



Taxation Laws Amendment Act (No. 6) 1999

No. 54, 1999



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**An Act to amend the law relating to taxation, and
for related purposes**

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Taxation Laws Amendment Act (No. 6) 1999

No. 54, 1999

An Act to amend the law relating to taxation, and for related purposes

[Assented to 5 July 1999]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Taxation Laws Amendment Act (No. 6) 1999*.

2 Commencement

- (2) Item 2 of Schedule 7 commences immediately after the commencement of Schedule 5.
-

3 Schedule(s)

Subject to section 2, each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Spectrum licences

Part 1—Insertion of new Division in the Income Tax Assessment Act 1997

1 Section 375-880 (link note)

Repeal the link note, substitute:

[The next Division is Division 380.]

Division 380—Spectrum licences under the Radiocommunications Act

Table of Subdivisions

	Guide to Division 380
380-A	Deductions for capital expenditure on spectrum licences
380-B	Partial realisation of spectrum licences
380-C	Replacement of spectrum licences
380-D	Balancing adjustments
380-E	Application of the Common rules
380-F	Adjustments affecting your deductions under this Division

Guide to Division 380

380-5 What this Division is about

This Division creates a capital allowance for expenditure incurred in obtaining a spectrum licence that you use for the purpose of producing assessable income.

Note 1: In some cases, you get a deduction even if you obtained the spectrum licence for nothing.

Note 2: Division 40 sets out an overview of capital allowances. Division 41 sets out the Common rules that can affect capital allowances (see also Subdivision 380-E).

In certain cases, an amount is included in your assessable income to reverse the effect of past deductions.

Subdivision 380-A—Deductions for capital expenditure on spectrum licences

Table of sections

380-10	When can you deduct your expenditure?
380-15	How much can you deduct?
380-20	What is your <i>unrecouped expenditure</i> ?
380-25	What is your <i>expenditure</i> ?

380-10 When can you deduct your expenditure?

- (1) You can deduct an amount for the *current year for your *expenditure incurred in obtaining a *spectrum licence if you used the spectrum licence in that year for the *purpose of producing assessable income.
- (2) However, you cannot deduct an amount under this section if, in the *current year or an earlier income year:
 - (a) you ceased to hold the *spectrum licence when it was *replaced by another spectrum licence that you held after the replacement; or
 - (b) a *balancing adjustment event happened at a time when you held the *spectrum licence.

Note 1: For the replacement of spectrum licences, see Subdivision 380-C. If some or all of the spectrum licence was replaced in the current year, you may be able to deduct an amount under that Subdivision whether or not you ceased to hold the spectrum licence when that happened.

Note 2: If a balancing adjustment event happened in the current year, you may be able to deduct an amount because of the balancing adjustment that you must make: see Subdivision 380-D.

Note 3: You can deduct an amount under this section even if you have assigned part of the spectrum licence, or part of it is resumed by the ACA. The effect of such partial realisations is set out in Subdivision 380-B.

Note 4: Once you have a deduction under this section, an amount may be included in your assessable income under Subdivision 380-B, 380-C or 380-D.

380-15 How much can you deduct?

The amount you can deduct for the *current year is worked out as follows.

How much you can deduct

Step 1. Divide your *unrecouped expenditure on the *spectrum licence at the end of the current year by the number of income years from the start of the current year to the end of the income year in which the spectrum licence expires.

Step 2. Work out the number of days in the current year on which you used the spectrum licence for the *purpose of producing assessable income.

Step 3. Divide the result in step 2 by the number of days in the current year.

Step 4. Multiply the results in steps 1 and 3. This is the amount that you can deduct for the current year under section 380-10.

380-20 What is your *unrecouped expenditure*?

- (1) Your *unrecouped expenditure* on a *spectrum licence starts as your *expenditure incurred in obtaining the spectrum licence, but is reduced over time. (It can also be increased later.)
- (2) Immediately after the end of an income year, it is reduced by the amount you can deduct under section 380-10 for the *expenditure for that income year.
- (3) The table shows the other provisions that reduce or increase your unrecouped expenditure.

Reducing or increasing unrecouped expenditure

Item	For this situation:	See:
1	A partial realisation of the spectrum licence may reduce it	Subdivision 380-B

Schedule 1 Spectrum licences

Part 1 Insertion of new Division in the Income Tax Assessment Act 1997

Reducing or increasing unrecouped expenditure

Item	For this situation:	See:
2	A replacement of some or all of the spectrum licence may reduce it	Subdivision 380-C
3	A balancing adjustment reduces it to nil	Subdivision 380-D
4	A variation of the spectrum licence to increase the part of the spectrum specified may increase it	Section 380-105

380-25 What is your *expenditure*?

- (1) Your *expenditure* incurred in obtaining a *spectrum licence is worked out using the table. If more than one case in the table applies, use the expenditure in the *last* applicable case. (It does not matter whether an event described happened in the *current year or earlier.)
- (2) However, your *expenditure* does *not* include an amount that you have deducted or can deduct, or that has been or will be taken into account in working out an amount you have deducted or can deduct:
 - (a) under this Division in respect of another *spectrum licence; or
 - (b) under another Division of this Act.

Your *expenditure* on the spectrum licence

Case	If you hold the spectrum licence at the end of the current year because:	Your expenditure on the spectrum licence is:	But it may be adjusted by:
1	the spectrum licence was originally issued to you	the capital expenditure you incurred in obtaining the spectrum licence	Common rule 2 (non-arm's length transactions: see section 380-95)

Your expenditure on the spectrum licence

Case	If you hold the spectrum licence at the end of the current year because:	Your expenditure on the spectrum licence is:	But it may be adjusted by:
2	the spectrum licence was originally issued to you because some or all of another spectrum licence, that you held but had never used for the *purpose of producing assessable income, was resumed by the *ACA under Division 6 of Part 3.2 of the <i>Radiocommunications Act 1992</i>	so much of the difference between: (a) the capital expenditure you incurred in obtaining the other spectrum licence; and (b) the amount of compensation paid to you under section 93 of that Act in respect of the resumption; as is reasonably attributable to the *part of the *spectrum specified in the spectrum licence	not applicable
3	it is a *new spectrum licence originally issued to you to *replace some or all of an *old spectrum licence (see also Subdivision 380-C)	the sum of: (a) the capital expenditure (if any) you incurred in obtaining the *new spectrum licence; and (b) if subsection 380-65(3) applies to the old spectrum licence—the amount worked out in that subsection reduced by the amount (if any) you can deduct under subsection 380-65(6)	not applicable
4	the spectrum licence was assigned to you	the capital expenditure you incurred in obtaining the spectrum licence	section 380-110 (non-arm's length transactions)

