
INCOME TAX ASSESSMENT.

No. 76 of 1932.

An Act to amend the *Income Tax Assessment Act* 1922-1931.

[Assented to 5th December, 1932.]

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

Short title
and citation.

1.—(1.) This Act may be cited as the *Income Tax Assessment Act* 1932.

(2.) The *Income Tax Assessment Act* 1922-1931* 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* 1922-1932.

2. Section five of the Principal Act is repealed and the following section inserted in its stead:—

Taxpayer
resident in
Territories.

“5.—(1.) This Act shall extend to the Territories of Papua, Norfolk Island and New Guinea, but shall not apply to any income derived by a resident of those Territories from sources within those Territories.

“(2.) Any taxpayer who is resident in a territory specified in this section shall, for the purposes of assessment and payment of income tax on income derived from sources in Australia, be deemed to be a resident of Australia.”

*Act No. 37, 1922, as amended by No. 27, 1923; No. 51, 1924; No. 28, 1925; No. 32, 1927; No. 46, 1928; No. 11, 1929; No. 50, 1930; No. 60, 1930; and No. 23, 1931.

3. Section five A of the Principal Act is amended—

- (a) by omitting from sub-section (1.) the words "Territory of North Australia or of Central Australia by a resident of either of those Territories" and inserting in their stead the words "Northern Territory of Australia by a resident of that Territory"; and
- (b) by omitting from sub-section (1.) the word "thirty-two" and inserting in its stead the word "thirty-seven".

Application of Act to Northern Territory.

4. Section twelve of the Principal Act is amended by inserting in sub-section (4.), after the words "relating to pensions", the words "or to the Director-General of Health for the purpose of the administration of any law of the Territory for the Seat of Government which is administered by the Minister of State for Health".

Officers to observe secrecy.

5. Section fourteen of the Principal Act is amended—

Exemptions.

- (a) by adding at the end of paragraph (i) of sub-section (1.) the words "and wounds and disability pensions of the kinds specified in sub-section (2.) of section sixteen of the Finance Act, 1919, of the United Kingdom ;
- (b) by omitting from sub-paragraph (i) of paragraph (q) of sub-section (1.) the words "proved to the satisfaction of the Commissioner—
- (1) to be chargeable with income tax in any country outside Australia ; or
- (2) to be "
- and inserting in their stead the words—
- " in the opinion of the Commissioner—
- (1) not exempt from income tax in the country in which the income was derived ; or
- (2) " ;
- (c) by omitting from paragraph (r) of sub-section (1.) the word "and" (last occurring) ;
- (d) by inserting at the end of sub-section (1.) the following paragraph :—
- "and
- (t) the income of any fund established for the purpose of enabling scientific research to be conducted either by or in conjunction with a public university or public hospital to the extent to which the Commissioner is satisfied that the income of the fund is being applied for scientific research so conducted." ; and
- (e) by adding at the end thereof the following sub-sections—
- " (3.) A wife living apart from her husband pursuant to a decree, judgment, order or deed of separation which provides that the husband shall periodically pay specified moneys to the wife shall not be liable to be assessed in respect of those moneys.

“(4.) Where a company has derived income from interest to which section twenty of the *Commonwealth Debt Conversion Act* 1931 applies or from discount allowed under section seventeen of that Act, or from interest to which sub-section (2.) of section fifty-two B of the *Commonwealth Inscribed Stock Act* 1911-1932 applies, and has credited, paid or distributed in any year any portion of that income in dividends to its shareholders, the proportion of each dividend for that year which has been so credited, paid or distributed out of such income shall be free from income tax to the same extent as interest to which section twenty of the *Commonwealth Debt Conversion Act* 1931 applies.”.

