



# Income Tax Rates Act 1986

No. 107 of 1986

## TABLE OF PROVISIONS PART I—PRELIMINARY

### Section

1. Short title
2. Commencement
3. Interpretation
4. Incorporation

## PART II—RATES OF INCOME TAX PAYABLE UPON INCOMES OTHER THAN INCOMES OF COMPANIES, PRESCRIBED UNIT TRUSTS, SUPERANNUATION FUNDS AND CERTAIN OTHER TRUSTS

### *Division 1—Preliminary*

5. Interpretation

### *Division 2—Financial Year Commencing on 1 July 1986*

#### *Subdivision A—Application of Division*

6. Application of Division

#### *Subdivision B—Rates of Tax and Notional Rates*

7. Rates of tax and notional rates

#### *Subdivision C—Resident Taxpayers, Resident Beneficiaries and Resident Trust Estates*

8. Rates of tax where Division 6AA of Part III of the Assessment Act applies
9. Limitation on tax payable by certain trustees

TABLE OF PROVISIONS—*continued*

Section

*Subdivision D—Non-resident Taxpayers, Non-resident Beneficiaries and  
Non-resident Trust Estates*

10. Rates of tax where Division 6AA of Part III of the Assessment Act applies

*Division 3—Financial Year Commencing on 1 July 1987 and Subsequent  
Financial Years*

*Subdivision A—Application of Division*

11. Application of Division

*Subdivision B—Rates of Tax and Notional Rates*

12. Rates of tax and notional rates

*Subdivision C—Resident Taxpayers, Resident Beneficiaries and  
Resident Trust Estates*

13. Rates of tax where Division 6AA of Part III of the Assessment Act applies

14. Limitation on tax payable by certain trustees

*Subdivision D—Non-resident Taxpayers, Non-resident Beneficiaries and  
Non-resident Trust Estates*

15. Rates of tax where Division 6AA of Part III of the Assessment Act applies

*Division 4—Pro-rating of the Tax-free Threshold*

16. Interpretation

17. Part-year workforce period

18. Part-year residency period

19. Pre-workforce income

20. Pro-rating of the tax-free threshold

**PART III—RATES OF INCOME TAX PAYABLE UPON INCOMES OF  
COMPANIES, PRESCRIBED UNIT TRUSTS, SUPERANNUATION FUNDS  
AND CERTAIN OTHER TRUSTS**

21. Interpretation

22. Act to be deemed to be the Act declaring rates of income tax

23. Rates of tax payable by companies

24. Rate of tax payable by trustees of corporate unit trusts

25. Rate of tax payable by trustees of public trading trusts

26. Rates of tax payable by trustees of superannuation funds

27. Rate of tax payable by trustees of ineligible approved deposit funds

**SCHEDULE 1**

**GENERAL RATES OF TAX—FINANCIAL YEAR 1986–87**

**SCHEDULE 2**

**NOTIONAL RATES FOR THE PURPOSES OF SECTION 156 OF THE ASSESSMENT  
ACT—FINANCIAL YEAR 1986–87**

**SCHEDULE 3**

**RATES OF TAX BY REFERENCE TO A NOTIONAL INCOME—  
FINANCIAL YEAR 1986–87**

**TABLE OF PROVISIONS—*continued***

**SCHEDULE 4**

**RATES OF TAX PAYABLE BY A TRUSTEE UNDER SECTION 98 OR 99 OF THE  
ASSESSMENT ACT—FINANCIAL YEAR 1986-87**

**SCHEDULE 5**

**RATES OF TAX PAYABLE ON ELIGIBLE TAXABLE INCOME—  
FINANCIAL YEAR 1986-87**

**SCHEDULE 6**

**RATES OF TAX PAYABLE BY A TRUSTEE UNDER SECTION 98 OF THE  
ASSESSMENT ACT WHERE DIVISION 6AA OF PART III OF THAT ACT  
APPLIES—FINANCIAL YEAR 1986-87**

**SCHEDULE 7**

**GENERAL RATES OF TAX—FINANCIAL YEAR 1987-88  
AND SUBSEQUENT FINANCIAL YEARS**

**SCHEDULE 8**

**NOTIONAL RATES FOR THE PURPOSES OF SECTION 156 OF THE ASSESSMENT  
ACT—FINANCIAL YEAR 1987-88 AND SUBSEQUENT FINANCIAL YEARS**

**SCHEDULE 9**

**RATES OF TAX BY REFERENCE TO A NOTIONAL INCOME—FINANCIAL YEAR  
1987-88 AND SUBSEQUENT FINANCIAL YEARS**

**SCHEDULE 10**

**RATES OF TAX PAYABLE BY A TRUSTEE UNDER SECTION 98 OR 99 OF THE  
ASSESSMENT ACT—FINANCIAL YEAR 1987-88  
AND SUBSEQUENT FINANCIAL YEARS**

**SCHEDULE 11**

**RATES OF TAX PAYABLE ON ELIGIBLE TAXABLE INCOME—  
FINANCIAL YEAR 1987-88 AND SUBSEQUENT FINANCIAL YEARS**

**SCHEDULE 12**

**RATES OF TAX PAYABLE BY A TRUSTEE UNDER SECTION 98 OF THE  
ASSESSMENT ACT WHERE DIVISION 6AA OF PART III OF THAT ACT  
APPLIES—FINANCIAL YEAR 1987-88 AND  
SUBSEQUENT FINANCIAL YEARS**



# Income Tax Rates Act 1986

No. 107 of 1986

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## An Act to declare the rates of income tax

[Assented to 4 November 1986]

BE IT ENACTED by the Queen, and the Senate and the House of Representatives of the Commonwealth of Australia, as follows:

### PART I—PRELIMINARY

#### Short title

1. This Act may be cited as the *Income Tax Rates Act 1986*.

#### Commencement

2. This Act shall come into operation on the day on which it receives the Royal Assent.

**Interpretation**

**3. (1)** In this Act, unless the contrary intention appears—

“Assessment Act” means the *Income Tax Assessment Act 1936*;