Schedule 1 Spectrum licences**Part 1** Insertion of new Division in the Income Tax Assessment Act 1997

Your expenditure on the spectrum licence			
Case	If you hold the spectrum licence at the end of the current year because:	Your expenditure on the spectrum licence is:	But it may be adjusted by:
5	the spectrum licence was assigned to you with other property and no separate consideration was allocated to the spectrum licence	so much of the capital expenditure you incurred in obtaining the spectrum licence with the other property as is reasonably attributable to the spectrum licence	section 380-110 (non-arm's length transactions)
6	the spectrum licence was assigned to you by an entity for no consideration	the sum of that entity's *unrecouped expenditure on the spectrum licence, just before the assignment took effect and the capital expenditure (if any) you incurred in obtaining the spectrum licence	section 380-115 (assignment of part of a spectrum licence)
7	the spectrum licence was assigned to you for no consideration by an entity that: (a) used the spectrum licence while it held it, but never for the *purpose of producing assessable income; or (b) never used the item while it held it, but if it had, would never have used it for the *purpose of producing assessable income	a nil amount	not applicable
8	a *balancing adjustment event happened that is covered by item 3 (about partial changes of ownership) in the table in subsection 380-80(3)	the spectrum licence's market value at the time of the event	not applicable

Your expenditure on the spectrum licence

Case	If you hold the spectrum licence at the end of the current year because:	Your expenditure on the spectrum licence is:	But it may be adjusted by:
9	a *balancing adjustment event happened to which Common rule 1 applies (see section 380-100)	the transferor's *unrecouped expenditure on the spectrum licence just before the event	not applicable

Subdivision 380-B—Partial realisation of spectrum licences

Guide to Subdivision 380-B

380-30 What this Subdivision is about

If you partially realise a spectrum licence, the amount arising reduces your unrecouped expenditure on the spectrum licence, and therefore reduces your future deductions.

However, the replacement of some or all of your spectrum licence with another spectrum licence that you hold is not a partial realisation. Instead, Subdivision 380-C applies.

Depending on how much the amount arising is, an amount may also be included in your assessable income (to reverse the effect of past deductions).

Note: The full realisation of a spectrum licence may be a balancing adjustment event (see Subdivision 380-D).

Table of sections

Operative provisions

- 380-35 Amount arising from the partial realisation
- 380-40 What are the effects of the partial realisation?
- 380-45 Spectrum licence after the partial realisation

[This is the end of the Guide.]

Operative provisions

380-35 Amount arising from the partial realisation

- (1) A *partial realisation* of a *spectrum licence is an event described in column 2 of an item in the table.
- (2) However, the *replacement of some or all of a *spectrum licence with another spectrum licence that you hold after the replacement is *not* a *partial realisation* of the first-mentioned spectrum licence. Instead, Subdivision 380-C applies.
- (3) The *amount arising* from the partial realisation is the amount in column 3 of the applicable item in the table. (If more than one item applies, use the amount in the *last* applicable item.)
- (4) However, the *amount arising* from the *partial realisation does *not* include any amount that is *ordinary income.

Partial realisation of a spectrum licence		
Item	Event that is a <i>partial realisation</i>	<i>Amount arising from it</i>
1	you assign part of the spectrum licence	the amount (if any) paid to you for the part less your expenses reasonably attributable to the assignment
2	you assign part of the spectrum licence with other property, and no separate consideration is allocated to the part	the portion of the consideration that is reasonably attributable to the part, less the same portion of your expenses reasonably attributable to the assignment
3	you assign part of the spectrum licence for no consideration	so much of your *unrecouped expenditure on the spectrum licence as is reasonably attributable to the part
4	you assign part of the spectrum licence to an entity with which you are not dealing at *arm's length, for no consideration or for less than the part's market value at the time of the assignment	the greater of: <ul style="list-style-type: none"> • so much of your *unrecouped expenditure on the spectrum licence as is reasonably attributable to the part; and • the part's market value at the time of the assignment

Partial realisation of a spectrum licence

Item	Event that is a <i>partial realisation</i>	<i>Amount arising from it</i>
5	part of the spectrum licence is resumed under Division 6 of Part 3.2 of the <i>Radiocommunications Act 1992</i>	the amount of compensation paid to you under section 93 of that Act

380-40 What are the effects of the partial realisation?

- (1) You work out the effects of a *partial realisation by comparing:
 - (a) the *amount arising from the partial realisation; and
 - (b) your *unrecouped expenditure on the *spectrum licence just before the partial realisation.
 - (2) If the *amount arising from the *partial realisation does *not* exceed your *unrecouped expenditure, your unrecouped expenditure is *reduced* by that amount at the time of the *partial realisation.
 - (3) On the other hand, if the *amount arising from the *partial realisation *exceeds* your *unrecouped expenditure, then:
 - (a) your unrecouped expenditure is *reduced* to nil (if it is not nil already) at the time of the partial realisation; and
 - (b) the excess is included in your assessable income for the income year of the partial realisation.
 - (4) However, the amount included in your assessable income cannot exceed:
 - the total of each amount (if any) you can deduct or have deducted for the *spectrum licence for the *current year or an earlier income year under this Division;reduced by:
 - the total of each amount (if any) included in your assessable income for an income year, in respect of the spectrum licence, under this Division.
- Note: An amount may be included in your assessable income under this section (because of a previous partial realisation), under section 380-70 (because of a replacement) or under section 380-85 (because of a balancing adjustment event).

380-45 Spectrum licence after the partial realisation

To avoid doubt, this Division applies as if the *spectrum licence as varied because of the *partial realisation were the same spectrum licence as before the partial realisation.

Subdivision 380-C—Replacement of spectrum licences

Guide to Subdivision 380-C

380-50 What this Subdivision is about

If some or all of your spectrum licence (whether or not you still hold it) is replaced by another spectrum licence that you hold after the replacement, your unrecouped expenditure on the first-mentioned spectrum licence is reduced.

You may be entitled to deduct an amount in respect of that spectrum licence, or be required to include an amount in your assessable income (to reverse the effect of past deductions).

Table of sections

Operative provisions

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380-60	Amount arising from the replacement
380-65	Effect if the amount arising does not exceed your unrecouped expenditure
380-70	Effect if the amount arising exceeds your unrecouped expenditure
380-75	Old spectrum licence varied because of the replacement

[This is the end of the Guide.]

