' affairs payment	subsection 52-65(4)

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original excess non-concessional contributions tax assessment day has the meaning given by section 292-305.

original franking assessment day has the meaning given by subsection 214-95(2).

outstanding, within the context of *franking returns, has the meaning given by subsection 214-45(3).

outstanding claims at the end of an income year (the ***current income year***) under *general insurance policies means claims under the policies that:

(a) the *general insurance company concerned is liable to pay; and

(b) arose from insured events that occurred in the current income year or an earlier income year; and

(c) were not paid in full before the end of the current income year.

outstanding foreign hybrid net capital loss amount has the meaning given by section 830-70.

outstanding foreign hybrid revenue loss amount has the meaning given by section 830-65.

outstanding tax-related liability of an entity at a particular time means a *tax-related liability of the entity:

(a) that has arisen at or before that time (whether or not it is due and payable at that time); and

(b) an amount of which has not been paid before that time.

outward investing entity (ADI) has the meaning given by sections 820-300, 820-583 and 820-609.

Note: Section 820-430:

- allows an outward investor (financial) to be treated as an outward investing entity (ADI) in certain cases; and
- allows an inward investment vehicle (financial) to be treated as an outward investing entity (ADI) in certain cases.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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outward investing entity (non-ADI) has the meaning given by sections 820-85, 820-583, 820-609 and 820-610.

outward investor (financial) has the meaning given by sections 820-85, 820-583, 820-609 and 820-610.

Note: Section 820-430 allows an outward investor (financial) to be treated as an outward investing entity (ADI) in certain cases.

outward investor (general) has the meaning given by sections 820-85 and 820-583.

over, of a particular character, has the meaning given by section 276-345.

over-franking tax means tax imposed under the *New Business Tax System (Over-franking Tax) Act 2002*.

Note: The Act imposes tax where it is payable under section 203-50 of this Act.

overseas fund has the meaning given by section 74 of the *Life Insurance Act 1995*.

overseas permanent establishment, of an entity, means a *permanent establishment of the entity that is in a country other than Australia.

owner of a *farm management deposit has the meaning given by subsection 393-25(1).

ownership interest: an ***ownership interest***:

(a) in land or a *dwelling—has the meaning given by section 118-130; and

(b) in a company or trust—has the meaning given by section 125-60.

ownership period of a *dwelling has the meaning given by section 118-125.

ownership test period has the meaning given by sections 165-12, 165-37 and 165-123, and affected by sections 415-35 and 415-40.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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ownership test time has the meaning given by section 166-145.

paid-up share capital of a company means the amount standing to the credit of the company's *share capital account reduced by the amount (if any) that represents amounts unpaid on shares.

parent: an individual is the ***parent*** of anyone who is the individual's *child.

parental leave pay has the meaning given by the *Paid Parental Leave Act 2010*.

part of the *spectrum specified in a *spectrum licence has the meaning given by section 5 of the *Radiocommunications Act 1992*.

partial interest in a *corporate tax entity has the meaning given by subsection 208-25(3).

participant:

(a) ***participant***, in relation to a *GST joint venture, has the meaning given by section 195-1 of the *GST Act; and

(a) ***participant*** in a *forestry managed investment scheme has the meaning given by subsection 394-15(4).

participating benefit has the meaning given by section 15 of the *Life Insurance Act 1995*.

participating PDF has the meaning given by section 210-40.

partnership means:

(a) an association of persons (other than a company or a *limited partnership) carrying on business as partners or in receipt of *ordinary income or *statutory income jointly; or

(b) a limited partnership.

Note 1: Division 830 treats foreign hybrid companies as partnerships.

Note 2: A reference to a partnership does not include a reference to a corporate limited partnership: see section 94K of the *Income Tax Assessment Act 1936*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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partnership cost setting interest, in a partnership, has the meaning given by section 713-210.

partnership loss has the same meaning as in Division 5 of Part III of the *Income Tax Assessment Act 1936*.

partner's proportion has the meaning given by subsection 355-505(2).

part of a distribution that is franked with an exempting credit has the meaning given by section 976-10.

part of a distribution that is franked with a venture capital credit has the meaning given by section 976-15.

Part VA investment means an investment of a kind mentioned in section 202D of the *Income Tax Assessment Act 1936*.

party, in relation to a *structured arrangement, has the meaning given by subsection 832-210(3).

passes: a *CGT asset ***passes*** to a beneficiary in an individual's estate in the way described in section 128-20.

PAYG instalment means an instalment payable under Division 45 in Schedule 1 to the *Taxation Administration Act 1953*.

PAYG instalment period means:

(a) for a *quarterly payer—an *instalment quarter in relation to which a *PAYG instalment is paid; and

(b) for an *annual payer—an income year in relation to which a PAYG instalment is paid.

PAYG instalment variation credit means a credit under section 45-215 or 45-420 in Schedule 1 to the *Taxation Administration Act 1953*.

PAYG payment period means:

(a) for a *personal services entity that is a *small withholder—any *quarter; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) for any other personal services entity—any month.

PAYG withholding branch has the meaning given by section 16-142 in Schedule 1 to the *Taxation Administration Act 1953*.

PAYG withholding non-compliance tax means the Pay as you go withholding non-compliance tax imposed under the *Pay As You Go Withholding Non-compliance Tax Act 2012*.

payment, of a *carried interest, includes the meanings given in subsection 104-255(7).

payment split means a payment split within the meaning of Part VIIIB or VIIIC of the *Family Law Act 1975*.

payment summary has the meaning given by section 16-170 in Schedule 1 to the *Taxation Administration Act 1953*.

pays a PAYG instalment has the meaning given by subsection 205-20(1).

pays diverted profits tax has the meaning given by subsection 205-20(3A).

pays income tax has the meaning given by subsection 205-20(3).

PDF (pooled development fund) means a company that is a PDF within the meaning of the *Pooled Development Funds Act 1992*.

PE: see ***permanent establishment***.

pension age has the meaning given by subsection 23(1) of the *Social Security Act 1991*.

Note: In Subdivision 52-E, ***pension age*** has the meaning given by subsection 52-131(9).

performing artist has the meaning given by subsections 405-25(2) and (3).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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periodic aggregate tax information has the meaning given by subsection 355-47(2) in Schedule 1 to the *Taxation Administration Act 1953*.

period of review, for an assessment of an *assessable amount, has the meaning given by section 155-35 in Schedule 1 to the *Taxation Administration Act 1953*.

Note 1: For the purposes of diverted profits tax, this definition is modified in respect of a DPT assessment (see section 145-15 in Schedule 1 to the *Taxation Administration Act 1953*).

Note 2: For the purposes of Laminaria and Corallina decommissioning levy, this definition is modified in respect of an amount of that levy (see section 125-15 in Schedule 1 to the *Taxation Administration Act 1953)*.

period of the loan has the meaning given by subsection 25-25(5).

permanent establishment has the meaning given by subsection 6(1) of the *Income Tax Assessment Act 1936*.

permanent establishment article has the meaning given by section 855-16.

permitted entity value has the meaning given by section 118-440.

permitted loan has the same meaning as in section 9-10 of the *Venture Capital Act 2002*.

person includes a company.

personal injury annuity has the meaning given by section 54-5.

personal injury lump sum has the meaning given by section 54-5.

personal services business has the meanings given by subsection 87-15(1) and section 87-55.

personal services business determination means a determination under section 87-60 or 87-65.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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personal services business test has the meaning given by subsection 87-15(2).

personal services entity has the meaning given by subsection 86-15(2).

personal services income has the meaning given by section 84-5.

personal services payment remitter has the meaning given by section 13-15 in Schedule 1 to the *Taxation Administration Act 1953*.

personal use asset has the meaning given by section 108-20.

petroleum has the meaning given by subsection 40-730(6).

Petroleum Exploration Permit WA-523-P permit area has the meaning given by subsection 417-10(2).

petroleum resource rent tax means tax imposed by any of the following:

(a) the *Petroleum Resource Rent Tax (Imposition—General) Act 2012*;
(b) the *Petroleum Resource Rent Tax (Imposition—Customs) Act 2012*;
(c) the *Petroleum Resource Rent Tax (Imposition—Excise) Act 2012*;

as assessed under the *Petroleum Resource Rent Tax Assessment Act 1987*.

petroleum resource rent tax amount means any debt or credit that arises directly under the *petroleum resource rent tax provisions.

petroleum resource rent tax law means:

(a) the *Petroleum Resource Rent Tax Assessment Act 1987*; and
(b) any Act that imposes *petroleum resource rent tax; and
(c) the *Taxation Administration Act 1953*, so far as it relates to any Act covered by paragraphs (a) and (b); and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(d) any other Act, so far as it relates to any Act covered by paragraphs (a) to (c) (or to so much of that Act as is covered); and
(e) regulations under an Act, so far as they relate to any Act covered by paragraphs (a) to (d) (or to so much of that Act as is covered).

petroleum resource rent tax provisions means the *petroleum resource rent tax law, other than *BAS provisions.