**Taxation of
companies.**

6. Section twenty of the Principal Act is amended—

(a) by omitting the fourth proviso to sub-section (2.) and inserting in its stead the following proviso :—

“ Provided further that where a company pays tax under this sub-section on any interest and that interest is also included in the assessment of the person to whom it was paid or credited the proportionate amount of tax paid by the company in respect of the interest shall be deducted from the total tax payable by that person.”; and

(b) by inserting after sub-section (4A.) the following sub-section :—

“(4B.) Further income tax of a specified percentage of the amount of 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 for the purpose of determining the amount of the rebate to which a member or shareholder is entitled under sub-section (4.) of this section.”.

Deductions.

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

(a) by inserting in paragraph (b) of sub-section (1.), after the word “rates” (first occurring), the words “which are annually assessed” ; and

(b) by omitting from paragraph (b) of sub-section (1.) the words “annually assessed and are”.

8. Section thirty-seven of the Principal Act is amended—

Alteration of
assessment.

(a) by inserting in paragraph (c) of sub-section (1A.), at the end thereof, the following proviso:—

“Provided that where as the result of an alteration or addition to an assessment any fresh liability is imposed on the taxpayer a further alteration or addition may be made within three years from the date upon which the tax became due and payable under the amended assessment, but only for the purpose of adjusting that liability by way of reduction.”; and

(b) by omitting the proviso to sub-section (2.).

9. Section fifty of the Principal Act is amended by adding at the end thereof the following sub-section:—

Objections.

“(5.) The Commissioner may in any case in his discretion and upon reasonable cause being shown by the taxpayer, extend for a further period not exceeding thirty days (a) the period of forty-two days mentioned in sub-section (1.) of this section and (b) the period of thirty days mentioned in sub-section (4.) of this section.”.

10. Section sixty-one of the Principal Act is amended—

When tax not
paid during
lifetime.

(a) by omitting from paragraph (a) the words “had against the taxpayer in his lifetime” and inserting in their stead the words “against the taxpayer if the taxpayer were still living”; and

(b) by omitting paragraphs (c) and (d) and inserting in their stead the following paragraphs:—

“(c) the executors and administrators shall be subject to penalties by way of additional tax to the same extent as the taxpayer would be subject to such penalties if the taxpayer were still living:

Provided that the Commissioner may in any particular case, for reasons which he thinks sufficient, remit the additional tax or any part thereof;

(d) the amount of any tax or additional tax payable by the executors and administrators shall be a first charge on all the taxpayer’s estate in their hands.”.

11. Section sixty-seven of the Principal Act is amended by omitting the words “and the tax assessed upon the basis of the return lodged” and substituting the words “and the amount of tax previously assessed to be paid by the taxpayer, or, if no amount of tax has previously been assessed, the amount of tax that would be payable by him if he were assessed for tax upon the basis of the return furnished by him”.

Additional
tax in certain
cases.

Covenant by
mortgagor to
pay tax.

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

“(4.) Any provision in a mortgage by or under which it is provided that any income tax payable by the mortgagee, or any portion thereof, shall or may be taken into account for the purpose of fixing, measuring, or calculating the rate of interest payable under the mortgage or any reduction or alteration of that rate shall, to the extent to which it provides for income tax to be so taken into account (but not otherwise), be void, whether the provision be in the form of a covenant or agreement to pay interest, or a proviso or a stipulation for an alternative, substituted, or reduced rate of interest in lieu of a higher rate payable by the mortgagor pursuant to any such covenant or agreement, or otherwise.”.

Commencement.

13.—(1.) The amendments effected by section two and by paragraphs (c) and (d) of section five of this Act shall apply to assessments for the financial year beginning on the first day of July, One thousand nine hundred and twenty-nine, and all subsequent years.

(2.) The amendments effected by paragraph (a) of section five, paragraph (a) of section six, and by section seven of this Act 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 paragraphs (b) and (e) of section five of this Act and by paragraph (b) of section six of this Act shall apply to assessments for the financial year beginning on the first day of July, One thousand nine hundred and thirty-two, and all subsequent years.