Operative provisions

380-55 Application of Subdivision

- (1) This Subdivision applies if some or all of a *spectrum licence (the *old spectrum licence*) is *replaced in the *current year by another spectrum licence (the *new spectrum licence*).

- Note 1: The new spectrum licence is treated in the same way as any other spectrum licence. If it was issued to you at the time of the replacement, Case 3 in the table in subsection 380-25(2) tells you what your expenditure is. But, if you held it before the replacement, your unrecouped expenditure may be adjusted by section 380-105.
- Note 2: The consequences may differ depending on whether you continue to hold the old spectrum licence.

- (2) Some or all of an *old spectrum licence is **replaced** by a *new spectrum licence if:
- (a) you held the old spectrum licence when some or all of it was assigned or resumed under Division 5 or 6 of Part 3.2 of the *Radiocommunications Act 1992*; and
 - (b) you held the new spectrum licence when any of the *part of the *spectrum that was, just before the assignment or resumption, specified in the old spectrum licence is first specified in the new spectrum licence; and
 - (c) none of that part of the spectrum was specified in any other spectrum licence in the interim; and
 - (d) you used the old spectrum licence in the *current year or an earlier income year for the *purpose of producing assessable income.

380-60 Amount arising from the replacement

- (1) If the *new spectrum licence *replaces some or all of an *old spectrum licence that is resumed under Division 6 of Part 3.2 of the *Radiocommunications Act 1992*, the **amount arising** from the replacement is the amount of compensation paid to you under section 93 of that Act in respect of that resumption.
- Note: The amount arising does not include any ordinary income (see subsection (3)).
- (2) If the *new spectrum licence *replaces part of an *old spectrum licence that you assigned under Division 5 of Part 3.2 of that Act, the **amount arising** from the replacement is the amount in column 3 of the applicable item in the following table. (If more than one item applies, use the amount in the *last* applicable item.)
- (3) However, the **amount arising** from the *replacement (under subsection (1) or (2)) does *not* include any amount that is *ordinary income.

Schedule 1 Spectrum licences

Part 1 Insertion of new Division in the Income Tax Assessment Act 1997

Amount arising when partly assigned

Item	You assigned part of the old spectrum licence:	Amount arising from the replacement
1	for consideration	the amount (if any) paid to you for the part less your expenses reasonably attributable to the assignment
2	with other property and no separate consideration was allocated to the part	the portion of the consideration that is reasonably attributable to the part, less the same portion of your expenses reasonably attributable to the assignment
3	for no consideration	so much of your *unrecouped expenditure on the old spectrum licence as is reasonably attributable to the part
4	to an entity with which you are not dealing at *arm's length, for no consideration or for less than the part's market value at the time of the assignment	the greater of: <ul style="list-style-type: none">• so much of your *unrecouped expenditure on the old spectrum licence as is reasonably attributable to the part; and• the part's market value at the time of the assignment

380-65 Effect if the amount arising does not exceed your unrecouped expenditure

- (1) This section sets out the effect of *replacing some or all of an *old spectrum licence if the *amount arising from the replacement does *not* exceed your *unrecouped expenditure on the old spectrum licence just before the replacement.
- (2) Your *unrecouped expenditure is reduced by the *amount arising from the *replacement when the replacement happens.
- (3) Work out how much of your remaining *unrecouped expenditure on the *old spectrum licence is reasonably attributable to the *part of the *spectrum specified in the *new spectrum licence.

Note: This amount is also used to work out your expenditure on the new spectrum licence. See Case 3 in the table in subsection 380-25(2).

- (4) If you continue to hold the *old spectrum licence after the *replacement, your *unrecouped expenditure is further reduced (but

not beyond nil) by the amount in subsection (3) when the replacement happens.

- (5) On the other hand, if you no longer hold the *old spectrum licence after the *replacement, your *unrecouped expenditure is further reduced to nil (if it is not nil already) just after the replacement.
- (6) Whether or not you continue to hold the *old spectrum licence after the *replacement, if you used it in the *current year before that happened for the *purpose of producing assessable income, you can deduct for the current year the amount worked out as follows.

How much you can deduct

Step 1. Divide the amount in subsection (3) by the number of income years from the start of the current year to the end of the income year in which the old spectrum licence expires or would have expired if it hadn't been replaced.

Step 2. Work out the number of days in the current year before the replacement on which you used the old spectrum licence for the purpose of producing assessable income.

Step 3. Divide the result in step 2 by the number of days in the current year.

Step 4. Multiply the results in steps 1 and 3. This is the amount you can deduct under this section.

Note: You may also be able to deduct an amount for the current year under section 380-10 if you continue to hold the old spectrum licence after the replacement.

380-70 Effect if the amount arising exceeds your unrecouped expenditure

- (1) This section sets out the effect of *replacing some or all of an *old spectrum licence if the *amount arising from the replacement *exceeds* your *unrecouped expenditure on the old spectrum licence just before the replacement.

- (2) Your *unrecouped expenditure is reduced to nil (if it is not nil already) when the *replacement happens, and the excess is included in your assessable income for the income year in which that happens.
- (3) However, the amount included in your assessable income cannot exceed:
- the total of each amount (if any) you can deduct or have deducted for the *old spectrum licence for the *current year or an earlier income year under this Division;
- reduced by:
- the total of each amount (if any) included in your assessable income for an income year, in respect of the old spectrum licence, under this Division.

Note: An amount may be included in your assessable income under this section (because of a previous replacement), under section 380-40 (because of a partial realisation) or under section 380-85 (because of a balancing adjustment event).

380-75 Old spectrum licence varied because of the replacement

To avoid doubt, this Division applies as if an *old spectrum licence that you continue to hold after it is varied because of a *replacement were the same spectrum licence as before it was varied.

Subdivision 380-D—Balancing adjustments

Table of sections

380-80	When a balancing adjustment is required
380-85	How to do the balancing adjustment
380-90	Meaning of <i>termination value</i>

380-80 When a balancing adjustment is required

- (1) A balancing adjustment is required if:
- (a) you have incurred *expenditure in obtaining a *spectrum licence; and
 - (b) you have ever used the spectrum licence for the *purpose of producing assessable income; and

- (c) a *balancing adjustment event happens in the *current year at a time when you hold the spectrum licence.
- (2) However, a balancing adjustment is *not* required if:
- (a) some or all of the *spectrum licence is *replaced by another spectrum licence that you hold after the replacement (Subdivision 380-C applies instead); or
 - (b) roll-over relief is available under Common rule 1 (see Subdivision 380-E).
- (3) A ***balancing adjustment event*** is an event listed in the table.