PHIIB (short for ***private health insurance incentive beneficiary***) has the meaning given by the *Private Health Insurance Act 2007*.

plant has the meaning given by section 45-40.

policy owners' retained profits for *life insurance policies means Australian policy owners' retained profits, or overseas policy owners' retained profits, as defined by section 61 of the *Life Insurance Act 1995*, in relation to the statutory fund (within the meaning of section 29 of that Act) to which the business of issuing the policies relates.

policy termination value, in relation to a *life insurance policy at a particular time, means the amount that is, within the meaning of prudential standards made under section 230A of the *Life Insurance Act 1995*, the termination value of that policy at that time.

pooled development fund means a *PDF.

pooled interest in an *eligible tier-1 company that is a member of a *MEC group has the meaning given by section 719-560.

pooled superannuation trust means a pooled superannuation trust within the meaning of section 48 of the *Superannuation Industry (Supervision) Act 1993*.

pool of construction expenditure has the meaning given by section 43-85.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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position to affect rights has the meaning given by section 975-150.

post-17/8/93 period has the meaning given by subsection 83-90(3).

post-AMMA actual payment has the meaning given by section 12A-210 in Schedule 1 to the *Taxation Administration Act 1953*.

post-CGT asset means a *CGT asset that is not a *pre-CGT asset.

post-choice NZ franking company has the meaning given by section 220-300.

post, digital and visual effects production for a *film has the meaning given by section 376-35.

potential MEC group has the meaning given by section 719-10.

potential residential land has the same meaning as in the *GST Act.

pre-16/8/78 period has the meaning given by subsection 83-90(1).

pre-18/8/93 period has the meaning given by subsection 83-90(2).

pre-AMMA actual payment has the meaning given by section 12A-210 in Schedule 1 to the *Taxation Administration Act 1953*.

pre-CGT asset has the meaning given by section 149-10.

pre-CGT proportion has the meaning given by section 705-125.

precious metal has the same meaning as in the *GST Act.

precluded asset has the meaning given by subsection 122-25(3).

predominant economic interest in an asset has the meaning given by sections 250-110 to 250-140.

predominantly-services indirect value shift has the meaning given by section 727-725.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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pre-existing audited book value of a *depreciating asset has the meaning given by section 58-85.

pre-July 83 segment, of an *employment termination payment, has the meaning given by section 82-155.

pre-owned has the meaning given by subsection 118-428(2).

pre-school course has the same meaning as in the *GST Act.

prescribed dual resident has the meaning given by subsection 6(1) of the *Income Tax Assessment Act 1936*.

prescribed excluded STB means an *excluded STB that is prescribed by the regulations for the purposes of Division 1AB of Part III of the *Income Tax Assessment Act 1936*.

present value of a *financial benefit has a meaning affected by section 250-100.

preservation age has the meaning given by Part 6 of the Superannuation Industry (Supervision) Regulations 1994.

pre-shift gain has the meaning given by section 725-210.

pre-shift loss has the meaning given by section 725-210.

presumed indirect value shift has the meaning given by section 727-855.

previous recoupment law has the meaning given by section 20-55.

price, for a *taxable supply, has the same meaning as in the *GST Act.

primary course has the same meaning as in the *GST Act.

primary equity interest in an entity has the meaning given by section 727-520.

primary interest in an entity has the meaning given by section 727-520.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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primary loan interest in an entity has the meaning given by section 727-520.

primary production business: you carry on a ***primary production business*** if you carry on a *business of:

(a) cultivating or propagating plants, fungi or their products or parts (including seeds, spores, bulbs and similar things), in any physical environment; or

(b) maintaining animals for the purpose of selling them or their bodily produce (including natural increase); or

(c) manufacturing dairy produce from raw material that you produced; or

(d) conducting operations relating directly to taking or catching fish, turtles, dugong, bêche-de-mer, crustaceans or aquatic molluscs; or

(e) conducting operations relating directly to taking or culturing pearls or pearl shell; or

(f) planting or tending trees in a plantation or forest that are intended to be felled; or

(g) felling trees in a plantation or forest; or

(h) transporting trees, or parts of trees, that you felled in a plantation or forest to the place:

(i) where they are first to be milled or processed; or

(ii) from which they are to be transported to the place where they are first to be milled or processed.

primary production deductions has the meaning given by subsection 392-80(3).

prime cost method has the meaning given by section 40-75.

principal beneficiary of a *special disability trust has the meaning given by:

(a) for a special disability trust within the meaning of the *Social Security Act 1991*—subsection 1209M(1) of that Act; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) for a special disability trust within the meaning of the *Veterans' Entitlements Act 1986*—subsection 52ZZZWA(1) of that Act.

principal class of shares in a company means:

(a) those ordinary or common shares of the company that represent the majority of the voting power and value of the company; or

(b) if no single class of ordinary or common shares represents the majority of the voting power and value of the company—those classes of ordinary or common shares that represent the majority of the voting power and value of the company.

private ancillary fund has the meaning given by section 426-105 in Schedule 1 to the *Taxation Administration Act 1953*.

private ancillary fund guidelines has the meaning given by section 426-110 in Schedule 1 to the *Taxation Administration Act 1953*.

private company means a company that is not a *public company for the income year.

private ruling has the meaning given by sections 359-5 and 362-25 in Schedule 1 to the *Taxation Administration Act 1953*.

private use, of a *car, has the meaning given by subsection 136(1) of the *Fringe Benefits Tax Assessment Act 1986*.

privatised asset has the meaning given by section 58-5.

proceeds of crime order has the meaning given by section 355-70 in Schedule 1 to the *Taxation Administration Act 1953*.

proceeds of the disposal or death has the meaning given by subsection 385-100(2).

proceeds of the sale of 2 wool clips has the meaning given by subsection 385-135(3).

processed minerals has the meaning given by section 40-875.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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production associate has the meaning given by subsection 405-25(4).

production expenditure has the meaning given by Subdivision 376-C.

production sharing contract has the meaning given by the *Timor Sea Maritime Boundaries Treaty.

product ruling means a public ruling under the *Taxation Administration Act 1953* that states that it is a product ruling.

professional arts business has the meaning given by section 35-10.

professional year 1 has the meaning given by subsection 405-50(3).

professional year 2 has the meaning given by subsection 405-50(4).

professional year 3 has the meaning given by subsection 405-50(4).

professional year 4 has the meaning given by subsection 405-50(4).

profit on the disposal of a leased *car has the meaning given by section 20-115.

project amount has the meaning given by section 40-840.

project life has the meaning given by section 40-845.

Project Wickenby officer has the meaning given by section 355-70 in Schedule 1 to the *Taxation Administration Act 1953*.

Project Wickenby taskforce agency has the meaning given by section 355-70 in Schedule 1 to the *Taxation Administration Act 1953*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Project Wickenby taskforce supporting agency has the meaning given by section 355-70 in Schedule 1 to the *Taxation Administration Act 1953*.

promoter has the meaning given by section 290-60 in Schedule 1 to the *Taxation Administration Act 1953*.

property right or interest has the meaning given by subsection 354-5(2) in Schedule 1 to the *Taxation Administration Act 1953*.

property subdivision plan has the same meaning as in the *GST Act.

prospecting entitlement has the meaning given by subsection 124-710(1).

prospective gaining entity for a *scheme has the meaning given by section 727-860.

prospective losing entity for a *scheme has the meaning given by section 727-850.

protected information has the meaning given by section 355-30 in Schedule 1 to the *Taxation Administration Act 1953*.

protective clothing has the meaning given by subsection 34-20(2).

provide a *fringe benefit or economic benefit includes allow, confer, give, grant or perform the benefit.

Note: This is based on the definition of ***provide*** in subsection 136(1) of the *Fringe Benefits Tax Assessment Act 1986*.

provide affordable housing has the meaning given by section 980-5.

provided in relation to a tax preferred use of an asset, in relation to a *financial benefit, has a meaning affected by section 250-85.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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provides medical indemnity cover has the meaning given by section 5 of the *Medical Indemnity (Prudential Supervision and Product Standards) Act 2003*.

provisional head company of a *MEC group means the company that holds an appointment in force under section 719-60 as the provisional head company of the group.

provisionally designated infrastructure project means an infrastructure project designated provisionally under section 415-65.

prudential capital deduction, for an entity and at a particular time, means the total amounts that must be deducted in calculating the following in accordance with the *prudential standards as in force at that time:

(a) the eligible tier 1 capital of the entity at that time (within the meaning of those standards);
(b) the sum of the eligible tier 1 and tier 2 capital of the entity at that time (within the meaning of those standards).

prudential standards means the prudential standards determined by *APRA and in force under section 11AF of the *Banking Act 1959*.

public ancillary fund has the meaning given by section 426-102 in Schedule 1 to the *Taxation Administration Act 1953*.

public ancillary fund guidelines has the meaning given by section 426-103 in Schedule 1 to the *Taxation Administration Act 1953*.

public company means a company that is a public company (as defined by section 103A of the *Income Tax Assessment Act 1936*) for the income year.

public financial entity has the meaning given by section 880-130.

publicly traded unit trust has the meaning given by section 149-50.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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public non-financial entity has the meaning given by section 880-130.

public official means an employee or official of an *Australian government agency or of a *local governing body.

public ruling has the meaning given by sections 358-5 and 362-5 in Schedule 1 to the *Taxation Administration Act 1953*.

public sector superannuation scheme has the same meaning as in the *Superannuation Industry (Supervision) Act 1993*.

public trading trust has the meaning given by section 102R of the *Income Tax Assessment Act 1936*.

purpose of producing assessable income: something is done for the ***purpose of producing assessable income*** if it is done:

(a) for the purpose of gaining or producing assessable income; or

(b) in carrying on a *business for the purpose of gaining or producing assessable income.

