

2016-2017

The Parliament of the  
Commonwealth of Australia

HOUSE OF REPRESENTATIVES

*Presented and read a first time*

## **Major Bank Levy Bill 2017**

**No.     , 2017**

*(Treasury)*

**A Bill for an Act to impose a levy on certain  
authorised deposit-taking institutions, and for  
related purposes**



---

## Contents

1	Short title.....	1
2	Commencement.....	1
3	Definitions.....	2
4	Imposition of levy.....	3
5	Amount of levy.....	3
6	Working out amounts for a quarter.....	4
7	Amounts to be worked out in accordance with accounting principles etc.....	5
8	Minister may determine methods of working out amounts.....	5



**A Bill for an Act to impose a levy on certain authorised deposit-taking institutions, and for related purposes**

The Parliament of Australia enacts:

**1 Short title**

This Act is the *Major Bank Levy Act 2017*.

**2 Commencement**

- (1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

## Section 3

---

<b>Commencement information</b>		
<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions</b>	<b>Commencement</b>	<b>Date/Details</b>
1. The whole of this Act	The day after this Act receives the Royal Assent.	

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

- (2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

### 3 Definitions

In this Act:

**ADI** (authorised deposit-taking institution) means a body corporate that is an ADI for the purposes of the *Banking Act 1959*.

**ADI financial claims scheme** means the scheme provided for under Division 2AA of Part II of the *Banking Act 1959*.

**applicable liabilities amount** for a quarter has the meaning given by subsection 5(2).

**applicable reporting standard** means a standard that:

- (a) is determined by the Australian Prudential Regulation Authority under section 13 of the *Financial Sector (Collection of Data) Act 2001*; and
- (b) relates to reporting amounts for the purposes of this Act (whether or not it also relates to other matters).

**levy threshold** for a quarter has the meaning given by subsection 4(3).

**quarter** means a period of 3 months ending on 31 March, 30 June, 30 September or 31 December.

***total liabilities amount*** for a quarter has the meaning given by subsection 4(2).

#### 4 Imposition of levy

- (1) Levy is imposed on an ADI for a quarter starting on or after 1 July 2017 if the total liabilities amount for the quarter in relation to the ADI exceeds the levy threshold for the quarter.
- (2) The ***total liabilities amount*** for a quarter in relation to an ADI is the amount equal to the total liabilities of the ADI for the quarter, as reported under an applicable reporting standard.
- (3) The ***levy threshold*** for the quarter starting on 1 July 2017 is \$100 billion. The amount is indexed quarterly.

Note: Subdivision 960-M of the *Income Tax Assessment Act 1997* shows how to index amounts.

#### 5 Amount of levy

- (1) The amount of the levy payable by the ADI for the quarter is 0.015% of the applicable liabilities amount for the quarter in relation to the ADI.
- (2) The ***applicable liabilities amount*** for the quarter in relation to the ADI is the difference between:
  - (a) the total liabilities amount for the quarter in relation to the ADI; and
  - (b) the sum of the following amounts:
    - (i) the total Additional Tier 1 Capital for the quarter in relation to the ADI, as reported under an applicable reporting standard;
    - (ii) the total amount of deposits held, to the extent that they would be protected by the ADI financial claims scheme, for the quarter in relation to the ADI, as reported under an applicable reporting standard;
    - (iii) an amount equal to the lesser of the derivative assets for the quarter in relation to the ADI and the derivative liabilities for the quarter in relation to the ADI, both as reported under an applicable reporting standard;

- (iv) the exchange settlement account balance, held with the Reserve Bank of Australia, for the quarter in relation to the ADI, as reported under an applicable reporting standard;
  - (v) any amounts of a kind determined under subsection (4).
- (3) The methods for working out any of the amounts mentioned in paragraph (2)(b) may be set out in the same applicable reporting standard (including the standard mentioned in subsection 4(2)).
  - (4) The Minister may, by legislative instrument, determine a kind of amount for the purposes of subparagraph (2)(b)(v).
  - (5) An instrument made under subsection (4) may make provision in relation to a matter by applying, adopting or incorporating any matter contained in any other instrument or writing as in force or existing from time to time.
  - (6) Subsection (5) has effect despite anything in subsection 14(2) of the *Legislation Act 2003*.

## **6 Working out amounts for a quarter**

- (1) An amount mentioned in subsection 4(2) or paragraph 5(2)(b) for a quarter is to be worked out by working out that amount as at the end of the last day of the quarter.
- (2) However, the following amounts for a quarter are to be worked out under subsection (3):
  - (a) the total liabilities amount, to the extent that it consists of liabilities relating to any of the following:
    - (i) debt securities;
    - (ii) repurchase agreements;
    - (iii) loans between the ADI concerned and another ADI;
    - (iv) loans between the ADI concerned and a foreign bank (within the meaning of section 128A of the *Income Tax Assessment Act 1936*);
  - (b) the exchange settlement account balance mentioned in subparagraph 5(2)(b)(iv);
  - (c) an amount of a kind determined under subsection (4).



- (3) An amount mentioned in subsection (2) is worked out, for a quarter, as follows:

*Method statement*

- Step 1. For each day during the quarter, work out the amount mentioned in subsection (2) as at the end of that day.
- Step 2. Add together the step 1 amounts.
- Step 3. Divide the step 2 amount by the total number of days in the quarter.

- (4) The Minister may, by legislative instrument, determine a kind of amount for the purposes of paragraph (2)(c).
- (5) An instrument made under subsection (4) may make provision in relation to a matter by applying, adopting or incorporating any matter contained in any other instrument or writing as in force or existing from time to time.
- (6) Subsection (5) has effect despite anything in subsection 14(2) of the *Legislation Act 2003*.

**7 Amounts to be worked out in accordance with accounting principles etc.**

An amount mentioned in subsection 4(2), paragraph 5(2)(b) or subsection 6(2) for a quarter is to be worked out in accordance with:

- (a) accounting principles (within the meaning of the *Income Tax Assessment Act 1997*); and
- (b) any applicable instrument made under section 8.

**8 Minister may determine methods of working out amounts**

- (1) The Minister may, by legislative instrument, provide for any matter relating to the method for working out an amount mentioned in subsection 4(2), paragraph 5(2)(b), or subsection 6(2).

## Section 8

---

- (2) An instrument made under subsection (1) may make provision in relation to a matter by applying, adopting or incorporating any matter contained in any other instrument or writing as in force or existing from time to time.
- (3) Subsection (2) has effect despite anything in subsection 14(2) of the *Legislation Act 2003*.