Balancing adjustment events

Item Event

1	You assign the *spectrum licence under Division 5 of Part 3.2 of the <i>Radiocommunications Act 1992</i> (except by a *partial realisation)
2	The spectrum licence ceases to exist because it expires, is cancelled, or is resumed by the *ACA
3	Another entity becomes the licensee, but an entity that was the licensee (alone or with others) immediately beforehand still has an interest in the spectrum licence immediately afterwards

380-85 How to do the balancing adjustment

- (1) You make the adjustment by comparing:
- (a) the *spectrum licence's *termination value; and
 - (b) your *unrecouped expenditure on the spectrum licence just before the *balancing adjustment event.
- (2) If the *termination value *exceeds* your *unrecouped expenditure, the excess is included in your assessable income. However, the amount included cannot be more than:
- the total of the amounts (if any) you have deducted or can deduct for earlier income years under this Division for the *spectrum licence;
- reduced by:
- the total of each amount (if any) included in your assessable income for an income year, in respect of the spectrum licence, under this Division.

Schedule 1 Spectrum licences

Part 1 Insertion of new Division in the Income Tax Assessment Act 1997

Note 1: An amount may be included in your assessable income under section 380-40 (because of a partial realisation) or under section 380-70 (because of a replacement).

Note 2: If roll-over relief under Common rule 1 has previously applied to the spectrum licence: see section 41-40 and subsections 380-100(3) and (4).

Note 3: Subsection (4) of this section reduces your unrecouped expenditure to nil at the time of the balancing adjustment event.

- (3) If the *termination value is *less than* your *unrecouped expenditure, and you used the *spectrum licence in the *current year for the *purpose of producing assessable income, you can deduct for the current year the amount worked out as follows.

How much you can deduct

Step 1. Subtract the termination value from your unrecouped expenditure.

Step 2. Work out the number of days in the current year before the *balancing adjustment event on which you used the spectrum licence for the purpose of producing assessable income.

Step 3. Divide that number by the number of days in the current year before the *balancing adjustment event.

Step 4. Multiply the results in steps 1 and 3. This is the amount you can deduct under this section.

- (4) Your *unrecouped expenditure is reduced to nil (if it is not nil already) at the time of the *balancing adjustment event (even if the *termination value equals your unrecouped expenditure).

Note: If the termination value equals your unrecouped expenditure, the balancing adjustment has no effect on your assessable income or deductions.

380-90 Meaning of *termination value*

- (1) The *spectrum licence's *termination value* is worked out using the table. (If more than one case in the table applies, use the termination value in the *last* applicable case.)
-

- (2) However, the *termination value* is reduced if:
- (a) the *balancing adjustment event is an assignment or resumption of the *spectrum licence; and
 - (b) some or all of what you receive for the assignment or resumption is *ordinary income.

It is reduced by the amount of ordinary income.

Termination value of a spectrum licence

Case	In this situation:	The termination value is:
1	you assign the spectrum licence	the consideration less your expenses reasonably attributable to the assignment
2	you assign the spectrum licence with other property, and no separate consideration is allocated to the spectrum licence	the part of the consideration that is reasonably attributable to the spectrum licence, less the same part of your expenses reasonably attributable to the assignment
3	you assign the spectrum licence to another entity for no consideration	your *unrecouped expenditure on the spectrum licence just before the *balancing adjustment event
4	you assign the spectrum licence to an entity with which you are <i>not</i> dealing at *arm's length, for no consideration or for less than the spectrum licence's market value at the time of the *balancing adjustment event	the greater of: <ul style="list-style-type: none"> • your *unrecouped expenditure on the spectrum licence just before the *balancing adjustment event; and • its market value at the time of the balancing adjustment event
5	the spectrum licence ceases to exist because it expires or is cancelled	a nil amount
6	the spectrum licence ceases to exist because it is resumed by the *ACA under Division 6 of Part 3.2 of the <i>Radiocommunications Act 1992</i>	the amount of compensation paid to you under section 93 of that Act
7	the balancing adjustment is required because of item 3 (about partial changes of ownership) in the table in subsection 380-80(3)	the spectrum licence's market value at the time of the *balancing adjustment event

Note: If Case 7 applies and the parties jointly elect for roll-over relief under subsection 380-100(2), a balancing adjustment is not required.

Subdivision 380-E—Application of the Common rules

Table of sections

380-95	Application of Common rules in Division 41
380-100	Common rule 1 (roll-over relief for related entities)

380-95 Application of Common rules in Division 41

These Common rules apply to your *expenditure incurred in obtaining a *spectrum licence:

- (a) Common rule 1 (roll-over relief for related entities), but with the qualifications and modifications set out in section 380-100;
- (b) Common rule 2 (non-arm's length transactions), but only if that expenditure is worked out using Case 1 in the table in subsection 380-25(2).

Note: Non-arm's length transactions are also dealt with in section 380-110.

380-100 Common rule 1 (roll-over relief for related entities)

Application of Common rule 1

- (1) Common rule 1 does not apply to a *partial realisation, or to a *replacement, of a *spectrum licence.
- (2) Roll-over relief is also available if:
 - (a) a *balancing adjustment event happens that is covered by item 3 (about partial changes in interests) in the table in subsection 380-80(3); and
 - (b) the entity or entities that held the *spectrum licence just before the change (the *transferor*) and the entity or entities that held the *spectrum licence just after the change (the *transferee*) jointly elect for roll-over relief.

Note: For the conditions relating to the election, see section 41-55.

Modifications of Common rule 1

- (3) Disregard subsection 41-40(3) (about the transferee being taken to have incurred the transferor's expenditure).

Note: This is because the transferee's expenditure on the spectrum licence is dealt with in the table in subsection 380-25(2) and is based on the transferor's unrecouped expenditure immediately before the roll-over event.