Note: Sections 26-19 (about using property in gaining or producing rebatable benefits) and 32-15 (about using property in providing entertainment) treat use of property as not being for the purpose of producing assessable income.

purposes of the Project Wickenby taskforce has the meaning given by section 355-70 in Schedule 1 to the *Taxation Administration Act 1953*.

put to a tax preferred use, in relation to an asset, has the meaning given by section 250-60.

qualifying Australian production expenditure has the meaning given by Subdivision 376-C.

qualifying forex account means an account that:

(a) is denominated in a particular *foreign currency; and

(c) either:

(i) has the primary purpose of facilitating transactions; or

(ii) is a credit card account.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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qualifying investor has the meaning given by section 43-220.

qualifying security has the same meaning as in Division 16E of Part III of the *Income Tax Assessment Act 1936*.

qualifying SME investment means an *SME investment that is made in accordance with Division 1 of Part 4 of the *Pooled Development Funds Act 1997*.

quarter means a period of 3 months ending on 31 March, 30 June, 30 September or 31 December.

quarterly instalment component has the meaning given by section 45-610 in Schedule 1 to the *Taxation Administration Act 1953*.

quarterly payer means an entity that is liable to pay *PAYG instalments and is not an *annual payer or *monthly payer.

quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax has the meaning given by section 45-134 in Schedule 1 to the *Taxation Administration Act 1953*.

quarterly payer who pays 4 instalments annually on the basis of GDP-adjusted notional tax has the meaning given by section 45-132 in Schedule 1 to the *Taxation Administration Act 1953*.

quarterly payer who pays on the basis of GDP-adjusted notional tax has the meaning given by section 45-130 in Schedule 1 to the *Taxation Administration Act 1953*.

quarterly payer who pays on the basis of instalment income has the meaning given by section 45-125 in Schedule 1 to the *Taxation Administration Act 1953*.

quasi-ownership right over land means:

(a) a lease of the land; or

(b) an easement in connection with the land; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(c) any other right, power or privilege over the land, or in connection with the land.

quote:

(a) ***quote*** an entity's *ABN means quote in a form and manner approved by the Commissioner;

(b) ***quote*** a *tax file number in connection with a *Part VA investment: you ***quote*** your tax file number in connection with the investment if you are taken, for the purposes of Part VA of the *Income Tax Assessment Act 1936*, to have quoted the number in connection with the investment;

(c) ***quote*** a tax file number to a trustee: the beneficiary of a trust ***quotes*** the beneficiary's tax file number to the trustee of the trust if:

(i) Division 4B of Part VA of the *Income Tax Assessment Act 1936* applies to the trustee and to the beneficiary; and

(ii) the beneficiary is taken, for the purposes of that Part, to have quoted the beneficiary's tax file number to the trustee.

quoted (for superannuation purposes) has the meaning given by section 295-615.

RBA has the same meaning as in Part IIB of the *Taxation Administration Act 1953*.

RBA surplus has the same meaning as in Part IIB of the *Taxation Administration Act 1953*.

R&D activities has the meaning given by section 355-20.

R&D entity has the meaning given by section 355-35.

R&D partnership has the meaning given by subsection 355-505(1).

realisation event has the meaning given by sections 977-5, 977-20 and 977-55.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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realisation-time method means the method (for determining the effect of *indirect value shifts) for which Subdivision 727-G provides.

realised for income tax purposes:

(a) a gain is ***realised for income tax purposes*** as provided in sections 977-15, 977-35, 977-40 and 977-55; and

(b) a loss is ***realised for income tax purposes*** as provided in sections 977-10, 977-25, 977-30 and 977-55.

reasonably arguable has the meaning given by section 284-15 in Schedule 1 to the *Taxation Administration Act 1953*.

reasonably arguable threshold for an income year has the meaning given by subsection 284-90(3) in Schedule 1 to the *Taxation Administration Act 1953*.

receives a refund of diverted profits tax has the meaning given by subsection 205-35(1A).

receives a refund of income tax has the meaning given by section 205-35.

recognised company accounts, for a period, of a company that is a foreign resident means:

(a) accounts that are prepared in relation to the company for the period in accordance with standards covered by subsection 820-960(1C) or (1D); or

(b) if there are no such accounts for the period—accounts that:

(i) are prepared in relation to the company for the period in accordance with commercially accepted accounting principles; and

(ii) give a true and fair view of the financial position of the company.

recognised consolidated accounts, for a period, of 2 or more companies that are foreign residents means:

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(a) consolidated accounts that are prepared in relation to those companies for the period in accordance with standards covered by subsection 820-960(1C) or (1D); or
(b) if there are no such accounts for the period—consolidated accounts that:
  (i) are prepared in relation to those companies for the period in accordance with commercially accepted accounting principles; and
  (ii) give a true and fair view of the financial position of the companies on a consolidated basis.

recognised new investment amount has the meaning given by section 41-20.

recognised tax adviser means:
(a) a *registered tax agent, BAS agent or tax (financial) adviser; or
(b) a legal practitioner.

recoupment has the meaning given by section 20-25.

recreation includes amusement, sport or similar leisure-time pursuits.

recreational club has the meaning given by subsection 26-45(2).

redeemable shares means:
(a) *shares that are liable to be redeemed; or
(b) shares that, at the option of the company that issued them, are liable to be redeemed.

reduce a franking assessment has the meaning given by subsection 214-125(2).

reduced beneficiary's share of a trust's net income for an income year has the meaning given by section 45-483 in Schedule 1 to the *Taxation Administration Act 1953*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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reduced cost base of a *CGT asset has the meaning given by Subdivision 110-B.

reduced net asset amount has the meaning given by section 104-100.

reduced no beneficiary's share of a trust's net income for an income year has the meaning given by section 45-483 in Schedule 1 to the *Taxation Administration Act 1953*.

reduction amount has the meaning given by subsections 385-120(2) and (3).

referable: a *share in a *CCIV is ***referable*** to a *sub-fund of the CCIV if it is so referable under subsection 1230(1) of the *Corporations Act 2001*.

registered auditor, in relation to an entity, means:

(a) a person registered as an auditor under a law in force in a State or a Territory; or

(b) if the entity is not an Australian resident—a person registered as an auditor under a law in force in the country of which the entity is a resident.

registered charity means an entity that is registered under the *Australian Charities and Not-for-profits Commission Act 2012* as the type of entity mentioned in column 1 of item 1 of the table in subsection 25-5(5) of that Act.

registered emissions unit has the meaning given by section 420-10.

registered health promotion charity means an institution that is:

(a) a *registered charity; and

(b) registered under the *Australian Charities and Not-for-profits Commission Act 2012* as the subtype of entity mentioned in column 2 of item 13 of the table in subsection 25-5(5) of that Act.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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registered public benevolent institution means an institution that is:

(a) a *registered charity; and

(b) registered under the *Australian Charities and Not-for-profits Commission Act 2012* as the subtype of entity mentioned in column 2 of item 14 of the table in subsection 25-5(5) of that Act.

registered scheme has the same meaning as in the *Corporations Act 2001*.

registered tax agent has the meaning given by subsection 90-1(1) of the *Tax Agent Services Act 2009*.

registered tax agent, BAS agent or tax (financial) adviser has the same meaning as in the *Tax Agent Services Act 2009*.

registration requirements of an AFOF has the meaning given by subsection 9-5(1) of the *Venture Capital Act 2002*.

registration requirements of an ESVCLP has the meaning given by subsection 9-3(1) of the *Venture Capital Act 2002*.

registration requirements of a VCLP has the meaning given by subsection 9-1(1) of the *Venture Capital Act 2002*.

regulated superannuation fund has the same meaning as in the *Superannuation Industry (Supervision) Act 1993*.

related entity has the meaning given by subsections 26-35(2) and (3).

related scheme has the meaning given by section 974-155.

related spousal interest has the meaning given by subsection 292-102(4).

relative of a person means:

(a) the person's *spouse; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) the *parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendent or *adopted child of that person, or of that person's spouse; or

(c) the spouse of a person referred to in paragraph (b).

Note: Section 960-255 may be relevant to determining relationships for the purposes of paragraph (b) of the definition of ***relative***.

release entitlement has the meaning given by section 135-10 in Schedule 1 to the *Taxation Administration Act 1953*.

relevant interest has the same meaning as in the *Corporations Act 2001*.

religious practitioner means:

(a) a minister of religion; or

(b) a student at an institution who is undertaking a course of instruction in the duties of a minister of religion; or

(c) a full-time member of a religious order; or

(d) a student at a college conducted solely for training persons to become members of religious orders.

remaining effective life of a *depreciating asset:

(a) has the meaning given by section 40-75; and

(b) if the asset is a vessel to which subsection 40-103(2) applies—includes the meaning given by that subsection.

rent from land investment means rent that is derived or received from investments in Division 6C land.

replacement asset period has the meaning given by section 104-190.

replacement-asset roll-over: a ***replacement-asset roll-over*** allows you to defer the making of a *capital gain or a *capital loss from one *CGT event until a later CGT event happens where your ownership of one CGT asset ends and you *acquire another one. The ***replacement-asset roll-overs*** are listed in section 112-115.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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reportable employer superannuation contribution has the meaning given by section 16-182 in Schedule 1 to the *Taxation Administration Act 1953*.

reportable fringe benefits amount for an income year in respect of an employee's employment by an employer has the same meaning as in the *Fringe Benefits Tax Assessment Act 1986* (as it applies of its own force or because of the *Fringe Benefits Tax (Application to the Commonwealth) Act 1986*).

reportable fringe benefits total has the same meaning as in the *Fringe Benefits Tax Assessment Act 1986*.

reportable superannuation contributions, for an individual and an income year, means the sum of:

(a) the individual's *reportable employer superannuation contributions (if any) for the income year; and

(b) the individual's deductions (if any) under Subdivision 290-C for the income year;

reduced (but not below zero) by the amount of any *excess concessional contributions the individual has for the *financial year corresponding to the income year.

representative of an *incapacitated entity has the meaning given by section 195-1 of the *GST Act.

representative member for a *GST group has the meaning given by section 195-1 of the *GST Act.

required to be registered has the meaning given by the *GST Act.

resale royalty means resale royalty under the *Resale Royalty Right for Visual Artists Act 2009*.

resale royalty collecting society means the collecting society, within the meaning given by the *Resale Royalty Right for Visual Artists Act 2009*.

resale royalty right has the meaning given by the *Resale Royalty Right for Visual Artists Act 2009*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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residence article has the meaning given by subsection 815-120(6).

residency requirement:

(a) for an entity making a *distribution—has the meaning given by section 202-20 (as affected by section 220-100, if relevant); and

(b) for an income year that is one in which, or in relation to which, an event specified in a table in one of the following sections occurs:

(i) section 205-15 (general table of *franking credits);

(ii) section 205-30 (general table of *franking debits);

(iii) section 208-115 (table of *exempting credits);

(iv) section 208-120 (table of *exempting debits);

(v) section 208-130 (table of franking credits that arise because of an entity's status as a *former exempting entity or *exempting entity);

(vi) section 208-145 (table of franking debits that arise because of an entity's status as a former exempting entity or exempting entity);

or an income year that is described in section 205-70 or 220-205—has the meaning given by section 205-25; and

(c) for an entity receiving a distribution—has the meaning given by section 207-75; and

(d) for the purposes of determining whether an entity is an exempt institution that is eligible for a refund at the time a *franked distribution is made—has the meaning given by section 207-117.

residential care has the same meaning as in the *Aged Care Act 1997*.

residential dwelling asset has the meaning given by section 12-452 in Schedule 1 to the *Taxation Administration Act 1953*.

residential premises has the same meaning as in the *GST Act.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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resident investment vehicle has the meaning given by section 118-510.

resident trust for CGT purposes: a trust is a ***resident trust for CGT purposes*** for an income year if, at any time during the income year:

(a) for a trust that is not a unit trust, a trustee is an Australian resident or the central management and control of the trust is in Australia; or

(b) for a unit trust, one of the requirements in column 2 and one of the requirements in column 3 of this table are satisfied.

