



New Business Tax System (Former Subsidiary Tax Imposition) Act 1999

No. 166, 1999



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**An Act to impose a tax on certain members of a
wholly-owned company group**

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[Assented to 10 December 1999]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *New Business Tax System (Former Subsidiary Tax Imposition) Act 1999*.

2 Commencement

This Act commences on the day on which it receives the Royal Assent.

3 Imposition

This section imposes a tax that is payable under section 45-25 of the *Income Tax Assessment Act 1997* by a company that was a member of the wholly-owned group referred to in that section just before the time when the direct or indirect beneficial ownership referred to in paragraph 45-15(1)(f) or 45-20(1)(f) of that Act was acquired.

4 Amount of tax

- (1) The amount of the tax is an amount worked out under subsection (2) as if it were an amount of income tax payable by the company referred to in section 3.
- (2) The amount referred to in subsection (1) is the lesser of:
 - (a) the outstanding amount of income tax payable by the former subsidiary referred to in section 45-25 of the *Income Tax Assessment Act 1997* (including any amount of general interest charge, or any amount of interest or penalty payable under section 170AA, 207 or 207A of the *Income Tax Assessment Act 1936*, attributable to that amount); and
 - (b) the amount of income tax that would be payable by the former subsidiary for the income year in which the amount was included in its assessable income because of section 45-15 or 45-20 of that Act if:
 - (i) that amount were its taxable income for the income year; and
 - (ii) it was not entitled to any tax offset for the income year; including any amount of general interest charge, or any amount of interest or penalty payable under section 170AA, 207 or 207A of the *Income Tax Assessment Act 1936*, that would be attributable to that amount.
- (3) The amount referred to in paragraph (2)(b) is reduced by any amount paid by a company (except the former subsidiary) that was a member of the former subsidiary's former wholly-owned group.

*[Minister's second reading speech made in—
House of Representatives on 21 October 1999
Senate on 26 November 1999]*

(208/99)