“capital gains component” means—

(a) in relation to the taxable income of a taxpayer of a year of income—

(i) if the taxable income is equal to or less than the amount (if any) included in the assessable income of the taxpayer of the year of income under section 160ZO of the Assessment Act—the whole of the taxable income; or

(ii) in any other case—so much of the taxable income as equals the amount (if any) included in the assessable income of the taxpayer of the year of income under section 160ZO of the Assessment Act; and

(b) in relation to the net income, or a share or part of the net income, of a trust estate of a year of income (which net income, share or part, as the case may be, is in this paragraph referred to as the ‘eligible net income’)—

(i) if the eligible net income is equal to or less than so much of the amount (if any) included in the assessable income of the trust estate of the year of income under section 160ZO of the Assessment Act as relates to the eligible net income—the whole of the eligible net income; or

(ii) in any other case—so much of the eligible net income as equals so much of the amount (if any) included in the assessable income of the trust estate of the year of income under section 160ZO of the Assessment Act as relates to the eligible net income;

“corporate unit trust”, in relation to a year of income, means a unit trust that is a corporate unit trust, within the meaning of Division 6B of Part III of the Assessment Act, in relation to the year of income;

“eligible part” means—

(a) in relation to the capital gains component of the taxable income of a taxpayer—so much of the capital gains component as is eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act; and

(b) in relation to the capital gains component of the net income, or of a share or part of the net income, of a trust estate—so much of the capital gains component as is net income to which Division 6AA of Part III of the Assessment Act applies;

*Income Tax Rates No. 107, 1986*

“ineligible approved deposit fund” means an ineligible approved deposit fund within the meaning of Division 9B of Part III of the Assessment Act;

“investment income” has the same meaning as in Division 9B of Part III of the Assessment Act;

“non-profit company” means—

(a) a company that is not carried on for the purposes of profit or gain to its individual members and is, by the terms of the company’s constituent document, prohibited from making any distribution, whether in money, property or otherwise, to its members; or

(b) a friendly society dispensary;

“non-resident beneficiary”, in relation to a year of income, means a beneficiary of a trust estate who is a prescribed non-resident in relation to that year of income;

“non-resident taxpayer”, in relation to a year of income, means a taxpayer who is a prescribed non-resident in relation to that year of income;

“non-resident trust estate”, in relation to a year of income, means a trust estate that is not a resident trust estate in relation to that year of income;

“prescribed non-resident”, in relation to a year of income, means a person who, at all times during the year of income, is a non-resident, not being a person to whom, at any time during the year of income, a pension, allowance or benefit is payable under—

(a) the *Veterans’ Entitlements Act 1986*;

(b) sub-section 4 (6) of the *Veterans’ Entitlements (Transitional Provisions and Consequential Amendments) Act 1986*;

(c) the *Social Security Act 1947*; or

(d) the *Tuberculosis Act 1948*,

being a pension, allowance or benefit in respect of which the person is liable to be assessed and to pay income tax in Australia;

“prescribed unit trust”, in relation to a year of income, means a trust estate that—

(a) is a corporate unit trust in relation to the year of income; or

(b) is a public trading trust in relation to the year of income;

“public trading trust”, in relation to a year of income, means a unit trust that is a public trading trust, within the meaning of Division 6C of Part III of the Assessment Act, in relation to the year of income;

“reduced notional income”, in relation to a taxpayer deriving a notional income in the year of income, as specified in section 59AB, 86 or 158D of the Assessment Act, means the amount that would be that notional income if that notional income had been calculated by

*Income Tax Rates No. 107, 1986*

reference to the reduced taxable income instead of by reference to the taxable income;

“reduced share”, in relation to a share of a beneficiary of the net income of a trust estate, means the part (if any) of that share other than the capital gains component;

“reduced taxable income” means the part (if any) of the taxable income other than the capital gains component;

“registered organization” means a registered organization within the meaning of Division 8A of Part III of the Assessment Act;

“resident beneficiary”, in relation to a year of income, means a beneficiary of a trust estate who is not a prescribed non-resident in relation to that year of income;

“resident taxpayer”, in relation to a year of income, means a taxpayer who is not a prescribed non-resident in relation to that year of income;

“resident trust estate”, in relation to a year of income, means a trust estate that, under sub-section 95 (2) of the Assessment Act, is to be taken to be a resident trust estate in relation to that year of income;

“superannuation fund” means a provident, benefit, superannuation or retirement fund;

“tax” means income tax imposed as such by any Act other than income tax payable in accordance with section 121H, 126, 128B, 128N, 128NA, 128T, 128V, 136A or 159C of the Assessment Act.

(2) In this Act—

(a) a reference to investment income, net income, taxable income, reduced notional income or reduced taxable income shall be read as a reference to investment income, net income, taxable income, reduced notional income or reduced taxable income, as the case may be, of the year of income; and

(b) a reference to eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act shall be read as a reference to eligible taxable income of the year of income for the purposes of that Division.

(3) A reference in this Act to the part to which Division 6AA of Part III of the Assessment Act applies of the share of a beneficiary of the net income of a trust estate shall, if that Division applies to the whole of such a share, be read as a reference to the whole of that share.