Requirements for unit trust

Item	One of these requirements is satisfied	And also one of these
1	Any property of the trust is situated in Australia	The central management and control of the trust is in Australia
2	The trust carries on a *business in Australia	Australian residents held more than 50% of the beneficial interests in the income or property of the trust

resident unit trust has the meaning given by section 102Q of the *Income Tax Assessment Act 1936*.

residual unrealised net loss for a *changeover time has the meaning given by section 165-115BB.

responsible entity, of a *registered scheme, has the same meaning as in the *Corporations Act 2001*.

restricted DPT evidence has the meaning given by subsection 145-25(2) in Schedule 1 to the *Taxation Administration Act 1953*.

retail CCIV has the meaning given by subsection 1222J(1) of the *Corporations Act 2001*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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retail fuel means taxable fuel, within the meaning of the *Fuel Tax Act 2006*, that is sold by retail.

retained cost base asset has the meaning given by subsections 705-25(5), 713-515(1) and 713-705(2).

retention period has the meaning given by sections 28-150, 900-25, 900-75 and 900-90.

retirement phase:

(a) section 307-80 sets out when a *superannuation income stream is in the ***retirement phase***; and

(b) a *superannuation interest is in the ***retirement phase*** at a time if it supports a superannuation income stream that is in the retirement phase at that time.

retirement phase recipient of a *superannuation income stream has the meaning given by section 294-20.

retirement phase superannuation income stream benefit (or ***RP superannuation income stream benefit***) has the meaning given by section 307-75.

retirement village has the same meaning as in the *GST Act.

retirement village residence contract has the meaning given by paragraph 230-475(4)(a).

retirement village services contract has the meaning given by paragraph 230-475(4)(b).

return on a *debt interest or *equity interest does not include a return of an amount invested in the interest.

returning New Zealand-sourced amount has the meaning given by the regulations mentioned in section 312-5 (about trans-Tasman portability of retirement savings).

revenue asset has the meaning given by section 977-50.

reverse hybrid has the meaning given by section 832-410.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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reverse hybrid mismatch has the meaning given by section 832-395.

reviewable fuel tax decision has the meaning given by subsection 112-50(2) in Schedule 1 to the *Taxation Administration Act 1953*.

reviewable GST decision has the meaning given by subsection 110-50(2) in Schedule 1 to the *Taxation Administration Act 1953*.

reviewable GST transitional decision has the meaning given by subsection 110-50(3) in Schedule 1 to the *Taxation Administration Act 1953*.

reviewable wine tax decision has the meaning given by subsection 111-50(2) in Schedule 1 to the *Taxation Administration Act 1953*.

revive: a *170-D deferred loss ***revives*** as mentioned in section 715-310.

right to future income has the meaning given by subsection 701-63(5).

right to use includes the right to possess.

risk component:

(a) the ***risk component*** of a premium for a *life insurance policy has the meaning given by subsection 26-85(2); and

(b) the ***risk component*** of a claim paid under a life insurance policy has the meaning given by section 320-80.

risk-weighted assets, of an entity and at a particular time, means the sum of the entity's risk exposures that the entity has at that time, as is determined in accordance with:

(a) if the entity is an *Australian entity that is not a *foreign controlled Australian entity—the *prudential standards; or

(b) in any other case—either of the following:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(i) the prudential standards;
(ii) the prudential standards determined by the prudential regulator in the country of which the entity, or the *foreign bank that has *TC control interests of at least 40% in the entity, is a resident.

roll-over cost has the meaning given by subsection 328-455(2).

roll-over superannuation benefit has the meaning given by section 306-10.

rounding adjustment deficit has the meaning given by section 276-310.

rounding adjustment surplus has the meaning given by section 276-315.

rounding amount has the meaning given by section 960-285.

royalty has the meaning given by subsection 6(1) of the *Income Tax Assessment Act 1936*.

RSA has the meaning given by the *Retirement Savings Accounts Act 1997*.

RSA component has the meaning given by section 295-555.

RSA payment has the meaning given by section 307-5.

RSA provider has the same meaning as in the *Retirement Savings Accounts Act 1997*.

rural land irrigation water provider has the meaning given by section 40-630.

safe harbour capital amount:
(a) for an *outward investing entity (ADI)—has the meaning given by section 820-310; and
(b) for an *inward investing entity (ADI)—has the meaning given by section 820-405 or 820-615.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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safe harbour debt amount:

(a) for an *outward investor (general)—has the meaning given by section 820-95; and

(b) for an *outward investor (financial)—has the meaning given by section 820-100; and

(c) for an *inward investment vehicle (general)—has the meaning given by section 820-195; and

(d) for an *inward investment vehicle (financial)—has the meaning given by section 820-200; and

(e) for an *inward investor (general)—has the meaning given by section 820-205; and

(f) for an *inward investor (financial)—has the meaning given by section 820-210.

same-asset roll-over: a ***same asset roll-over*** allows you to disregard a *capital gain or *capital loss you make from:

(a) *disposing of a *CGT asset to another entity; or

(b) entering into an agreement with another entity that constitutes CGT event B1; or

(c) creating a CGT asset in another entity.

The ***same-asset roll-overs*** are listed in section 112-150.

scheme means:

(a) any *arrangement; or

(b) any scheme, plan, proposal, action, course of action or course of conduct, whether unilateral or otherwise.

Note: The Commissioner may determine that, for the purposes of the debt and equity interest rules in Division 974, what would otherwise be a single scheme is to be treated as 2 or more separate schemes, and that the schemes are not related: see section 974-150.

scheme benefit has the meaning given by section 284-150 in Schedule 1 to the *Taxation Administration Act 1953*.

scheme for a disposition, in relation to *membership interests or an *interest in membership interests, has the same meaning as in section 177EA of the *Income Tax Assessment Act 1936.*

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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scheme period for a *direct value shift has the meaning given by section 725-55.

scheme shortfall amount has the meaning given by section 284-150 in Schedule 1 to the *Taxation Administration Act 1953*.

scholarship plan means a *life insurance policy that:

(a) is issued by a *friendly society for the sole purpose of providing benefits to help in the education of nominated beneficiaries; and

(b) is not being used, and has never been used, as security for borrowing or raising money; and

(c) if it is issued on or after 1 January 2003—contains a provision prohibiting use of the policy as security for borrowing or raising money.

Seasonal Labour Mobility Program withholding tax means income tax payable under Subdivision 840-S.

secondary course has the same meaning as in the *GST Act.

secondary equity interest has the meaning given by section 727-520.

secondary interest has the meaning given by section 727-520.

secondary loan interest has the meaning given by section 727-520.

Second Commissioner means a Second Commissioner of Taxation.

second continuity period has the meaning given by section 165-120.

section 124ZZB SME assessable income for a *PDF for an income year is the assessable income allocated to the PDF's SME assessable income for the income year under section 124ZZB of the *Income Tax Assessment Act 1936*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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securities dealer means a person who, for the purposes of the *Corporations Act 2001* or for the purposes of a law of a State or Territory that corresponds to that Act, deals in securities.

securitisation vehicle has the meaning given by section 820-942.

securitised asset has the meaning given by section 820-942.

segregated current pension assets has the meaning given by section 295-385.

segregated exempt assets of a *life insurance company means assets from time to time segregated by the company under Subdivision 320-H, whether segregated at the time of the initial segregation or included at a later time.

segregated non-current assets has the meaning given by section 295-395.

self-assessed clearance declaration advice has the meaning given by the *Customs Act 1901*.

self assessment means an assessment:

(a) for the making of which the Commissioner wholly accepts statements of the taxpayer; or

(b) that, under section 166A of the *Income Tax Assessment Act 1936* or a provision of another law, is taken to have been made by the Commissioner.

self-assessment entity means a full self-assessment taxpayer (within the meaning of subsection 6(1) of the *Income Tax Assessment Act 1936*).

self managed superannuation fund has the same meaning as in the *Superannuation Industry (Supervision) Act 1993*.

seminar has the meaning given by subsection 32-65(1).

