

STATES GRANTS (INCOME TAX
REIMBURSEMENT).

No. 20 of 1942.

An Act to make provision for the grant of financial assistance to States, and for other purposes.

[Assented to 7th June, 1942.]

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.

1. This Act may be cited as the *States Grants (Income Tax Reimbursement) Act 1942*.

Commencement.

2. This Act shall come into operation on the first day of July, One thousand nine hundred and forty-two.

3. In this Act, the expression "arrears of tax" means any amount payable by any person in respect of any tax imposed upon incomes by or under the law of the State concerned for any financial year prior to the financial year commencing on the first day of July, One thousand nine hundred and forty-two, which has not been collected by the State prior to that date.

Definition.

4. In every financial year during which this Act is in operation in respect of which the Treasurer is satisfied that a State has not imposed a tax upon incomes, there shall be payable by way of financial assistance to that State the amount set forth in the Schedule to this Act against the name of that State, less an amount equal to any arrears of tax collected by or on behalf of that State during that financial year.

Grants to States.

5.—(1.) As further financial assistance to any State to which payments may be made under section four of this Act, there shall be payable to any State which collects, or on behalf of which there are collected, any arrears of tax during any financial year during which this Act is in operation, an amount equal to the amount of the arrears of tax so collected.

Further financial assistance.

(2.) The amount payable in accordance with this section shall be payable immediately prior to the expiration of this Act and shall bear interest as from the beginning of the financial year next following the financial year in which the arrears of tax are collected at such rate (not less than three pounds per centum per annum) as the Treasurer determines.

6.—(1.) If the Treasurer of any State to which payments may be made under section four of this Act is of the opinion that the payments so made are insufficient to meet the revenue requirements of the State he may, by writing, so inform the Commonwealth Grants Commission constituted under the *Commonwealth Grants Commission Act 1933-1935*.

Additional grants to States.

(2.) Upon receipt of any such information the Commonwealth Grants Commission shall inquire into and report to the Treasurer of the Commonwealth as to whether it is just that an additional amount of financial assistance should be payable to that State, for which purpose the Commission shall have all the powers it would have if the information were an application made by a State under the *Commonwealth Grants Commission Act 1933-1935*.

(3.) Where the Treasurer, after considering the report, is satisfied that it is just that a greater amount of financial assistance should be payable to that State than the amount payable in accordance with section four of this Act, there shall be payable to that State such further amount of financial assistance (not exceeding the amount recommended by the Commonwealth Grants Commission) as the Treasurer thinks just.

7. Payments in accordance with this Act shall be made out of the Consolidated Revenue Fund, which is hereby appropriated accordingly.

Appropriation.