**Incorporation**

4. The Assessment Act is incorporated, and shall be read as one, with this Act.

**PART II—RATES OF INCOME TAX PAYABLE UPON INCOMES  
OTHER THAN INCOMES OF COMPANIES, PRESCRIBED UNIT  
TRUSTS, SUPERANNUATION FUNDS AND CERTAIN OTHER  
TRUSTS**

***Division 1—Preliminary***

**Interpretation**

**5.** In this Part, “tax” means—

- (a) tax payable by a natural person, other than—
  - (i) a person in the capacity of a trustee of a superannuation fund;
  - (ii) a person in the capacity of a trustee of a prescribed unit trust;
  - (iii) a person in the capacity of a trustee of an ineligible approved deposit fund; or
  - (iv) a person in the capacity of a trustee of a trust estate, being a person who is liable to be assessed and to pay tax under sub-section 98 (3) of the Assessment Act; or
- (b) tax payable by a company in the capacity of a trustee, other than—
  - (i) a company in the capacity of a trustee of a superannuation fund;
  - (ii) a company in the capacity of a trustee of a prescribed unit trust;
  - (iii) a company in the capacity of a trustee of an ineligible approved deposit fund; or
  - (iv) a company in the capacity of a trustee of a trust estate, being a company that is liable to be assessed and to pay tax under sub-section 98 (3) of the Assessment Act.

***Division 2—Financial Year Commencing on 1 July 1986***

***Subdivision A—Application of Division***

**Application of Division**

**6.** The rates of tax declared by this Division, and the notional rates declared by this Division for the purposes of section 156 of the Assessment Act, apply for the financial year commencing on 1 July 1986.

***Subdivision B—Rates of Tax and Notional Rates***

**Rates of tax and notional rates**

**7. (1)** Except as otherwise provided by this Division, the rates of tax are as set out in Schedule 1.

**(2)** The notional rates for the purposes of section 156 of the Assessment Act are as set out in Schedule 2.



*Income Tax Rates No. 107, 1986*

(3) For every dollar of so much of the taxable income of a taxpayer as is equal to the deemed taxable income from primary production, the rate of complementary tax for the purposes of sub-section 156(4A) of the Assessment Act is the amount ascertained by dividing the amount of the excess referred to in paragraph (b) of that sub-section by the number of whole dollars in the taxable income of the taxpayer.

(4) For every dollar of so much of the net income of a trust estate as is equal to the deemed net income from primary production, the rate of complementary tax for the purposes of sub-section 156(5A) of the Assessment Act is the amount ascertained by dividing the amount of the excess referred to in paragraph (b) of that sub-section by the number of whole dollars in the eligible net income of the trust estate.

(5) Subject to sections 8 and 10, the rate of tax in respect of a taxable income in any case where section 59AB, 86 or 158D of the Assessment Act applies is as set out in Schedule 3.

(6) Subject to sections 8 and 10, the rates of tax payable by a trustee under section 98 or 99 of the Assessment Act are as set out in Schedule 4.

(7) The rate of further tax payable by a person under sub-section 94 (9) of the Assessment Act is—

- (a) in respect of the part of the taxable income of the person that is the relevant part of that taxable income for the purposes of sub-sections 94 (10A) and (10B) of the Assessment Act—the amount (if any) per dollar ascertained in accordance with the formula

$$\frac{A-B}{C}, \text{ where—}$$

**A** is an amount equal to 50% of the taxable income of the person;

**B** is the amount of tax (if any) that, but for this sub-section, sub-section (3) and any rebate or credit to which the person is entitled, would be payable by the person in respect of the taxable income of the person; and

**C** is the number of whole dollars in the taxable income of the person; and

- (b) in respect of the part of the taxable income of the person that is the prescribed part of that taxable income for the purposes of sub-section 94 (10B) of the Assessment Act—the amount (if any) per dollar ascertained in accordance with the formula  $\frac{A-B}{C}$ , where—

**A** is an amount equal to 50% of the taxable income of the person;

**B** is the amount of tax (if any) that, but for this sub-section, sub-section (3) and any rebate or credit to which the person is entitled, would be payable by the person in respect of the taxable income of the person if the notional rates declared by

*Income Tax Rates No. 107, 1986*

this Division for the purposes of section 156 of the Assessment Act were the rates of tax payable by the person on the taxable income of the person; and

**C** is the number of whole dollars in the taxable income of the person.

**(8)** The rate of further tax payable by a trustee under sub-section 94 (11) or (12) of the Assessment Act is—

(a) in respect of the part of the net income of the trust estate that is the relevant part of that net income for the purposes of sub-sections 94 (12A) and (12B) of the Assessment Act—the amount (if any) per dollar ascertained in accordance with the formula  $\frac{A-B}{C}$ , where—

**A** is an amount equal to 50% of the net income of the trust estate in respect of which the trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act;

**B** is the amount of tax (if any) that, but for this sub-section, sub-section (4) and any rebate or credit to which the trustee is entitled, would be payable by the trustee in respect of that net income; and

**C** is the number of whole dollars in that net income; and

(b) in respect of the part of the net income of the trust estate that is the prescribed part of that net income for the purposes of sub-section 94 (12B) of the Assessment Act—the amount (if any) per dollar ascertained in accordance with the formula  $\frac{A-B}{C}$ , where—

**A** is an amount equal to 50% of the net income of the trust estate in respect of which the trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act;

**B** is the amount of tax (if any) that, but for this sub-section, sub-section (4) and any rebate or credit to which the trustee is entitled, would be payable by the trustee in respect of that net income if the notional rates declared by this Division for the purposes of section 156 of the Assessment Act were the rates of tax payable by the trustee in respect of that net income; and

**C** is the number of whole dollars in that net income.

**(9)** The rate of tax payable by a trustee in respect of the net income of a trust estate in respect of which the trustee is liable, under section 99A of the Assessment Act, to be assessed and to pay tax is 57.08%.

***Subdivision C—Resident Taxpayers, Resident Beneficiaries and Resident Trust Estates***

**Rates of tax where Division 6AA of Part III of the Assessment Act applies**

**8. (1)** The rates of tax in respect of the taxable income of a resident taxpayer—

- (a) who is a prescribed person in relation to the year of income for the purposes of Division 6AA of Part III of the Assessment Act; and
- (b) who has, for the purposes of that Division, an eligible taxable income of an amount exceeding \$416,

are as set out in Part I of Schedule 5.