Senior Executive Service office means a position occupied by an SES employee or acting SES employee.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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serious offence has the meaning given by section 355-70 in Schedule 1 to the *Taxation Administration Act 1953*.

service period has the meaning given by section 307-400.

share:

(a) in a company means a share in the capital of the company, and includes stock; and

(aa) of a *capital gain has the meaning given by section 115-227; and

(b) of an *exempting credit has the meaning given by section 208-180; and

(c) of a *franked distribution has the meaning given by section 207-55; and

(d) of a *franking credit has the meaning given by section 207-57; and

(e) of *NRAS rent has the meaning given by section 380-30.

share capital account has the meaning given by section 975-300.

shareholders' ratio for an income year of a *life insurance company has the meaning given by section 219-50.

shareholders' share of the *income tax liability of a *life insurance company for an income year has the meaning given by section 219-50.

shareholding interest has the meaning given by section 175-95.

share of the PHII benefit (short for ***share of the private health insurance incentive benefit***) has the meaning given by the *Private Health Insurance Act 2007*.

shift proceeds has the meaning given by sections 140-55 and 140-90.

shipping activities has the meaning given by section 51-105.

shipping cargo has the same meaning as in the *Shipping Reform (Tax Incentives) Act 2012*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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shipping exempt income certificate has the same meaning as in the *Shipping Reform (Tax Incentives) Act 2012*.

shipping passenger has the same meaning as in the *Shipping Reform (Tax Incentives) Act 2012*.

shortfall amount has the meaning given by section 284-80 in Schedule 1 to the *Taxation Administration Act 1953*.

shortfall interest charge means the charge worked out under Division 280 in Schedule 1 to the *Taxation Administration Act 1953*.

short-term hire agreement: a ***short-term hire agreement*** is an agreement for the intermittent hire of an asset on an hourly, daily, weekly or monthly basis. However, an agreement for the hire of an asset is not a ***short-term hire agreement*** if, having regard to any other agreements for the hire of the same asset to the same entity or an *associate of that entity, there is a substantial continuity of hiring so that the agreements together are for longer than a short-term basis.

sickness policy means a *life insurance policy issued by a *friendly society for the sole purpose of providing:

(a) benefits in respect of a sickness of the insured person; or
(b) benefits covered by paragraph (a) and benefits to pay for the funeral of the insured person.

significant global entity has the meaning given by section 960-555.

significant individual has the meaning given by section 152-55.

significant stake has the meaning given by sections 124-783 and 124-783A.

significant stakeholder has the meaning given by section 124-783.

single-rate trustee has the meaning given by section 45-450 in Schedule 1 to the *Taxation Administration Act 1953*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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SIS dependant means a dependant within the meaning of the *Superannuation Industry (Supervision) Act 1993*.

small business entity has the meaning given by section 328-110.

small business participation percentage has the meaning given by section 152-65.

small superannuation account means an account within the meaning of the *Small Superannuation Accounts Act 1995*.

small superannuation account payment has the meaning given by section 307-5.

small superannuation fund means a *complying superannuation fund with no more than 6 members.

small withholder has the meaning given by section 16-105 in Schedule 1 to the *Taxation Administration Act 1953*.

SME income component has the same meaning as in section 124ZU of the *Income Tax Assessment Act 1936*.

SME investment has the meaning given by section 124ZW of the *Income Tax Assessment Act 1936*.

sort of loss has the meaning given by section 701-1.

sovereign entity has the meaning given by section 880-15.

sovereign entity group has the meaning given by section 880-20.

special accrual amount means an amount that is included in assessable income, or an amount that can be deducted from assessable income, under any of the following:

(a) Division 230 (about taxation of financial arrangements), other than Subdivision 230-B;

(b) Subdivision 230-A if:

(i) the accruals method provided for in Subdivision 230-B is applied to take account of the gain or loss concerned; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(ii) all the *financial benefits provided and received under the *financial arrangement concerned are denominated in a particular *foreign currency;

(c) Division 240 (about arrangements treated as a sale and loan);

(d) Division 242 (about luxury car leases);

(da) Subdivision 250-E of this Act if all the financial benefits provided and received under the financial arrangement concerned are denominated in a particular foreign currency;

(e) Division 16D of Part III of the *Income Tax Assessment Act 1936* (about certain arrangements relating to the use of property);

(f) Division 16E of Part III of the *Income Tax Assessment Act 1936* (about accruals assessability in respect of certain security payments).

special company means:

(a) a *mutual affiliate company; or

(b) a *mutual insurance company; or

(c) a trade union registered under an *Australian law; or

(d) a *sporting club; or

(e) a company that is prescribed by the regulations.

special conversion event, in relation to a *potential MEC group, has the meaning given by section 719-40.

special disability trust means:

(a) a special disability trust within the meaning of the *Social Security Act 1991*; or

(b) a special disability trust within the meaning of the *Veterans' Entitlements Act 1986*.

specialist credit card institution has the meaning given by section 820-588.

special professional has the meaning given by subsection 405-25(1).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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special value, of a *superannuation interest that supports an income stream that is, or was at any time, a *capped defined benefit income stream, has the meaning given by section 294-135.

specifically entitled:

(a) ***specifically entitled*** to a *capital gain has the meaning given by section 115-228; and

Note: A trustee of a trust estate that makes a choice under section 115-230 is taken to be specifically entitled to a capital gain.

(b) ***specifically entitled*** to a *franked distribution has the meaning given by section 207-58.

specific deduction has the meaning given by section 8-5.

specified roll-over amount of a *life insurance company means so much of an amount paid to the company as constitutes the *element untaxed in the fund of a *superannuation benefit that is a *roll-over superannuation benefit because of subparagraph 306-10(d)(ii).

spectrum has the meaning given by section 5 of the *Radiocommunications Act 1992*.

spectrum licence has the meaning given by section 5 of the *Radiocommunications Act 1992*.

splittable payment means a splittable payment within the meaning of Part VIIIB or VIIIC of the *Family Law Act 1975*.

sporting club means a society, association or club that:

(a) is established for the encouragement of sport or a game; and

(b) is *not* carried on for profit to its members.

sporting competition has the meaning given by subsection 405-25(7).

sportsperson has the meaning given by subsection 405-25(6).

spouse of an individual includes:

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(a) another individual (whether of the same sex or a different sex) with whom the individual is in a relationship that is registered under a *State law or *Territory law prescribed for the purposes of section 2E of the *Acts Interpretation Act 1901* as a kind of relationship prescribed for the purposes of that section; and

(b) another individual who, although not legally married to the individual, lives with the individual on a genuine domestic basis in a relationship as a couple.

spread entity, in relation to a *consolidated group or *MEC group, means a *member of the group that is not a *stick entity in relation to the group.

spreading period for an amount has the meaning given by sections 716-15, 716-25, 716-70 and 716-100.

Note: Those sections deal with assessable income and deductions spread over several periods of membership or non-membership of a consolidated group or MEC group.

SRWUIP expenditure has the meaning given by subsections 26-100(2) and (3).

SRWUIP payment has the meaning given by subsection 59-67(2).

SRWUIP program has the meaning given by subsection 59-67(1).

stake interest has the meaning given by subsection 124-783A(3).

stake option has the meaning given by subsection 124-783A(3).

standard component has the meaning given by section 295-555.

stapled entity:

(a) in relation to a *cross staple arrangement—has the meaning given by section 12-436 in Schedule 1 to the *Taxation Administration Act 1953*; or

(b) otherwise—has the meaning given by section 124-1045.

starting day has the meaning given by section 149-60.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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starting instalment quarter has the meaning given by subsection 45-125(2) in Schedule 1 to the *Taxation Administration Act 1953*.

start time of a *depreciating asset has the meaning given by section 40-60.

State insurer means a body that carries on State insurance (within the meaning of paragraph 51(xiv) of the Constitution).

State law means a law of a State.

statement worldwide assets of an entity for a period has the meaning given by subsection 820-933(3).

statement worldwide debt of an entity for a period has the meaning given by subsection 820-933(1).

statement worldwide equity of an entity for a period has the meaning given by subsection 820-933(2).

statutory accounting period has the meaning given by Part X of the *Income Tax Assessment Act 1936*.

statutory demand has the same meaning as in the *Corporations Act 2001*.

statutory income has the meaning given by section 6-10.

statutory licence has the meaning given by section 124-140.

stick entity:

(a) in relation to a *consolidated group—means a *member of the group that is:

(i) the *head company of the group; or

(ii) a chosen transitional entity (within the meaning of Division 701 of the *Income Tax (Transitional Provisions) Act 1997*); or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(iii) a transitional foreign-held subsidiary (within the meaning of Division 701C of the *Income Tax (Transitional Provisions) Act 1997*); or

(b) in relation to a *MEC group—means a member of the group that is:

(i) the head company of the group; or

(ii) a chosen transitional entity (within the meaning of Division 701 of the *Income Tax (Transitional Provisions) Act 1997*); or

(iii) a transitional foreign-held subsidiary (within the meaning of Division 701C of the *Income Tax (Transitional Provisions) Act 1997*); or

(iv) an *eligible tier-1 company.

stratum unit has the meaning given by section 124-190.

structured arrangement has the meaning given by section 832-210.

structured order has the meaning given by section 54-10.

structured settlement has the meaning given by section 54-10.

structured settlement contribution has the meaning given by section 294-80.

Student Assistance Minister means the Minister administering the *Student Assistance Act 1973*.

Student Assistance Secretary means the Secretary of the Department administered by the *Student Assistance Minister.

Subdivision 230-G assessable gain from a *financial arrangement means an amount that is taken, as a balancing adjustment under Subdivision 230-G, to be a gain you make from the arrangement for the purposes of Division 230.

Subdivision 230-G loss from a *financial arrangement means an amount that is taken, as a balancing adjustment under

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Subdivision 230-G, to be a loss you make from the arrangement for the purposes of Division 230.

sub-fund, of a *CCIV, has the meaning given by subsection 1222Q(1) of the *Corporations Act 2001*.

subject to Australian income tax has the meaning given by section 832-125.

subject to deemed loan treatment, in relation to a *financial benefit, has the meaning given by section 250-160.

subject to foreign income tax has the meaning given by section 832-130.

subject to foreign tax has the meaning given to the expression "subject to tax" by Part X of the *Income Tax Assessment Act 1936*.

subordinated debt interest means a *debt interest issued to:

(a) an unsecured creditor; or

(b) a secured creditor who, in the event of the liquidation of the entity issuing the interest, can only make a claim regarding that interest after the claims of other secured creditors regarding other debt interests issued by that entity have been met.

subsidiary: the question whether a company is a ***subsidiary*** of another company is to be determined in the same way as the question whether a corporation is a subsidiary of another corporation is determined under the *Corporations Act 2001*.