- (4) Instead, the balancing adjustment is affected in this way:
- (a) the total of each amount (if any) that section 380-40 or 380-70 has included in the transferor's assessable income for an income year (because of a *partial realisation, or *replacement, of the *spectrum licence); or
 - (b) if there have been 2 or more prior applications of Common rule 1—the total of each amount (if any) that section 380-40 or 380-70 has included in the assessable income of any of the transferors for an income year in respect of the spectrum licence;
- is taken to have been included by that section in the assessable income of the transferee for that income year.
- (5) The obligation in subsection 41-50(4) applies to the transferee as if the period for keeping the notice referred to in that subsection were until the end of 5 years after the next *balancing adjustment event occurs for the *spectrum licence.
- (6) The obligation in subsection 41-55(5) applies to the transferee as if the period for keeping the election referred to in that subsection or a copy of it were until the end of 5 years after the next *balancing adjustment event occurs for the *spectrum licence.

Subdivision 380-F—Adjustments affecting your deductions under this Division

Table of sections

Increasing your unrecouped expenditure

380-105 Variation of spectrum licence to increase spectrum

Adjusting your expenditure on the spectrum licence

380-110 Spectrum licence acquired in a non-arm's length transaction

380-115 Assignment of part of a spectrum licence for no consideration

Increasing your unrecouped expenditure

380-105 Variation of spectrum licence to increase spectrum

- (1) This section applies if a *spectrum licence is varied to increase the *part of the *spectrum specified in it.
- (2) Your *unrecouped expenditure on the varied *spectrum licence is increased, at the time of the variation, by:
 - (a) the amount of capital expenditure you incurred in obtaining the additional part of the *spectrum; or
 - (b) if the spectrum licence is varied to *replace some or all of an *old spectrum licence—the amount in subsection 380-65(3) if that subsection applies to the old spectrum licence, reduced by the amount (if any) you can deduct under subsection 380-65(6).

Note: If subsection 380-65(3) does not apply to the old spectrum licence, your unrecouped expenditure is not increased at all.

- (3) However, if:
 - (a) an entity assigned the additional *part of the *spectrum to you and you were not dealing with each other at *arm's length; and
 - (b) the consideration for the assignment is greater than the additional part's market value when it was assigned to you;your *unrecouped expenditure is instead only increased by that market value.

Adjusting your expenditure on the spectrum licence

380-110 Spectrum licence acquired in a non-arm's length transaction

- (1) Your *expenditure incurred in obtaining a *spectrum licence may be adjusted as set out in this section if:
 - (a) your expenditure would otherwise be worked out using Case 4 or 5 in the table in subsection 380-25(2); and
 - (b) you and the entity that assigned to you the spectrum licence did not deal with each other at *arm's length.

- (2) If you hold the spectrum licence as a result of the entity assigning to you *all* of a spectrum licence held by the entity, compare your *expenditure, worked out using the applicable case, with:
- (a) that entity's *unrecouped expenditure just before the assignment; and
 - (b) the spectrum licence's market value when it was assigned to you.
- (3) On the other hand, if you hold the spectrum licence as a result of the entity assigning to you only *part* of a spectrum licence held by the entity, compare your *expenditure, worked out using the applicable case, with:
- (a) so much of that entity's *unrecouped expenditure just before the assignment as is reasonably attributable to the part assigned to you; and
 - (b) the part's market value when it was assigned to you.
- (4) If your *expenditure incurred in obtaining the *spectrum licence, worked out using the applicable case, is more than either of the amounts that you compare it with under subsection (2) or (3), your expenditure is instead taken to be the lesser of those amounts.

380-115 Assignment of part of a spectrum licence for no consideration

If:

- (a) you would otherwise work out your *expenditure incurred in obtaining a *spectrum licence under Case 6 in the table in subsection 380-25(2); and
- (b) you hold the spectrum licence as a result of an entity assigning to you only *part* of a spectrum licence held by the entity;

your *expenditure* incurred in obtaining the spectrum licence is instead so much of that entity's *unrecouped expenditure, just before assigning the part to you, as is reasonably attributable to that part.

[The next Division is Division 385.]

Part 2—Consequential amendments

Income Tax Assessment Act 1936

2 Subsection 6(1) (after paragraph (db) of the definition of *royalty*)

Insert:

- (dc) the use of, or the right to use, some or all of the part of the spectrum (within the meaning of the *Radiocommunications Act 1992*) specified in a spectrum licence issued under that Act;

3 Subsection 6(1) (subparagraph (f)(iib) of the definition of *royalty*)

Omit “or” (last occurring).

4 Subsection 6(1) (after subparagraph (f)(iib) of the definition of *royalty*)

Insert:

- (iic) the use of, or the granting of the right to use, some or all of such part of the spectrum specified in a spectrum licence as is mentioned in paragraph (dc); or

5 Subsection 159GE(1)

Insert:

eligible spectrum licence means a spectrum licence, within the meaning of Division 380 of the *Income Tax Assessment Act 1997*, in relation to which there has been incurred capital expenditure specified in Subdivision 380-A of that Act.

6 Subsection 159GE(1) (definition of *eligible capital expenditure property*)

Omit all the words after “Division 10AAA property”, substitute “, Division 10C or 10D property or eligible spectrum licences”.

7 Subsection 159GE(1) (paragraph (c) of the definition of *eligible property*)

Omit “or”.

8 Subsection 159GE(1) (at the end of the definition of *eligible property*)

Add:

; or (e) eligible spectrum licences.

9 At the end of section 159GF

Add:

- (6) In this Division, a reference to the residual amount at a particular time in relation to an amount of expenditure because of which an item of property is an eligible spectrum licence is a reference to the amount of unrecouped expenditure (within the meaning of section 380-20 of the *Income Tax Assessment Act 1997*) on that licence at that time.

10 At the end of section 159GJ

Add:

- (5) If this Division applies in relation to an item of property that is an eligible spectrum licence:
- (a) an amount cannot be deducted under Division 380 of the *Income Tax Assessment Act 1997* in relation to any amount of expenditure (other than expenditure incurred after the application period) by reason of which the item is an eligible spectrum licence for any year of income in which any of the application period occurs; and
 - (b) the residual amount at any time after the application period (but before the start of a later application period) in relation to an amount of expenditure (other than expenditure incurred after the application period) because of which the item is an eligible spectrum licence is an amount equal to:
 - the amount that, if not for this paragraph, would be the residual amount at that time in relation to the amount of expenditure under subsection 159GF(6);reduced by:
 - an amount equal to the total notional principal in relation to the amount of expenditure in relation to the application period and any prior application period; and

(c) for the purposes of applying Division 380 of the *Income Tax Assessment Act 1997* in relation to an amount of expenditure (other than expenditure incurred after the application period) because of which the item is an eligible spectrum licence at any time after the application period, a deduction under that Division is taken to have been allowed, for the amount of expenditure, of an amount equal to the total notional principal in relation to the amount of expenditure in relation to the application period.