**(2)** Where the eligible taxable income of a resident taxpayer for the purposes of Division 6AA of Part III of the Assessment Act exceeds \$416 but does not exceed \$1,372, the amount of tax payable under sub-section (1) in respect of that eligible taxable income shall not exceed—

- (a) 66% of the amount by which that eligible taxable income exceeds \$416; or
- (b) the amount ascertained by deducting from the amount of tax that would be payable by the taxpayer if the rates set out in Part I of Schedule 1 or Part I of Schedule 3, as the case requires, were applied to the taxable income of the taxpayer the amount of tax that would be payable by the taxpayer if those rates were applied to the taxable income of the taxpayer reduced by the amount of that eligible taxable income,

whichever is the greater.

**(3)** Where—

- (a) a trustee of a trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of the share of a resident beneficiary of the net income of the trust estate;
  - (b) Division 6AA of Part III of the Assessment Act applies to a part of that share; and
  - (c) the part of that share to which that Division applies exceeds \$416,
- the rates of tax payable by the trustee in respect of that share of the net income of the trust estate are as set out in Part I of Schedule 6.

**(4)** Where—

- (a) a trustee of a trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of the share of a resident beneficiary of the net income of the trust estate;
- (b) Division 6AA of Part III of the Assessment Act applies to a part of that share;
- (c) the part of that share to which that Division applies does not exceed \$416;
- (d) Division 6AA of Part III of the Assessment Act also applies to a part of the share of the beneficiary of the net income of another trust estate or to parts of the shares of the beneficiary of the net incomes of other trust estates; and

*Income Tax Rates No. 107, 1986*

(e) the sum of the part referred to in paragraph (b) and the part or parts referred to in paragraph (d) exceeds \$416,  
the trustee of the trust estate referred to in paragraph (a) is liable to pay tax in respect of the share of the net income of the trust estate referred to in that paragraph at the rates set out in Part I of Schedule 6.

(5) Where—

(a) the amount of tax that a trustee of a trust estate is liable to pay in respect of the share of a resident beneficiary of the net income of the trust estate is, by virtue of sub-section (4), to be calculated in accordance with Part I of Schedule 6; and

(b) the sum of—

(i) the part of that share to which Division 6AA of Part III of the Assessment Act applies; and

(ii) the part of the share of the beneficiary of the net income of the other trust estate or the parts of the shares of the beneficiary of the net incomes of the other trust estates, as the case may be, to which that Division applies,

does not exceed \$1,372,

the tax that, apart from this sub-section, would be payable by the trustee in respect of the share referred to in paragraph (a) shall be reduced by such amount (if any) as, in the opinion of the Commissioner, is fair and reasonable.

(6) Subject to sub-section (7), where—

(a) the trustee of a trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of the share of a resident beneficiary of the net income of the trust estate;

(b) Division 6AA of Part III of the Assessment Act applies to a part (in this sub-section referred to as the “eligible part”) of that share; and

(c) the eligible part of that share exceeds \$416 but does not exceed \$1,372,

the amount of tax payable under sub-section (3) in respect of the eligible part of that share shall not exceed—

(d) 66% of the amount by which the eligible part of that share exceeds \$416; or

(e) the amount ascertained by deducting from the amount of tax that would be payable by the trustee if the rates referred to in Part I of Schedule 4 were applied to that share of that net income the amount of tax that would be payable by the trustee if those rates were applied to that share of that net income reduced by the amount of the eligible part of that share,

whichever is the greater.

(7) Sub-section (6) does not apply in relation to the share of a beneficiary of the net income of a trust estate if Division 6AA of Part III of the Assessment Act applies to a part of a share of the beneficiary of the net income of another trust estate or to parts of the shares of the beneficiary of the net incomes of other trust estates.

(8) Where—

- (a) by reason of the application of sub-section (7), sub-section (6) does not apply in relation to the share of a beneficiary of the net income of a trust estate in respect of which a trustee is liable to be assessed and to pay tax under section 98 of the Assessment Act; and
- (b) the sum of—
  - (i) the part of that share to which Division 6AA of Part III of the Assessment Act applies; and
  - (ii) the part of the share of the beneficiary of the net income of the other trust estate or the parts of the shares of the beneficiary of the net incomes of the other trust estates, as the case may be, to which that Division applies,does not exceed \$1,372,

the tax that, apart from this sub-section, would be payable by the trustee in respect of the share referred to in paragraph (a) shall be reduced by such amount (if any) as, in the opinion of the Commissioner, is fair and reasonable.

(9) In forming an opinion for the purposes of sub-section (5) or (8) (in this sub-section referred to as the “relevant sub-section”) in relation to the share of a beneficiary of the net income of a trust estate of a year of income, the Commissioner shall have regard to—

- (a) any limitation that would be applicable under sub-section (6) on the amount of tax that would be payable by a trustee in accordance with Part I of Schedule 6 in respect of a share of the net income of a trust estate of the year of income of an amount equal to the sum of the shares referred to in paragraph (b) of the relevant sub-section if—
  - (i) Division 6AA of Part III of the Assessment Act applied to so much of that share as is equal to the sum of the parts of the shares referred to in paragraph (b) of the relevant sub-section; and
  - (ii) that share were a share of a resident beneficiary who is not presently entitled to a share of the income of the year of income of any other trust estate;
- (b) the amount of any reduction previously granted by the Commissioner under sub-section (5) or (8) in relation to the share of the beneficiary of the net income of the year of income of any other trust estate; and
- (c) such other matters (if any) as the Commissioner thinks fit.

#### **Limitation on tax payable by certain trustees**

9. (1) Where—

- (a) the trustee of a resident trust estate is liable to be assessed and to pay tax under section 99 of the Assessment Act in respect of the net income or a part of the net income of the trust estate;

- (b) in the case of a trust estate of a deceased person, the deceased person died not less than 3 years before the end of the year of income; and
- (c) that net income or that part of the net income of the trust estate does not exceed \$416,

no tax is payable under sub-section 7 (6) in respect of that net income or that part of the net income, as the case may be.