Note: The expression ***100% subsidiary*** has the meaning given by section 975-505.

subsidiary member:

(a) of a *consolidated group or a *consolidatable group—has the meaning given by section 703-15; and

(b) of a *MEC group—has the meaning given by section 719-25.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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substantial continuity of ownership has the meaning given by section 166-145.

substantial renovations has the same meaning as in the *GST Act.

substantial shareholding: see ***part of a substantial shareholding***.

successor fund, in relation to a transfer of a *superannuation interest of:

(a) a member of a *superannuation fund; or

(b) a depositor with an *approved deposit fund; or

(c) a holder of an *RSA;

means another superannuation fund, approved deposit fund or RSA if the following conditions are met:

(d) that other fund or RSA confers on that member, depositor or holder equivalent rights to the rights he or she had under the first-mentioned fund or RSA in respect of the interest;

(e) the conferral of these equivalent rights was agreed, before the transfer, between:

(i) the *superannuation provider of that other fund or RSA; and

(ii) the superannuation provider of the first-mentioned fund or RSA.

superannuation annuity has the meaning given by the regulations.

superannuation annuity payment has the meaning given by section 307-5.

superannuation benefit has the meaning given by section 307-5.

Note: Sections 307-10 and 307-15 affect the meaning of ***superannuation benefit***.

superannuation co-contribution benefit payment has the meaning given by section 307-5.

superannuation death benefit has the meaning given by section 307-5.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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superannuation fund has the meaning given by section 10 of the *Superannuation Industry (Supervision) Act 1993*.

superannuation fund for foreign residents has the meaning given by section 118-520.

superannuation fund payment has the meaning given by section 307-5.

superannuation guarantee payment has the meaning given by section 307-5.

superannuation guarantee shortfall has the meaning given by section 17 of the *Superannuation Guarantee (Administration) Act 1992*.

superannuation income stream has the meaning given by section 307-70.

superannuation income stream benefit has the meaning given by section 307-70.

superannuation income stream provider for a *superannuation income stream means:

(a) for a superannuation income stream provided by a *superannuation fund—the trustee of the fund; or
(b) for a superannuation income stream that is a pension for the purposes of the *Retirement Savings Accounts Act 1997*—the *RSA provider; or
(c) for a superannuation income stream provided by an *approved deposit fund—the trustee of the fund; or
(d) for a superannuation income stream provided by a *life insurance company—the life insurance company.

superannuation interest means:

(a) an interest in a *superannuation fund; or
(b) an interest in an *approved deposit fund; or
(c) an *RSA; or
(d) an interest in a *superannuation annuity.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Note: The meaning of ***superannuation interest*** may be affected by regulations made for the purposes of section 307-200.

superannuation lump sum has the meaning given by section 307-65.

superannuation member benefit has the meaning given by section 307-5.

superannuation plan means:

(a) a *superannuation fund; or

(b) an *approved deposit fund; or

(c) an *RSA.

superannuation provider, in relation to a *superannuation plan, means:

(a) for a *superannuation fund—the trustee of the fund; or

(b) for an *approved deposit fund—the trustee of the fund; or

(c) for an *RSA—the *RSA provider.

supplementary amount of a payment is defined as set out in this table:

Supplementary amount of a payment

Item	***Supplementary amount*** **of this kind of payment:**	**has the meaning given by:**
1	Commonwealth education or training payment	section 52-140
2A	Payment under the ABSTUDY scheme	section 52-132
3	Payment made because of the *Veterans' Entitlements (Transitional Provisions and Consequential Amendments) Act 1986*	section 52-105
4	Social security payment	section 52-15
5	Veterans' affairs payment	section 52-70

supply has the meaning given by section 9-10 of the *GST Act.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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supporting R&D activities has the meaning given by section 355-30.

surplus:

(a) section 205-40 sets out when a *franking account is in surplus; and

(b) section 208-125 sets out when an *exempting account is in surplus; and

(c) section 210-130 sets out when a *venture capital sub-account is in surplus.

tainted: for when a company's *share capital account is ***tainted***, see subsections 197-50(1) and (2).

tainting amount has the meaning given by subsection 197-50(3).

takeover bid means a takeover bid under Chapter 6 of the *Corporations Act 2001*, or under a *foreign law relating to corporate regulation.

taskforce officer of a prescribed taskforce has the meaning given by section 355-70 in Schedule 1 to the *Taxation Administration Act 1953*.

tax means:

(a) income tax imposed by the *Income Tax Act 1986*, as assessed under this Act; or

(b) income tax imposed as such by any other Act, as assessed under this Act.

taxable Australian property has the meaning given by section 855-15.

taxable Australian real property has the meaning given by section 855-20.

taxable component:

(a) the ***taxable component*** of an *employment termination payment has the meaning given by section 82-145; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) the ***taxable component*** of a *superannuation benefit has the meaning given by section 307-120; and

(c) the ***taxable component*** of a *superannuation interest has the meaning given by section 307-215.

taxable contributions has the meaning given by section 293-20.

taxable dealing, in relation to *wine, has the meaning given by section 33-1 of the *Wine Tax Act.

taxable fuel has the meaning given by section 110-5 of the *Fuel Tax Act 2006*.

taxable importation has the meaning given by section 195-1 of the *GST Act.

taxable importation of a luxury car has the meaning given by section 27-1 of the *Luxury Car Tax Act.

taxable income has the meaning given by section 4-15.

Note: For a list of cases where taxable income is worked out in a special way, see subsection 4-15(2).

taxable non-primary production income has the meaning given by subsection 392-85(1).

taxable primary production income has the meaning given by subsection 392-80(1).

taxable professional income has the meaning given by subsection 405-45(1).

taxable purpose has the meaning given by section 40-25.

Note: Subsection 417-30(1) provides that certain uses etc. of assets (connected with Timor Sea petroleum) are taken to be for a taxable purpose.

taxable purpose proportion has the meaning given by section 328-205.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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taxable supply has the meaning given by section 195-1 of the *GST Act.

taxable supply of a luxury car has the meaning given by section 27-1 of the *Luxury Car Tax Act.

tax accounting period has the meaning given by Part X of the *Income Tax Assessment Act 1936*.

tax affairs means affairs relating to *tax.

taxation law means:

(a) an Act of which the Commissioner has the general administration (including a part of an Act to the extent to which the Commissioner has the general administration of the Act); or

(b) legislative instruments made under such an Act (including such a part of an Act); or

(c) the *Tax Agent Services Act 2009* or regulations made under that Act.

taxation officer has the meaning given by section 355-30 in Schedule 1 to the *Taxation Administration Act 1953*.

tax audit means an examination by the Commissioner of an entity's financial affairs for the purposes of a *taxation law.

tax benefit has the meaning given by section 45-605 in Schedule 1 to the *Taxation Administration Act 1953*.

tax cost has the meaning given by section 830-100.

tax cost is set has the meaning given by section 701-55 or 830-90.

tax cost setting amount has the meaning given by section 701-60 or 830-95.

tax debt has the same meaning as in section 8AAZA of the *Taxation Administration Act 1953*.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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tax detriment has the meaning given by section 45-624 in Schedule 1 to the *Taxation Administration Act 1953*.

tax-exempt bonus share has the meaning given by subsections 204-25(4) and (5).

tax-exempt foreign resident has the meaning given by subsection 118-420(3).

tax exempt vendor has the meaning given by section 58-5.

tax exploitation scheme has the meaning given by section 290-65 in Schedule 1 to the *Taxation Administration Act 1953*.

tax file number means a tax file number as defined in section 202A of the *Income Tax Assessment Act 1936.*

tax-free amount of a payment is defined as set out in this table:

Tax-free amount of a payment

	***Tax-free amount* of this kind of payment:**	**has the meaning given by:**
1	Social security payment	sections 52-20, 52-25, 52-30 and 52-35
2	Payment under the ABSTUDY scheme	sections 52-133 and 52-134

tax free component:

(a) the ***tax free component*** of an *employment termination payment has the meaning given by section 82-140; and

(b) the ***tax free component*** of a *superannuation benefit has the meaning given by section 307-120; and

(c) the ***tax free component*** of a *superannuation interest has the meaning given by section 307-210; and

(d) the ***tax free component*** of an *Australian-sourced amount has the meaning given by the regulations mentioned in section 312-5 (about trans-Tasman portability of retirement savings).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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taxing event generating a gain has the meaning given by sections 725-245 and 725-335.

tax invoice has the meaning given by section 195-1 of the *GST Act.

tax loss means:

(a) a tax loss worked out under section 36-10, 165-70, 175-35 or 701-30 of this Act (including such a tax loss as increased under section 415-15 or reduced under section 418-95); or

Note 1: The meaning of ***tax loss*** in section 36-10 is affected by section 268-60 in Schedule 2F to the *Income Tax Assessment Act 1936*.

Note 2: The meaning of ***tax loss*** in sections 36-10, 165-70, 175-35 and 701-30 is modified by section 36-55 for a corporate tax entity that has an amount of excess franking offsets.

Note 3: A life insurance company can have a tax loss of the complying superannuation class and/or a tax loss of the ordinary class for the purposes of working out its income tax for an income year: see Subdivision 320-D.

(b) a tax loss as defined by section 36-105 (Tax losses for 1989-90 to 1996-97 income years) of the *Income Tax (Transitional Provisions) Act 1997*; or

(c) a tax loss as defined by section 36-110 (Tax losses for 1957-58 to 1988-89 income years) of the *Income Tax (Transitional Provisions) Act 1997*; or

(d) a tax loss determined under section 24 of the *International Tax Agreements Act 1953* (about relief from double taxation where profits are adjusted) (including such a tax loss as increased under section 415-15 of this Act).

tax offset has the meaning given by section 4-10.

tax offset refund, of yours for an income year, means a refund you can get as mentioned in item 40 of the table in subsection 63-10(1) (refundable tax offsets) for the income year.

tax period has the meaning given by section 195-1 of the *GST Act.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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tax position has the meaning given by section 45-610 in Schedule 1 to the *Taxation Administration Act 1953*.

tax preferred end user has the meaning given by section 250-55.

tax preferred entity means:

(a) an *exempt entity; or

(b) an *exempt Australian government agency; or

(c) an *associated government entity of an exempt Australian government agency; or

(d) a *prescribed excluded STB; or

(e) an *exempt foreign government agency.

tax preferred use of an asset has the meaning given by sections 250-60(1) and (2).

tax profit on the disposal or death has the meaning given by subsection 385-105(3).

tax receipt means a receipt given to you under subsection 70-5(1) of Schedule 1 to the *Taxation Administration Act 1953*.

tax-related liability has the meaning given by section 255-1 in Schedule 1 to the *Taxation Administration Act 1953*.

