

INCOME TAX ASSESSMENT.

No. 23 of 1931.

An Act to amend the *Income Tax Assessment Act 1922-1930.*

[Assented to 7th August, 1931.]

BE it enacted by the King's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows :—

1.—(1.) This Act may be cited as the *Income Tax Assessment Act 1931.* Short title and citation.

(2.) The *Income Tax Assessment Act 1922-1930** is in this Act referred to as the Principal Act.

(3.) The Principal Act, as amended by this Act, may be cited as the *Income Tax Assessment Act 1922-1931.*

2. Section four of the Principal Act is amended by adding at the end of the definition of "Mortgage" the words " , and any collateral or supplementary agreement, whether in writing or otherwise, and whether or not it be one whereby the terms of any mortgage are varied or supplemented, or the due date for the payment of money secured by mortgage is altered, or an extension of time for payment is granted." Definitions.

3. Section sixteen of the Principal Act is amended by adding at the end of paragraph (b) the following sub-paragraph :— What is included in income.

"In determining, for the purposes of the last two preceding provisoes, the rate or amount of tax paid or payable by a company or a member or shareholder of a company—

(1) the part of the said dividends, bonuses and profits, and of the face value of the said shares, which is included in the taxable income of the member or shareholder, shall be ascertained by deducting from the total sum comprised in the dividends, bonuses and profits, and the face value of the shares—

(A) any part of that total sum which is not included in the assessable income of the member or shareholder, and

(B) such portion (if any) of the deductions allowable from the income derived by the member or shareholder from property as, in the opinion of the Commissioner, is properly attributable to the part of that total sum which is included in the assessable income of the member or shareholder ; and

* Act No. 37, 1922, as amended by No. 27, 1923 ; No. 51, 1924 . No. 23, 1925 ; No. 32, 1927 ; No. 46, 1928 ; No. 11, 1929 ; No. 50, 1930 ; and No. 60, 1930.

(2) the further tax of a specified percentage of the amount of the taxable income derived—

- (A) from property ;
- (B) by way of interest, dividends, rents or royalties, whether derived from personal exertion or from property ; and
- (C) in the course of carrying on a business, where the income is of such a class that, if derived otherwise than in the course of carrying on a business, it would be income from property, shall not be taken into account ;”.

Taxation of Companies.

4. Section twenty of the Principal Act is amended by adding at the end of sub-section (2.) the following proviso :—

“ Provided further that, where in any financial year any debentures are redeemed, or any money lodged at interest is withdrawn, the rate of tax payable by the company in respect of the interest paid thereon during that financial year shall be the rate which would have been payable by the company in respect of that interest if an assessment had been made in respect thereof at the date upon which the debentures were redeemed, or the deposit withdrawn, as the case may be.”.

Deductions.

5. Section twenty-three of the Principal Act is amended—

- (a) by adding, at the end of the second proviso to paragraph (a) of sub-section (1.), the words “ unless arrangements have been made to the satisfaction of the Commissioner for the payment of any income tax which has been or may be assessed under section twenty-eight B of this Act in respect of that premium ” ;
- (b) by inserting in sub-paragraph (ii) of paragraph (h) of sub-section (1.), after the words “ affiliated therewith ”, the words “ or established by the Commonwealth ” ; and
- (c) by inserting, after sub-section (1B.), the following sub-section :—

“ (1c.) Where the taxpayer is a married woman or a widow, she shall be entitled to the deductions specified in paragraphs (c), (g) and (o) of sub-section (1.) of this section, and any reference in those paragraphs to the wife of the taxpayer shall be read as a reference to the husband of the taxpayer.”.

Special deduction.

6. Section twenty-four of the Principal Act is amended by omitting paragraphs (a) and (b) of sub-section (2.) and inserting in their stead the following paragraphs :—

- “ (a) the sum of Two hundred and fifty pounds less One pound for every Two pounds by which the income exceeds Two hundred and fifty pounds ; or
- “ (b) where the income does not exceed Two hundred and fifty pounds—the amount of the income.”.

7. Section twenty-eight B of the Principal Act is amended by adding at the end thereof the following sub-section :—

Income derived from insurances.

“(5.) Where an insurer specified in paragraph (a) of sub-section (1.) of this section satisfies the Commissioner that, on account of special circumstances, it is necessary that the rate of tax payable by him under this section should be ascertained at the time when premiums are paid to him, the Commissioner may direct that the tax payable under this section by the insurer in respect of premiums paid to him during any financial year shall be calculated at the rate which would have been payable if an assessment had been made in respect of those premiums at the date when they were paid.”.

8. Section thirty-two of the Principal Act is amended by omitting from sub-section (1.) the words “Three hundred” and inserting in their stead the words “Two hundred and fifty”.

Persons to furnish returns.

9. After section eighty-eight of the Principal Act the following section is inserted :—

“88A. Where a company has paid or is liable to pay, in addition to income tax payable at the rates fixed for companies, further income tax of a specified percentage of its taxable income which is derived—

Deduction of tax from dividends payable to preference shareholders.

(a) from property ;

(b) by way of interest, dividends, rents or royalties, whether derived from personal exertion or from property ; and

(c) in the course of carrying on a business, where the income is of such a class that, if derived otherwise than in the course of carrying on a business, it would be income from property,

the company may, notwithstanding anything contained in the memorandum or articles of association of the company, or in any other document or agreement, deduct from any dividends payable to the preference shareholders of the company an amount equivalent to the amount of that further income tax which has been paid or is payable by the company upon taxable income which has been distributed to its preference shareholders.”.

10. Section ninety-four of the Principal Act is amended by adding at the end thereof the following sub-section :—

Covenant by mortgagor to pay tax.

“(3.) Where, in any mortgage, provision is made for the reduction of the rate or amount of interest in the event of prompt payment of the interest or in any other circumstances, and for the rate or amount of such reduction to be diminished by or in proportion to any amount of income tax payable by the mortgagee, the portion of the provision which provides for that diminution shall be void, and the reduction of the rate or amount of interest shall take effect as if the portion of the provision which provides for that diminution had not been inserted.”.

Tax payable on
interest on
certain Treasury
Bills.

11. The application of section twenty of the *Commonwealth Debt Conversion Act 1931* shall extend to such Commonwealth Treasury Bills issued to Banks in Australia, on or after the thirty-first day of July, One thousand nine hundred and thirty-one, as the Australian Loan Council, constituted in pursuance of the Schedule to the *Financial Agreement Validation Act 1929*, determines.

Commencement.

12.—(1.) The amendment effected by section three of this Act, except that part which is contained in paragraph (2) thereof, shall apply to assessments for the financial year beginning on the first day of July One thousand nine hundred and twenty-three, and all subsequent years :

Provided that the operation of that amendment shall not affect the rights of any person under a judgment obtained by him prior to the commencement of this Act.

(2.) The amendment effected by section three of this Act, except that part which is contained in paragraph (1) thereof, shall apply to assessments for the financial year beginning on the first day of July One thousand nine hundred and thirty, and all subsequent years.

(3.) The amendments effected by paragraph (c) of section five of this Act, and by sections six and eight of this Act, shall apply to assessments for the financial year beginning on the first day of July One thousand nine hundred and thirty-one, and all subsequent years.