(2) Where—

- (a) the trustee of a resident trust estate is liable to be assessed and to pay tax under section 99 of the Assessment Act in respect of the net income or a part of the net income of the trust estate;
- (b) in the case of a trust estate of a deceased person, the deceased person died not less than 3 years before the end of the year of income; and
- (c) that net income or that part of the net income of the trust estate exceeds \$416 but does not exceed \$813,

the amount of the tax payable by the trustee under sub-section 7 (6) in respect of that net income or that part of the net income shall not exceed 50% of the amount by which that net income or that part of the net income, as the case may be, exceeds \$416, less any rebate or credit to which the trustee is entitled.

***Subdivision D—Non-resident Taxpayers, Non-resident Beneficiaries and Non-resident Trust Estates***

**Rates of tax where Division 6AA of Part III of the Assessment Act applies**

**10. (1)** The rates of tax in respect of the taxable income of a non-resident taxpayer—

- (a) who is a prescribed person in relation to the year of income for the purposes of Division 6AA of Part III of the Assessment Act; and
- (b) who has, for the purposes of that Division, an eligible taxable income,

are as set out in Part II of Schedule 5.

(2) Where the eligible taxable income of a non-resident taxpayer for the purposes of Division 6AA of Part III of the Assessment Act—

- (a) does not exceed \$416—the amount of tax payable under sub-section (1) in respect of that eligible taxable income shall not exceed—
  - (i) 29.42% of that eligible taxable income; or
  - (ii) the amount ascertained by deducting from the amount of tax that would be payable by the taxpayer if the rates set out in Part II of Schedule 1 or Part II of Schedule 3, as the case requires, were applied to the taxable income of the taxpayer the amount of tax that would be payable by the taxpayer if those rates were applied to the taxable income of

*Income Tax Rates No. 107, 1986*

the taxpayer reduced by the amount of that eligible taxable income,

whichever is the greater; or

- (b) exceeds \$416 but does not exceed \$760—the amount of tax payable under sub-section (1) in respect of that eligible taxable income shall not exceed—

(i) the sum of \$122.38 and 66% of the amount by which that eligible taxable income exceeds \$416; or

(ii) the amount ascertained by deducting from the amount of tax that would be payable by the taxpayer if the rates set out in Part II of Schedule 1 or Part II of Schedule 3, as the case requires, were applied to the taxable income of the taxpayer the amount of tax that would be payable by the taxpayer if those rates were applied to the taxable income of the taxpayer reduced by the amount of that eligible taxable income,

whichever is the greater.

- (3) Where—

(a) a trustee of a trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of the share of a non-resident beneficiary of the net income of the trust estate; and

(b) Division 6AA of Part III of the Assessment Act applies to a part of that share,

the rates of tax payable by the trustee in respect of that share of the net income of the trust estate are as set out in Part II of Schedule 6.

- (4) Subject to sub-section (5), where—

(a) the trustee of a trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of the share of a non-resident beneficiary of the net income of the trust estate; and

(b) Division 6AA of Part III of the Assessment Act applies to a part (in this sub-section referred to as the “eligible part”) of that share,

the amount of tax payable under sub-section (3) in respect of the eligible part of that share shall not exceed—

- (c) where the eligible part of that share does not exceed \$416—

(i) 29.42% of the amount of the eligible part of that share; or

(ii) the amount ascertained by deducting from the amount of tax that would be payable by the trustee if the rates referred to in Part II of Schedule 4 were applied to that share of that net income the amount of tax that would be payable by the trustee if those rates were applied to that share of that net income reduced by the amount of the eligible part of that share,

whichever is the greater; or

*Income Tax Rates No. 107, 1986*

- (d) where the eligible part of that share exceeds \$416 but does not exceed \$760—
- (i) the sum of \$122.38 and 66% of the amount by which the eligible part of that share exceeds \$416; or
  - (ii) the amount ascertained by deducting from the amount of tax that would be payable by the trustee if the rates referred to in Part II of Schedule 4 were applied to that share of that net income the amount of tax that would be payable by the trustee if those rates were applied to that share of that net income reduced by the amount of the eligible part of that share,
- whichever is the greater.

(5) Sub-section (4) does not apply in relation to the share of a beneficiary of the net income of a trust estate if Division 6AA of Part III of the Assessment Act applies to a part of a share of the beneficiary of the net income of another trust estate or to parts of the shares of the beneficiary of the net incomes of other trust estates.

(6) Where—

- (a) by reason of the application of sub-section (5), sub-section (4) does not apply in relation to the share of a beneficiary of the net income of a trust estate in respect of which a trustee is liable to be assessed and to pay tax under section 98 of the Assessment Act; and
- (b) the sum of—
  - (i) the part of that share to which Division 6AA of Part III of the Assessment Act applies; and
  - (ii) the part of the share of the beneficiary of the net income of the other trust estate or the parts of the shares of the beneficiary of the net incomes of the other trust estates, as the case may be, to which that Division applies,does not exceed \$760,

the tax that, apart from this sub-section, would be payable by the trustee in respect of the share referred to in paragraph (a) shall be reduced by such amount (if any) as, in the opinion of the Commissioner, is fair and reasonable.

(7) In forming an opinion for the purposes of sub-section (6) in relation to the share of a beneficiary of the net income of a trust estate of a year of income, the Commissioner shall have regard to—

- (a) any limitation that would be applicable under sub-section (4) on the amount of tax that would be payable by a trustee in accordance with Part II of Schedule 6 in respect of a share of the net income of a trust estate of the year of income of an amount equal to the sum of the shares referred to in paragraph (6) (b) if—
  - (i) Division 6AA of Part III of the Assessment Act applied to so much of that share as is equal to the sum of the parts of the shares referred to in paragraph (6) (b); and



- (ii) that share were a share of a non-resident beneficiary who is not presently entitled to a share of the income of the year of income of any other trust estate;
- (b) the amount of any reduction previously granted by the Commissioner under sub-section (6) in relation to the share of the beneficiary of the net income of the year of income of any other trust estate; and
- (c) such other matters (if any) as the Commissioner thinks fit.