11 Subsection 245-140(1) of Schedule 2C (at the end of the table)

Add:

Expenditure incurred in obtaining a spectrum licence to produce assessable income	Division 380 of the <i>Income Tax Assessment Act 1997</i>
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12 Subsection 57-85(3) of Schedule 2D (before table item 15)

Insert:

13 Subsection 57-110(2) of Schedule 2D (after table item 8)

Insert:

Income Tax Assessment Act 1997

14 Section 10-5 (after table item headed “software”)

Insert:

spectrum licences

amount arising from partial realisation of.....	Subdivision 380-B
amount arising from replacement of.....	Subdivision 380-C
balancing adjustment relating to.....	Subdivision 380-D

15 Section 12-5 (table item headed “balancing adjustment”)

After “*research & development*,” insert “*spectrum licences*,”.

16 Section 12-5 (before table item headed “superannuation”)

Insert:

spectrum licences

amount arising from replacement of.....	Subdivision 380-C
balancing adjustment relating to.....	Subdivision 380-D
capital allowance for expenditure incurred in obtaining...	Subdivision 380-A

17 Section 20-30 (after table item 1.12)

Insert:

1.12A	Subdivisions 380-A and 380-C	capital expenditure incurred in obtaining a spectrum licence
-------	------------------------------	--

18 Section 40-30 (after table item dealing with “software”)

Insert:

Spectrum licences	Capital expenditure incurred in obtaining a spectrum licence to produce assessable income	Any entity	The duration of the licence	Balancing adjustment required	Division 380
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19 Section 41-5 (after table item dealing with “Software—other”)

Insert:

Spectrum licences	Applies as modified by section 380-100	Applies as modified by section 380-95	Does not apply	Does not apply
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20 Subsection 41-23(1) (at the end of the table)

Add:

6.1	Spectrum licences	the transferor and transferee jointly elect for it	Subsection 380-100(2)
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21 Subsection 995-1(1)

Insert:

ACA has the meaning given by section 5 of the *Radiocommunications Act 1992*.

22 Subsection 995-1(1) (definition of *amount arising*)

Repeal the definition, substitute:

amount arising:

- (a) from a *partial realisation of an item of *intellectual property—has the meaning given by section 373-45; and
- (b) from a *partial realisation of a *spectrum licence—has the meaning given by section 380-35; and
- (c) from a *replacement of some or all of a *spectrum licence—has the meaning given by section 380-60.

23 Subsection 995-1(1) (at the end of the table in the definition of *balancing adjustment event*)

Add:

3 Spectrum licences subsection 380-80(3)

24 Subsection 995-1(1) (definition of *expenditure*)

Repeal the definition, substitute:

expenditure:

- (a) on an item of *intellectual property—has the meaning given by section 373-30; and
- (b) incurred in obtaining a *spectrum licence—has the meaning given by section 380-25.

25 Subsection 995-1(1)

Insert:

new spectrum licence has the meaning given by subsection 380-55(1).

26 Subsection 995-1(1)

Insert:

old spectrum licence has the meaning given by subsection 380-55(1).

27 Subsection 995-1(1) (definition of *partial realisation*)

Repeal the definition, substitute:

partial realisation:

Part 3—International Tax Agreements Act 1953

34 After subsection 3(11)

Insert:

(11A) If:

- (a) the licensee of a spectrum licence (within the meaning of the *Radiocommunications Act 1992*), or a person authorised under section 68 of that Act by the licensee, derives income from operating radiocommunications devices (within the meaning of that Act) under the licence or from authorising others to do so; and
- (b) the licensee or authorised person is a resident of a country (other than Australia), or a territory (other than an Australian-controlled territory), to whose residents an agreement applies; and
- (c) under the agreement, the income is to be dealt with in accordance with the business profits article of the agreement referred to in paragraph 3(11)(b);

for the purpose of determining whether the income may be taxed in Australia in accordance with the business profits article:

- (d) the licensee or authorised person is taken to carry on a business, through a permanent establishment, in Australia; and
- (e) the income is taken to be attributable to that permanent establishment.

35 Subsection 3(12)

Omit “subsection (11)”, substitute “subsections (11) and (11A)”.

Part 4—Application

36 Application

The amendments made by this Schedule apply to spectrum licences obtained on or after 11 March 1998.

Schedule 2—Technical amendment of the Income Tax Assessment Act 1997

1 Section 2-30

Omit “Except where the gaps follow a regular pattern, notes are”, substitute “Where the reason for a gap is not apparent, a note is”.

2 Subsection 20-20(2)

Omit “An amount you receive”, substitute “An amount you have received”.

3 Paragraph 20-20(2)(a)

Omit “receive”, substitute “received”.

4 Subsection 20-20(3)

Omit “An amount you receive”, substitute “An amount you have received”.

5 After subsection 41-30(2)

Insert:

- (2A) If the transferee gains the entitlement, the transferee cannot also deduct under the rules for the *capital allowance any expenditure incurred in order for the transferee to acquire the property or otherwise become its owner or *quasi-owner.

6 Section 42-315

After “over land”, insert “granted by an *exempt Australian government agency or an *exempt foreign government agency”.

7 Section 42-315

After “a grant”, insert “(by such an agency)”.

8 Section 50-25 (table item 5.2)

Omit “a *Commonwealth law”, substitute “an *Australian law”.

9 Before section 70-1

Insert:

Guide to Division 70

10 Paragraph 70-100(10)(a)

Omit “transferee”, substitute “transferor”.

11 Section 70-110 (example 2)

Omit “purposes: see Subdivision 42-B”, substitute “purposes (see Subdivision 42-B) and the item’s cost base for CGT purposes (see Division 110)”.

12 Section 385-5 (table item 1)

Omit “60-D”, substitute “70-D”.

13 Section 385-5 (table item 2)

Omit “60-D”, substitute “70-D”.

14 Subsection 387-305(1) (note 2)

Repeal the note, substitute:

Note 2: If an amount of the expenditure is recouped, the amount may be included in your assessable income. See Subdivision 20-A.

15 Subsection 387-355(2) (note 1)

Omit “sections 387-370”, substitute “section 387-370”.

16 Application

The amendments made by this Schedule apply to assessments for the 1997-98 income year and later income years.

