Income Tax Assessment Amendment Bill (No. 3) 1976

Introduced by the Treasurer, Hon. P. Lynch
House of Representatives, 1 December 1976.

Brief Digest of Bill

Purpose
To amend the Income Tax Assessment Act 1936, mainly to give effect to proposals made as part of the 1976–77 Budget.

Provisions
The numerous provisions of the Bill are described in detail in the Explanatory Memorandum on Pages 6–72 with the main provisions summarised on Pages 2–4. They cover the following areas:

Definition of “resident of Australia”—amendment consequent on change in constitution of Commonwealth Superannuation Fund. (clause 3).

Exemption of income of Thalidomide Foundation—so afflicted children will receive income from fund tax-free. (clause 4).

Visiting industrial experts—terminating on 30 June 1976 instead of 30 June 1978 the previous tax concessions which were being phased out (clause 5).

Income equalisation deposits—tax treatment.
Deposits lodged by primary producers with the Commissioner for Taxation under the I.E.D. scheme are to be allowable as tax deductions, while withdrawals of deposits for which deductions have been allowed will be included as assessable income for tax purposes (clause 34).

Provisions for the financial mechanisms of the I.E.D. scheme are set out in the associated Loan (Income Equalisation Deposits) Bill 1976. The general features of the scheme are described in the Treasurer’s Second Reading Speech on the Income Tax Assessment Amendment Bill (No. 3).

Private companies retention allowance
— increase in retention allowance from 50 to 60 per cent (clause 9).
— termination of excess distribution provisions (clause 10).

Capital expenditure on prospecting and mining for minerals other than petroleum
— depreciation for tax purposes allowed on basis of 1/5 of reducing balance each year, instead of 1/25 (clause 14).

Warning:
This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments. This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.
Capital expenditure on facilities for transport of certain minerals — to be deductible, over either 10 or 20 years at option of taxpayer (clauses 17–21).

Capital expenditure on prospecting and mining for petroleum
— deductions to be allowed against income from any source, rather than only against income from petroleum (Clause 27).
— deductions to be allowable on basis of 1/5 reducing balance instead of 1/25 (clause 24).

Mineral exploration in Papua–New Guinea
— extension to 30 June 1978 (clause 2) of transitional arrangements for deduction of exploration expenditure in Papua–New Guinea (clause 37).

Many of the amendments not specifically referred to here are consequential on the substantive changes mentioned above.

FINANCE, INDUSTRIES, TRADE AND DEVELOPMENT GROUP

7 December 1976