***Division 3—Financial Year Commencing on 1 July 1987 and Subsequent Financial Years***

***Subdivision A—Application of Division***

**Application of Division**

11. The rates of tax declared by this Division, and the notional rates declared by this Division for the purposes of section 156 of the Assessment Act, apply for the financial year commencing on 1 July 1987 and for all subsequent financial years.

***Subdivision B—Rates of Tax and Notional Rates***

**Rates of tax and notional rates**

12. (1) Except as otherwise provided by this Division, the rates of tax are as set out in Schedule 7.

(2) The notional rates for the purposes of section 156 of the Assessment Act are as set out in Schedule 8.

(3) For every dollar of so much of the taxable income of a taxpayer as is equal to the deemed taxable income from primary production, the rate of complementary tax for the purposes of sub-section 156 (4A) of the Assessment Act is the amount ascertained by dividing the amount of the excess referred to in paragraph (b) of that sub-section by the number of whole dollars in the taxable income of the taxpayer.

(4) For every dollar of so much of the net income of a trust estate as is equal to the deemed net income from primary production, the rate of complementary tax for the purposes of sub-section 156 (5A) of the Assessment Act is the amount ascertained by dividing the amount of the excess referred to in paragraph (b) of that sub-section by the number of whole dollars in the eligible net income of the trust estate.

(5) Subject to sections 13 and 15, the rate of tax in respect of a taxable income in any case where section 59AB, 86 or 158D of the Assessment Act applies is as set out in Schedule 9.

(6) Subject to sections 13 and 15, the rates of tax payable by a trustee under section 98 or 99 of the Assessment Act are as set out in Schedule 10.

(7) The rate of further tax payable by a person under sub-section 94 (9) of the Assessment Act is—

*Income Tax Rates No. 107, 1986*

- (a) in respect of the part of the taxable income of the person that is the relevant part of that taxable income for the purposes of sub-sections 94 (10A) and (10B) of the Assessment Act—the amount (if any) per dollar ascertained in accordance with the formula  $\frac{A-B}{C}$ , where—
- A** is an amount equal to 49% of the taxable income of the person;
  - B** is the amount of tax (if any) that, but for this sub-section, sub-section (3) and any rebate or credit to which the person is entitled, would be payable by the person in respect of the taxable income of the person; and
  - C** is the number of whole dollars in the taxable income of the person; and
- (b) in respect of the part of the taxable income of the person that is the prescribed part of that taxable income for the purposes of sub-section 94 (10B) of the Assessment Act—the amount (if any) per dollar ascertained in accordance with the formula  $\frac{A-B}{C}$ , where—
- A** is an amount equal to 49% of the taxable income of the person;
  - B** is the amount of tax (if any) that, but for this sub-section, sub-section (3) and any rebate or credit to which the person is entitled, would be payable by the person in respect of the taxable income of the person if the notional rates declared by this Division for the purposes of section 156 of the Assessment Act were the rates of tax payable by the person on the taxable income of the person; and
  - C** is the number of whole dollars in the taxable income of the person.
- (8) The rate of further tax payable by a trustee under sub-section 94 (11) or (12) of the Assessment Act is—
- (a) in respect of the part of the net income of the trust estate that is the relevant part of that net income for the purposes of sub-sections 94 (12A) and (12B) of the Assessment Act—the amount (if any) per dollar ascertained in accordance with the formula  $\frac{A-B}{C}$ , where—
- A** is an amount equal to 49% of the net income of the trust estate in respect of which the trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act;
  - B** is the amount of tax (if any) that, but for this sub-section, sub-section (4) and any rebate or credit to which the trustee is entitled, would be payable by the trustee in respect of that net income; and
  - C** is the number of whole dollars in that net income; and

(b) in respect of the part of the net income of the trust estate that is the prescribed part of that net income for the purposes of sub-section 94 (12B) of the Assessment Act—the amount (if any) per dollar ascertained in accordance with the formula  $\frac{A-B}{C}$ , where—

**A** is an amount equal to 49% of the net income of the trust estate in respect of which the trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act;

**B** is the amount of tax (if any) that, but for this sub-section, sub-section (4) and any rebate or credit to which the trustee is entitled, would be payable by the trustee in respect of that net income if the notional rates declared by this Division for the purposes of section 156 of the Assessment Act were the rates of tax payable by the trustee in respect of that net income; and

**C** is the number of whole dollars in that net income.

(9) The rate of tax payable by a trustee in respect of the net income of a trust estate in respect of which the trustee is liable, under section 99A of the Assessment Act, to be assessed and to pay tax is 49%.

***Subdivision C—Resident Taxpayers, Resident Beneficiaries and Resident Trust Estates***

**Rates of tax where Division 6AA of Part III of the Assessment Act applies**

**13. (1)** The rates of tax in respect of the taxable income of a resident taxpayer—

(a) who is a prescribed person in relation to the year of income for the purposes of Division 6AA of Part III of the Assessment Act; and

(b) who has, for the purposes of that Division, an eligible taxable income of an amount exceeding \$416,

are as set out in Part I of Schedule 11.

(2) Where the eligible taxable income of a resident taxpayer for the purposes of Division 6AA of Part III of the Assessment Act exceeds \$416 but does not exceed \$1,615, the amount of tax payable under sub-section (1) in respect of that eligible taxable income shall not exceed—

(a) 66% of the amount by which that eligible taxable income exceeds \$416; or

(b) the amount ascertained by deducting from the amount of tax that would be payable by the taxpayer if the rates set out in Part I of Schedule 7 or Part I of Schedule 9, as the case requires, were applied to the taxable income of the taxpayer the amount of tax that would be payable by the taxpayer if those rates were applied to the taxable income of the taxpayer reduced by the amount of that eligible taxable income,

whichever is the greater.