TC control interest has the meaning given by section 820-815 (which is affected by sections 820-820 to 820-835).

TC control tracing interest has the meaning given by section 820-875.

TC direct control interest:

(a) for a company—has the meaning given by section 820-855; and

(b) for a trust—has the meaning given by section 820-860; and

(c) for a partnership—has the meaning given by section 820-865.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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TC indirect control interest has the meaning given by section 820-870.

telecommunications site access right means a right (except an *IRU) of a carrier (as defined in the *Telecommunications Act 1997*):

(a) to share a facility (as defined in section 7 of that Act); or

(b) to install such a facility at a particular location or on a particular structure; or

(c) to enter or cross premises for the purposes of installing or maintaining such a facility that is on the premises, or is at a location, or on a structure, that is accessible by way of the premises.

telephone signature of an entity is a unique identification of the entity that can be given by telephone and that is approved by the Commissioner.

temporary resident: you are a ***temporary resident*** if:

(a) you hold a temporary visa granted under the *Migration Act 1958*; and

(b) you are not an Australian resident within the meaning of the *Social Security Act 1991*; and

(c) your *spouse is not an Australian resident within the meaning of the *Social Security Act 1991*.

However, you are not a ***temporary resident*** if you have been an Australian resident (within the meaning of this Act), and any of paragraphs (a), (b) and (c) are not satisfied, at any time after the commencement of this definition.

Note: The tests in paragraphs (b) and (c) are applied to ensure that holders of temporary visas who nonetheless have a significant connection with Australia are not treated as temporary residents for the purposes of this Act.

terminal medical condition has the meaning given by the regulations.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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terminating value has the meaning given by sections 705-30, 711-30 and 713-575.

termination amount means an amount payable because an *arrangement in relation to property ends and includes:

(a) if, at the end of the arrangement, one party to the arrangement acquires the property from the other party—an amount payable for the acquisition; or

(b) if, at the end of the arrangement, the property is lost or destroyed—any amounts paid to the owner of the property as a result of the loss or destruction; or

(c) otherwise—the *market value of the property at the end of the arrangement.

termination value has the meaning given by section 40-300.

Territory law means a law of a Territory.

tertiary course has the same meaning as in the *GST Act.

test day has the meaning given by section 149-55.

test period has the meaning given by sections 165-165, 166-5, 166-20, 166-40 and 166-80, and affected by sections 415-35 and 415-40.

test time for the purposes of applying the *business continuity test has the meaning given by sections 165-13, 165-15, 165-35, 165-40, 165-45, 165-115B, 165-115BA, 165-126, 165-129, 166-5, 166-20, 166-40, 166-80, 707-125, 707-135, 709-215, 715-50, 715-55, 715-60, 715-70, 715-90, 715-95, 715-355 and 715-360, and affected by sections 415-35 and 415-40.

TFN declaration means a declaration made for the purposes of section 202C of the *Income Tax Assessment Act 1936* on or after 1 July 2000.

TFN withholding tax means tax payable in accordance with section 14-55 in Schedule 1 to the *Taxation Administration Act 1953*.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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Note: The tax is imposed by the *Income Tax (Deferred Interest Securities) (Tax File Number Withholding Tax) Act 1991*.

TFN withholding tax (ESS) means tax payable in accordance with section 14-155 in Schedule 1 to the *Taxation Administration Act 1953*.

Note: ESS is short for employee share scheme.

this Act includes:

(a) the *Income Tax Assessment Act 1936*; and

(b) Part IVC of the *Taxation Administration Act 1953*, so far as that Part relates to:

(i) this Act or the *Income Tax Assessment Act 1936*; or

(ii) Schedule 1 to the *Taxation Administration Act 1953*; and

(c) Schedule 1 to the *Taxation Administration Act 1953*;

except in Division 950 (Rules for interpreting this Act).

Note: Subsection (2) of this section prevents definitions in the *Income Tax Assessment Act 1997* from affecting the interpretation of the *Income Tax Assessment Act 1936*.

tier-1 company has the meaning given by section 719-20.

tier 1 prudential capital deduction, for an entity and at a particular time, means the amounts that must be deducted in the calculation of the eligible tier 1 capital (within the meaning of the *prudential standards) of the entity at that time in accordance with the prudential standards as in force at that time.

timber mill building has the meaning given by section 43-72.

timber operation has the meaning given by section 43-72.

Timor Sea Maritime Boundaries Treaty means the Treaty between Australia and the Democratic Republic of Timor-Leste Establishing their Maritime Boundaries in the Timor Sea done at New York on 6 March 2018, as in force from time to time.

Note: The Treaty could in 2019 be viewed in the Australian Treaties Library on the AustLII website (http://www.austlii.edu.au).

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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top company has the meaning given by section 719-20.

total debt amount has the meaning given by sections 820-100, 820-200 and 820-210.

total film expenditure has the meaning given by section 376-170.

total forestry scheme deductions has the meaning given by subsection 394-30(3).

total net forgiven amount has the meaning given by subsection 245-105(1).

total net investment loss of an individual for an income year means the sum of:

(a) the amount (if any) by which the individual's deductions for the income year that are attributable to *financial investments exceed the individual's gross income for that year from those investments; and

(b) the amount (if any) by which the individual's deductions for the income year that are attributable to rental property exceed the individual's gross income for that year from rental property.

total participation interest has the meaning given by section 960-180.

total release amount, in relation to an *excess non-concessional contributions determination, has the meaning given by paragraph 97-25(1)(c) in Schedule 1 to the *Taxation Administration Act 1953*.

total superannuation balance has the meaning given by section 307-230.

total voting percentage in a company has the meaning given by section 768-560.

tracing rule means a rule in one of the following sections:

(a) section 166-225;

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(b) section 166-230;
(c) section 166-240;
(d) section 166-245;
(e) section 166-255;
(f) section 166-260.

trading in *shares in a *listed public company, or in units in a unit trust, has the meaning given by section 960-220.

trading stock has the meaning given by section 70-10, as modified by section 70-12 of this Act and sections 124ZO and 124ZQ of the *Income Tax Assessment Act 1936*.

trading stock loss has the meaning given by subsection 165-115A(1D).

traditional security has the meaning given by section 26BB of the *Income Tax Assessment Act 1936*.

transfer balance has the meaning given by section 294-30.

transfer balance account means an account that arises under section 294-15.

transfer balance cap has the meaning given by section 294-35 and modified by section 294-185.

transfer balance credit has the meaning given by section 294-25.

transfer balance debit has the meaning given by section 294-80.

transferor trust has the meaning given by section 960-75.

transfer pricing benefit has the meaning given by sections 815-15, 815-120 and 815-220.

transfer value of an asset means the amount that could be expected to be received from the disposal of the asset in an open market after deducting any costs expected to be incurred in respect of the disposal.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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transitioned petroleum activities has the meaning given by section 417-10.

transition entity has the meaning given by section 58-5.

transition time has the meaning given by section 58-5.

transition year has the meaning given by section 58-5.

transport capital expenditure has the meaning given by section 40-865.

transport expense has the meaning given by section 900-220.

transport facility has the meaning given by section 40-870.

transport payment has the meaning given by section 900-220.

travel allowance has the meaning given by section 900-30.

travel allowance expense has the meaning given by section 900-30.

travel between workplaces has the meaning given by section 25-100.

travel expense has the meaning given by section 900-95.

trial year has the meaning given by section 707-120.

trust component, of a particular character, has the meaning given by sections 276-260.

trust component deficit, of a particular character, has the meaning given by sections 276-320.

trustee:

(a) of a *superannuation fund, an *approved deposit fund or a *pooled superannuation trust—means:

(i) if there is a trustee (within the ordinary meaning of that expression) of the fund or trust—the trustee; or

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(ii) in any other case—the person who manages the fund or trust; and

(b) otherwise—has the meaning given by subsection 6(1) of the *Income Tax Assessment Act 1936*.

trust restructuring period has the meaning given by section 124-860.

trust share amount has the meaning given by subsection 207-120(4).

trust voting interest has the meaning given by section 124-781.

ultimate controller has the meaning given by section 727-350.

ultimate holding company of a *wholly-owned group has the meaning given by section 124-780.

ultimate owner has the meaning given by section 149-15.

ultimate stake of a particular percentage has the meaning given by sections 727-405, 727-410 and 727-415.

unclaimed money payment has the meaning given by section 307-5.

unconditionally registered: a *VCLP, *ESVCLP or *AFOF is unconditionally registered if:

(a) its registration under the *Venture Capital Act 2002* is not based, or is no longer based, on its conditional registration under section 13-5 of that Act; or

(b) it is taken to be unconditionally registered under subsection 13-10(2) of that Act.

undeducted construction expenditure has the meaning given by section 43-235 and 43-240.

undeducted pre-existing audited book value of a *depreciating asset has the meaning given by section 58-80.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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under, of a particular character, has the meaning given by section 276-345.

under-assessment, in the context of a *franking assessment, has the meaning given by subsection 214-115(2).

under common ownership: 2 companies are ***under common ownership*** if, and only if:

(a) they are members of the same *wholly-owned group; or

(b) after tracing the direct and indirect ownership of the *shares in each of the companies (through any interposed companies and trusts) to the individuals who ultimately hold it, that ownership is held by the same individuals in the same proportions.

In doing the tracing, ignore *shares whose *dividends can reasonably be regarded as being equivalent to the payment of interest on a loan having regard to:

(c) how the dividends are calculated; and

(d) the conditions applying to the payment of the dividends; and

(e) any other relevant matters.

unequal share structure has the meaning given by subsection 167-10(3).

unfrankable has the meaning given by section 202-45.

unfranked part of a *distribution has the meaning given by section 976-5.

uniform has the meaning given by subsection 34-15(1).

unitary tax has the meaning given by section 770-15.

United Nations Convention on the Law of the Sea means the United Nations Convention on the Law of the Sea, done at Montego Bay on 10 December 1982.