Schedule 3—Technical amendment of the Income Tax Assessment Act 1936

1 After subsection 75B(3C)

Insert:

(3D) Subsection (4) does not apply to an amount received in the 1997-98 year of income or a later year of income if the amount is received as recoupment as defined by section 20-25 of the *Income Tax Assessment Act 1997*.

Note: Subdivision 20-A of the *Income Tax Assessment Act 1997* applies instead.

2 Subsection 82KH(1ABA)

Omit “63 of this Act or section 8-1”, substitute “8-1 or 25-35”.

3 Before subsection 122T(1)

Insert:

(1A) This section does not apply to an amount received in the 1997-98 year of income or a later year of income if the amount is received as recoupment as defined by section 20-25 of the *Income Tax Assessment Act 1997*.

Note: Subdivision 20-A of the *Income Tax Assessment Act 1997* applies instead.

4 Before subsection 123A(2)

Insert:

(1H) Subsections (2) and (3) do not apply to an amount received in the 1997-98 year of income or a later year of income if the amount is received as recoupment as defined by section 20-25 of the *Income Tax Assessment Act 1997*.

Note: Subdivision 20-A of the *Income Tax Assessment Act 1997* applies instead.

5 Before subsection 123BD(4)

Insert:

(3A) Subsections (4) and (5) do not apply to an amount received in the 1997-98 year of income or a later year of income if the amount is received as recoupment as defined by section 20-25 of the *Income Tax Assessment Act 1997*.

Note: Subdivision 20-A of the *Income Tax Assessment Act 1997* applies instead.

6 Before subsection 124AQ(1)

Insert:

(1A) This section does not apply to an amount received in the 1997-98 year of income or a later year of income if the amount is received as recoupment as defined by section 20-25 of the *Income Tax Assessment Act 1997*.

Note: Subdivision 20-A of the *Income Tax Assessment Act 1997* applies instead.

7 Paragraph 160ZK(1A)(a)

After “Part III”, insert “of”.

8 Paragraph 399A(2)(a)

Omit “63 of this Act or section 8-1”, substitute “8-1 or 25-35”.

9 Subsection 399A(5)

Omit “63 of this Act or section 8-1”, substitute “8-1 or 25-35”.

10 Subsection 413(3)

Omit “Division 10C or 10D of Part III”, substitute “Division 43 of the *Income Tax Assessment Act 1997* or Division 10C or 10D of Part III of this Act”.

Schedule 4—Amendment of other Acts

Airports (Transitional) Act 1996

1 Subparagraph 49A(2)(a)(ii)

Omit “under subsection 42-310(2) of the *Income Tax Assessment Act 1997*”.

2 Paragraph 49A(2)(d)

Omit “42-310(2)(b) of that Act”, substitute “42-310(1)(b) of the *Income Tax Assessment Act 1997*”.

3 Paragraph 49A(3)(c)

Omit “42-310(2)(b)”, substitute “42-310(1)(b)”.

4 Paragraph 49A(3)(e)

Omit “acquisition of the lease”, substitute “acquisition of the right”.

5 Application

The amendments made by items 1 to 4 apply to assessments for the 1997-98 income year and later income years.

Income Tax (Transitional Provisions) Act 1997

6 Section 20-5 (after table item 2)

Insert:

2A	122T	General mining and quarrying expenditure
2B	123A(2) and (3)	Expenditure on transporting minerals
2C	123BD(4) and (5)	Expenditure on transporting quarry materials
2D	124AQ	Petroleum mining expenditure

7 Subsection 42-2(2)

Repeal the subsection, substitute:

- (2) However, section 42-15 of the 1997 Act does not apply to allow you to deduct an amount for depreciation of a ship for an income year if you calculate the amount of a deduction in accordance with section 57AM of the 1936 Act for the ship for that year.

Note: Depreciation deductions for these ships are allowable under the 1936 Act: see subsection 53I(2) of the 1936 Act.

8 Paragraph 330-75(1)(d)

Repeal the paragraph.

9 After subsection 330-75(1)

Insert:

(1A) If:

- (a) Common rule 1 applies as mentioned in subsection (1) of this section; and
- (b) any of the old recoupment provisions has applied to:
 - (i) the transferor; or
 - (ii) if there have been 2 or more prior applications of that Common rule—any of the prior transferors of the property;

section 170 of the *Income Tax Assessment Act 1936* does not stop the Commissioner amending, at any time, an assessment of the transferee.

10 Application

The amendments made by items 6 to 9 apply to assessments for the 1997-98 income year and later income years.

Tax Law Improvement Act 1997

11 Items 120, 134 and 135 of Schedule 4

The items are taken never to have commenced.

Note: Those items are superseded by the amendments made by items 2, 8 and 9 of Schedule 3 to this Act.

12 Item 43 of Schedule 8

The item is taken never to have commenced.

Note: The item is superseded by the amendment made by item 1 of Schedule 3 to this Act.

Schedule 5—“Catch-up” amendments

Part 1—Amendment of the Income Tax Assessment Act 1997

1 Section 11-15 (table item headed “education”)

Repeal the item, substitute:

education

bursary, educational allowance etc.	51-10 and 51-35
CRAFT scheme, employer’s income from	51-10
foreign student, scholarship and bursary to	23(ya)
full-time student, income from a scholarship, bursary, other educational allowance or educational assistance	51-10 and 51-35
isolated child, income for the provision of education of...	51-10 and 51-40
secondary student, income for the provision of education of.....	51-10 and 51-40

2 Section 11-15 (table item headed “social security or like payments”)

Before:

disability services payment.....	53-10
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insert:

Commonwealth education or training payment.....	Subdivision 52-F
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3 Section 51-10 (before table item 2.1)

Insert:

2.1A	a full-time student at a school, college or university	a scholarship, bursary, educational allowance or educational assistance	see section 51-35
2.1B	(a) a student; or (b) a recipient of a payment in respect of a student	a payment under a Commonwealth scheme for assistance of: (a) secondary education; or (b) the education of isolated children	see section 51-40

4 Section 51-30 (link note)

Repeal the link note.

5 After section 51-30

Insert:

51-35 Payments to a full-time student at a school, college or university

The following payments made to or on behalf of a full-time student at a school, college or university are *not* exempt from income tax under item 2.1A of the table in section 51-10:

- (a) a payment by the Commonwealth for assistance for secondary education or in connection with education of isolated children;
- (b) a *Commonwealth education or training payment;
- (c) a payment by a person or an authority on the condition that the student will (or will if required) become, or continue to be, an employee of the person or authority;
- (d) a payment by a person or an authority on the condition that the student will (or will if required) enter into, or continue to be a party to, a contract with the person or authority that is wholly or principally for the labour of the student;
- (e) a payment under a scholarship where the scholarship is not provided principally for educational purposes;
- (f) an education entry payment under Part 2.13A of the *Social Security Act 1991*.