**(3) Where—**

- (a) a trustee of a trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of the share of a resident beneficiary of the net income of the trust estate;
- (b) Division 6AA of Part III of the Assessment Act applies to a part of that share; and
- (c) the part of that share to which that Division applies exceeds \$416, the rates of tax payable by the trustee in respect of that share of the net income of the trust estate are as set out in Part I of Schedule 12.

**(4) Where—**

- (a) a trustee of a trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of the share of a resident beneficiary of the net income of the trust estate;
  - (b) Division 6AA of Part III of the Assessment Act applies to a part of that share;
  - (c) the part of that share to which that Division applies does not exceed \$416;
  - (d) Division 6AA of Part III of the Assessment Act also applies to a part of the share of the beneficiary of the net income of another trust estate or to parts of the shares of the beneficiary of the net incomes of other trust estates; and
  - (e) the sum of the part referred to in paragraph (b) and the part or parts referred to in paragraph (d) exceeds \$416,
- the trustee of the trust estate referred to in paragraph (a) is liable to pay tax in respect of the share of the net income of the trust estate referred to in that paragraph at the rates set out in Part I of Schedule 12.

**(5) Where—**

- (a) the amount of tax that a trustee of a trust estate is liable to pay in respect of the share of a resident beneficiary of the net income of the trust estate is, by virtue of sub-section (4), to be calculated in accordance with Part I of Schedule 12; and
- (b) the sum of—
  - (i) the part of that share to which Division 6AA of Part III of the Assessment Act applies; and
  - (ii) the part of the share of the beneficiary of the net income of the other trust estate or the parts of the shares of the beneficiary of the net incomes of the other trust estates, as the case may be, to which that Division applies,does not exceed \$1,615,

the tax that, apart from this sub-section, would be payable by the trustee in respect of the share referred to in paragraph (a) shall be reduced by such amount (if any) as, in the opinion of the Commissioner, is fair and reasonable.

**(6) Subject to sub-section (7), where—**

*Income Tax Rates No. 107, 1986*

- (a) the trustee of a trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of the share of a resident beneficiary of the net income of the trust estate;
- (b) Division 6AA of Part III of the Assessment Act applies to a part (in this sub-section referred to as the “eligible part”) of that share; and
- (c) the eligible part of that share exceeds \$416 but does not exceed \$1,615,

the amount of tax payable under sub-section (3) in respect of the eligible part of that share shall not exceed—

- (d) 66% of the amount by which the eligible part of that share exceeds \$416; or
- (e) the amount ascertained by deducting from the amount of tax that would be payable by the trustee if the rates referred to in Part I of Schedule 10 were applied to that share of that net income the amount of tax that would be payable by the trustee if those rates were applied to that share of that net income reduced by the amount of the eligible part of that share,

whichever is the greater.

(7) Sub-section (6) does not apply in relation to the share of a beneficiary of the net income of a trust estate if Division 6AA of Part III of the Assessment Act applies to a part of a share of the beneficiary of the net income of another trust estate or to parts of the shares of the beneficiary of the net incomes of other trust estates.

(8) Where—

- (a) by reason of the application of sub-section (7), sub-section (6) does not apply in relation to the share of a beneficiary of the net income of a trust estate in respect of which a trustee is liable to be assessed and to pay tax under section 98 of the Assessment Act; and
- (b) the sum of—

- (i) the part of that share to which Division 6AA of Part III of the Assessment Act applies; and
- (ii) the part of the share of the beneficiary of the net income of the other trust estate or the parts of the shares of the beneficiary of the net incomes of the other trust estates, as the case may be, to which that Division applies,

does not exceed \$1,615,

the tax that, apart from this sub-section, would be payable by the trustee in respect of the share referred to in paragraph (a) shall be reduced by such amount (if any) as, in the opinion of the Commissioner, is fair and reasonable.

(9) In forming an opinion for the purposes of sub-section (5) or (8) (in this sub-section referred to as the “relevant sub-section”) in relation to the share of a beneficiary of the net income of a trust estate of a year of income, the Commissioner shall have regard to—

- (a) any limitation that would be applicable under sub-section (6) on the amount of tax that would be payable by a trustee in accordance with Part I of Schedule 12 in respect of a share of the net income of a trust estate of the year of income of an amount equal to the sum of the shares referred to in paragraph (b) of the relevant sub-section if—
  - (i) Division 6AA of Part III of the Assessment Act applied to so much of that share as is equal to the sum of the parts of the shares referred to in paragraph (b) of the relevant sub-section; and
  - (ii) that share were a share of a resident beneficiary who is not presently entitled to a share of the income of the year of income of any other trust estate;
- (b) the amount of any reduction previously granted by the Commissioner under sub-section (5) or (8) in relation to the share of the beneficiary of the net income of the year of income of any other trust estate; and
- (c) such other matters (if any) as the Commissioner thinks fit.

**Limitation on tax payable by certain trustees**

**14. (1) Where—**

- (a) the trustee of a resident trust estate is liable to be assessed and to pay tax under section 99 of the Assessment Act in respect of the net income or a part of the net income of the trust estate;
- (b) in the case of a trust estate of a deceased person, the deceased person died not less than 3 years before the end of the year of income; and
- (c) that net income or that part of the net income of the trust estate does not exceed \$416,

no tax is payable under sub-section 12 (6) in respect of that net income or that part of the net income, as the case may be.