Note: The text of the United Nations Convention on the Law of the Sea is in Australian Treaty Series 1994 No. 31 ([1994] ATS 31) and could in

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2014 be viewed in the Australian Treaties Library on the AustLII website (http://www.austlii.edu.au).

unlisted country has the meaning given by section 320 of the *Income Tax Assessment Act 1936*.

unrecouped FMD deduction (short for unrecouped farm management deposit deduction) has the meaning given by subsections 393-10(2), 393-16(3) and 393-55(6) and (7).

untainting tax has the meaning given by subsection 197-60(2).

untaxable Commonwealth entity means an untaxable Commonwealth entity as defined by section 195-1 of the *GST Act.

untaxed plan cap amount has the meaning given in section 307-350.

unused allocation of exploration credits from an income year has the meaning given by section 418-82.

unused annual leave payment has the meaning given by section 83-10.

unused concessional contributions cap has the meaning given by section 291-20.

unused long service leave payment has the meaning given by section 83-75.

unused tax profit on the disposal or death has the meaning given by subsection 385-110(3).

unutilised means not *utilised.

up interest has the meaning given by section 725-155.

utilise, a *tax loss, a *net capital loss or *net exempt income, has the meaning given by section 960-20.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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valuation days, in relation to the calculation of the average value of a matter for an entity under Division 820, means the particular days at which the value of that matter is measured under Subdivision 820-G for the purposes of that calculation.

Valuation Standard means any prudential standard made under section 230A of the *Life Insurance Act 1995* that:

(a) provides for a valuation of the policy liabilities mentioned in subsection 114(2) of the *Life Insurance Act 1995*; and

(b) is in force under that Act.

valuation time for a *life insurance company has the meaning given by sections 320-175 and 320-230.

Note: This definition is affected by section 713-525.

value:

(a) the ***value*** of the liabilities of a *life insurance company under the *risk components of *life insurance policies means the value worked out under section 320-85; and

(b) the ***value*** of an item of *trading stock has the meaning given by Subdivision 70-C; and

(c) the ***value*** of a *registered emissions unit has the meaning given by Subdivision 420-D; and

(d) the ***value*** of a *superannuation interest has the meaning given by subsection 307-205(1).

variation credit component has the meaning given by section 45-610 in Schedule 1 to the *Taxation Administration Act 1953*.

variation GIC component has the meaning given by section 45-610 in Schedule 1 to the *Taxation Administration Act 1953*.

VBIF (short for value of business in force) has the meaning given by section 820-310.

VCLP means a *venture capital limited partnership.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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VCMP means a venture capital management partnership within the meaning of subsection 94D(3) of the *Income Tax Assessment Act 1936*.

venture capital credit has the meaning given by section 210-105.

venture capital debit has the meaning given by section 210-120.

venture capital deficit has the meaning given by section 210-130.

venture capital deficit tax means tax imposed under the *New Business Tax System (Venture Capital Deficit Tax) Act 2003*.

venture capital entity has the meaning given by section 118-515.

venture capital equity has the meaning given by section 118-525.

venture capital limited partnership has the meaning given by subsection 118-405(2).

venture capital sub-account means a sub-account that arises under section 210-100.

venture capital sub-account balance has the meaning given by section 214-35.

venture capital surplus has the meaning given by section 210-130.

visiting force has the meaning given by section 5 of the *Defence (Visiting Forces) Act 1963*.

voting share in a company means:

(a) if the company is a body corporate—a voting share as defined by section 9 of the *Corporations Act 2001*; and

(b) otherwise—a share that would be a voting share as defined by that section if the company were a body corporate.

voting stake has the meaning given by section 166-235.

Water Department means the Department administered by the *Water Minister.

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*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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water entitlement has the meaning given by section 124-1105.

water facility has the meaning given by section 40-520.

Water Minister means the Minister administering the *Water Act 2007*.

Water Secretary means the Secretary of the *Water Department.

whole of life policy has the meaning given by section 295-480.

wholly-owned group has the meaning given by section 975-500.

wholly-owned subsidiary of an entity has the meaning given by section 703-30.

widely held company means:

(a) a company, *shares in which (except shares that carry a right to a fixed rate of *dividend) are listed for quotation in the official list of an *approved stock exchange; or

(b) a company with more than 50 members, other than a company where at least one of the following conditions is met during an income year:

(i) no more than 20 persons held, or had the right to acquire or become the holders of, shares representing at least 75% of the value of the shares in the company (other than shares that only carry a right to a fixed rate of dividend);

(ii) at least 75% of the voting power in the company was capable of being exercised by no more than 20 persons;

(iii) at least 75% of the amount of any dividend paid by the company during the year was paid to no more than 20 persons;

(iv) if no dividend was paid by the company during the year—the Commissioner is of the opinion that, if a dividend had been paid by the company during the year, at least 75% of the amount of the dividend would have been paid to no more than 20 persons.

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widely held entity has the meaning given by subsection 842-230(2).

widely held foreign venture capital fund of funds has the meaning given by subsection 118-420(6).

wine has the meaning given by Subdivision 31-A of the *Wine Tax Act.

wine tax has the meaning given by section 33-1 of the *Wine Tax Act.

Wine Tax Act means the *A New Tax System (Wine Equalisation Tax) Act 1999*.

wine tax credit has the meaning given by section 33-1 of the *Wine Tax Act.

wine tax law has the meaning given by section 33-1 of the *Wine Tax Act.

WIP amount asset has the meaning given by subsection 701-63(6).

withholder means a *large withholder, a *medium withholder or a *small withholder.

withholding MIT has the meaning given by section 12-383 in Schedule 1 to the *Taxation Administration Act 1953*.

withholding payment means:

(a) a payment from which an amount must be withheld under Division 12 in Schedule 1 to the *Taxation Administration Act 1953* (even if the amount is not withheld); or

(aa) a payment that arises because of the operation of section 12A-205 in that Schedule (deemed payments) in respect of which Subdivision 12A-C in that Schedule requires an amount to be paid to the Commissioner; or

(b) an *alienated personal services payment in respect of which Division 13 in that Schedule requires an amount to be paid to the Commissioner; or

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(c) a *non-cash benefit, the *capital proceeds or a *taxable supply, in respect of which Division 14 in that Schedule requires an amount to be paid to the Commissioner.

Note 1: A withholding payment that consists of a non-cash benefit is made when the benefit is provided. The amount of the withholding payment is taken to be the market value of the benefit at that time.

Note 2: Divisions 12, 13 and 14 in Schedule 1 to the *Taxation Administration Act 1953* deal with collecting amounts on account of income tax payable by the recipient of the payment, alienated personal services payment, non-cash benefit or capital proceeds.

withholding payment covered by a particular provision in Schedule 1 to the *Taxation Administration Act 1953* means a *withholding payment consisting of:

(a) a payment from which an amount must be withheld under that provision (even if the amount is not withheld); or

(aa) a payment that arises because of the operation of section 12A-205 in that Schedule (deemed payments) in respect of which that provision requires an amount to be paid to the Commissioner; or

(b) a *non-cash benefit provided by an entity if that provision would have required the entity to withhold an amount if, instead of providing the benefit, the entity had paid the *market value of the benefit; or

(c) a non-cash benefit provided to an entity if that provision would have required the entity to withhold an amount if the benefit had been a payment of an amount equal to the market value of the benefit; or

(d) the *capital proceeds in respect of which Subdivision 14-D in that Schedule requires an amount to be paid to the Commissioner; or

(e) the *taxable supply in respect of which Subdivision 14-E in that Schedule requires an amount to be paid to the Commissioner.

withholding tax means income tax payable under:

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(a) section 301-175 (departing Australia superannuation payments); or
(b) section 306-15 (excess untaxed roll-over amounts); or
(c) Division 840 (withholding taxes); or
(d) Subdivision 840-M of the *Income Tax (Transitional Provisions) Act 1997* (managed investment trust amounts); or
(e) section 128B of the *Income Tax Assessment Act 1936* (dividends, interest and royalties).

work and income support withholding payments means work and income support related withholding payments and benefits, within the meaning given by the *Income Tax Assessment Act 1936*.

workers' compensation law has the meaning given by subsection 136(1) of the *Fringe Benefits Tax Assessment Act 1986*.

work expense has the meaning given by section 900-30.

working holiday maker has the meaning given by subsection 3A(1) of the *Income Tax Rates Act 1986*.

working holiday taxable income has the meaning given by subsections 3A(2) and (3) of the *Income Tax Rates Act 1986*.

work in progress amount has the meaning given by section 25-95.

worldwide capital amount, for an *outward investing entity (ADI), has the meaning given by section 820-320.

worldwide debt of an entity and at a particular time has the meaning given by subsection 820-932(1).

worldwide equity of an entity and at a particular time has the meaning given by subsection 820-932(2).

worldwide gearing debt amount:
(a) for an *outward investing entity (non-ADI)—has the meaning given by sections 820-110 and 820-111; and
(b) for an inward investment vehicle (general)—has the meaning given by section 820-216; and

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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(c) for an inward investment vehicle (financial)—has the meaning given by section 820-217; and
(d) for an *inward investor (general)—has the meaning given by section 820-218; and
(e) for an *inward investor (financial)—has the meaning given by section 820-219.

written down value of a *depreciating asset has the meaning given by section 45-40.

you has the meaning given by section 4-5.

your area has the meaning given by sections 43-115 and 43-120.

your construction expenditure has the meaning given by sections 43-115 and 43-120.

your earning activity has the meaning given by section 40-755.

zero-capital amount has the meaning given by section 820-942.

(2) So far as a provision of the *Income Tax Assessment Act 1997* gives an expression a particular meaning, the provision:
(a) does *not* also have effect for the purposes of the *Income Tax Assessment Act 1936* (the ***1936 Act***), except as provided in the 1936 Act; and
(b) does *not* also have effect for the purposes of Part IVC of the *Taxation Administration Act 1953*, except as provided in that Part.

*To find definitions of asterisked terms, see the Dictionary, starting at section 995-1.

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