Note: The whole or part of a Commonwealth education or training payment may be exempt under Subdivision 52-F.

51-40 Payments to a secondary student

The following payments made to or on behalf of a student are *not* exempt from income tax under item 2.1B of the table in section 51-10:

- (a) a *Commonwealth education or training payment;
- (b) an education entry payment under Part 2.13A of the *Social Security Act 1991*.

Note: The whole or part of a Commonwealth education or training payment may be exempt under Subdivision 52-F.

6 At the end of Division 52

Add:

Subdivision 52-F—Exemption of Commonwealth education or training payments

Table of sections

52-140	Supplementary amount of a Commonwealth education or training payment is exempt
52-145	Meaning of <i>Commonwealth education or training payment</i>

52-140 Supplementary amount of a Commonwealth education or training payment is exempt

- (1) This section tells you about the income tax treatment of a *Commonwealth education or training payment.
- (2) The *supplementary amount of the payment is exempt from income tax.
- (3) The *supplementary amount* is the total of:
 - (a) so much of the payment as is included to assist you with, or to reimburse you for, the costs of any one or more of the following:
 - (i) rent;
 - (ii) living in a remote area;
 - (iii) commencing employment;
 - (iv) travel to, or participation in, courses, interviews, education or training;
 - (v) a child or children wholly or substantially dependent on you;
 - (vi) telephone bills;
 - (vii) living away from your usual residence;
 - (viii) maintaining your usual residence while living away from that residence;
 - (ix) accommodation, books or equipment;

- (x) discharging a HEC assessment debt (within the meaning of Chapter 4 of the *Higher Education Funding Act 1988*);
 - (xi) transport in travelling to undertake education or training, or to visit your usual residence when undertaking education or training away from that residence;
 - (xii) if you are disabled—acquiring any special equipment, services or transport as a result of the disability;
 - (xiii) anything that would otherwise prevent you from beginning, continuing or completing any education or training; and
- (b) so much of the payment as is included by way of pharmaceutical allowance.

52-145 Meaning of *Commonwealth education or training payment*

- (1) A ***Commonwealth education or training payment*** is a payment by the Commonwealth, or in connection with a payment by the Commonwealth, of an allowance or reimbursement:
- (a) to or on behalf of a participant in a *Commonwealth labour market program; or
 - (b) to or on behalf of a student under:
 - (i) the scheme known as ABSTUDY; or
 - (ii) the scheme known as the Assistance for Isolated Children Scheme; or
 - (iii) the scheme known as the Veterans’ Children Education Scheme;
- in respect of a period commencing at a time when the student was at least 16 years old.
- (2) A ***Commonwealth labour market program*** is a program administered by the Commonwealth under which:
- (a) unemployed persons are given training in skills to improve their employment prospects; or
 - (b) unemployed persons are assisted in obtaining employment or to become self-employed; or
 - (c) employed persons are given training in skills and other assistance to aid them in continuing to be employed by their current employer or in obtaining other employment.

Schedule 5 “Catch-up” amendments

Part 1 Amendment of the Income Tax Assessment Act 1997

7 Subsection 995-1(1)

Insert:

Commonwealth education or training payment has the meaning given by subsection 52-145(1).

8 Subsection 995-1(1)

Insert:

Commonwealth labour market program has the meaning given by subsection 52-145(2).

9 Subsection 995-1(1) (table in the definition of *supplementary amount*)

Repeal the table, substitute:

Supplementary amount of a payment		
Item	<i>Supplementary amount of this kind of payment:</i>	has the meaning given by:
1	Commonwealth education or training payment	section 52-140
2	Exceptional circumstances relief payment, or payment of restart income support or farm household support	section 53-15
3	Payment made because of the <i>Veterans' Entitlements (Transitional Provisions and Consequential Amendments) Act 1986</i>	section 52-105
4	Social security payment	section 52-15
5	Veterans' affairs payment	section 52-70

10 Application of amendments

The amendments made by this Part apply to assessments for the 1998-99 income year and later income years.

Part 2—Amendment of the Income Tax Assessment Act 1936

11 At the end of section 22A

Add:

Provisions cut off from 1998-99

- (2) A provision of this Act set out in the second column of the table does not apply to an assessment for the 1998-99 year of income or a later year of income.

Note: The last column of the table shows the provision of the *Income Tax Assessment Act 1997* that applies instead.

Old exempt income provisions that no longer apply		
Item	Provision of this Act	Corresponding provision of the <i>Income Tax Assessment Act 1997</i>
1	Paragraph 23(z)	table item 2.1A in section 51-10
2	Paragraph 23(zaa)	table item 2.1B in section 51-10

12 At the end of section 24

Add:

- (2) Subdivision BA does not apply to an assessment for the 1998-99 year of income or a later year of income.

Note: For the law applying to the 1998-99 year of income and later years of income, see Subdivision 52-F of the *Income Tax Assessment Act 1997*.

13 Subsection 159ZR(1) (paragraph (e) of the definition of eligible income)

Repeal the paragraph, substitute:

- (e) a payment that is covered by Division 52, 53 or 55 of the *Income Tax Assessment Act 1997*, but that is not exempt from income tax under that Division;

14 Subsection 221A(1) (definition of salary or wages)

Omit “Subdivision BA of Division 1AA of Part III of this Act or”.

Schedule 6—Provisional tax uplift factor

Income Tax Assessment Act 1936

1 Subsection 221YAAA(4)

Omit “(GDP(I))”.

Schedule 7—Youth allowance and austudy payment

Income Tax Assessment Act 1936

1 Subsection 6(1) (at the end of paragraph (b) of the definition of *Commonwealth education or training payment*)

Add:

- or (v) the scheme known as youth allowance; or
- (vi) the scheme known as austudy payment;

Income Tax Assessment Act 1997

2 After subparagraph 52-145(1)(b)(iii)

Insert:

- or (iv) the scheme known as youth allowance; or
- (v) the scheme known as austudy payment;

3 Application of amendments

The amendments made by this Schedule apply to assessments for the 1998-99 income year and later income years.

*[Minister's second reading speech made in—
House of Representatives on 31 March 1999
Senate on 21 June 1999]*

(72/99)