**(2) Where—**

- (a) the trustee of a resident trust estate is liable to be assessed and to pay tax under section 99 of the Assessment Act in respect of the net income or a part of the net income of the trust estate;
- (b) in the case of a trust estate of a deceased person, the deceased person died not less than 3 years before the end of the year of income; and
- (c) that net income or that part of the net income of the trust estate exceeds \$416 but does not exceed \$800,

the amount of tax payable by the trustee under sub-section 12 (6) in respect of that net income or that part of the net income shall not exceed 50% of the amount by which that net income or that part of the net income, as the case may be, exceeds \$416, less any rebate or credit to which the trustee is entitled.

***Subdivision D—Non-resident Taxpayers, Non-resident Beneficiaries and Non-resident Trust Estates***

**Rates of tax where Division 6AA of Part III of the Assessment Act applies**

**15. (1)** The rates of tax in respect of the taxable income of a non-resident taxpayer—

- (a) who is a prescribed person in relation to the year of income for the purposes of Division 6AA of Part III of the Assessment Act; and
- (b) who has, for the purposes of that Division, an eligible taxable income,

are as set out in Part II of Schedule 11.

**(2)** Where the eligible taxable income of a non-resident taxpayer for the purposes of Division 6AA of Part III of the Assessment Act—

- (a) does not exceed \$416—the amount of tax payable under sub-section (1) in respect of that eligible taxable income shall not exceed—
  - (i) 29% of that eligible taxable income; or
  - (ii) the amount ascertained by deducting from the amount of tax that would be payable by the taxpayer if the rates set out in Part II of Schedule 7 or Part II of Schedule 9, as the case requires, were applied to the taxable income of the taxpayer the amount of tax that would be payable by the taxpayer if those rates were applied to the taxable income of the taxpayer reduced by the amount of that eligible taxable income,

whichever is the greater; or

- (b) exceeds \$416 but does not exceed \$905—the amount of tax payable under sub-section (1) in respect of that eligible taxable income shall not exceed—
  - (i) the sum of \$120.64 and 66% of the amount by which that eligible taxable income exceeds \$416; or
  - (ii) the amount ascertained by deducting from the amount of tax that would be payable by the taxpayer if the rates set out in Part II of Schedule 7 or Part II of Schedule 9, as the case requires, were applied to the taxable income of the taxpayer the amount of tax that would be payable by the taxpayer if those rates were applied to the taxable income of the taxpayer reduced by the amount of that eligible taxable income,

whichever is the greater.

**(3)** Where—

- (a) a trustee of a trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of the share of a non-resident beneficiary of the net income of the trust estate; and
- (b) Division 6AA of Part III of the Assessment Act applies to a part of that share,

the rates of tax payable by the trustee in respect of that share of the net income of the trust estate are as set out in Part II of Schedule 12.

(4) Subject to sub-section (5), where—

(a) the trustee of a trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of the share of a non-resident beneficiary of the net income of the trust estate; and

(b) Division 6AA of Part III of the Assessment Act applies to a part (in this sub-section referred to as the “eligible part”) of that share, the amount of tax payable under sub-section (3) in respect of the eligible part of that share shall not exceed—

(c) where the eligible part of that share does not exceed \$416—

(i) 29% of the amount of the eligible part of that share; or

(ii) the amount ascertained by deducting from the amount of tax that would be payable by the trustee if the rates referred to in Part II of Schedule 10 were applied to that share of that net income the amount of tax that would be payable by the trustee if those rates were applied to that share of that net income reduced by the amount of the eligible part of that share,

whichever is the greater; or

(d) where the eligible part of that share exceeds \$416 but does not exceed \$905—

(i) the sum of \$120.64 and 66% of the amount by which the eligible part of that share exceeds \$416; or

(ii) the amount ascertained by deducting from the amount of tax that would be payable by the trustee if the rates referred to in Part II of Schedule 10 were applied to that share of that net income the amount of tax that would be payable by the trustee if those rates were applied to that share of that net income reduced by the amount of the eligible part of that share,

whichever is the greater.

(5) Sub-section (4) does not apply in relation to the share of a beneficiary of the net income of a trust estate if Division 6AA of Part III of the Assessment Act applies to a part of a share of the beneficiary of the net income of another trust estate or to parts of the shares of the beneficiary of the net incomes of other trust estates.

(6) Where—

(a) by reason of the application of sub-section (5), sub-section (4) does not apply in relation to the share of a beneficiary of the net income of a trust estate in respect of which a trustee is liable to be assessed and to pay tax under section 98 of the Assessment Act; and

(b) the sum of—



*Income Tax Rates No. 107, 1986*

- (i) the part of that share to which Division 6AA of Part III of the Assessment Act applies; and
- (ii) the part of the share of the beneficiary of the net income of the other trust estate or the parts of the shares of the beneficiary of the net incomes of the other trust estates, as the case may be, to which that Division applies,

does not exceed \$905,

the tax that, apart from this sub-section, would be payable by the trustee in respect of the share referred to in paragraph (a) shall be reduced by such amount (if any) as, in the opinion of the Commissioner, is fair and reasonable.

(7) In forming an opinion for the purposes of sub-section (6) in relation to the share of a beneficiary of the net income of a trust estate of a year of income, the Commissioner shall have regard to—

- (a) any limitation that would be applicable under sub-section (4) on the amount of tax that would be payable by a trustee in accordance with Part II of Schedule 12 in respect of a share of the net income of a trust estate of the year of income of an amount equal to the sum of the shares referred to in paragraph (6) (b) if—
  - (i) Division 6AA of Part III of the Assessment Act applied to so much of that share as is equal to the sum of the parts of the shares referred to in paragraph (6) (b); and
  - (ii) that share were a share of a non-resident beneficiary who is not presently entitled to a share of the income of the year of income of any other trust estate;
- (b) the amount of any reduction previously granted by the Commissioner under sub-section (6) in relation to the share of the beneficiary of the net income of the year of income of any other trust estate; and
- (c) such other matters (if any) as the Commissioner thinks fit.

***Division 4—Pro-rating of the Tax-free Threshold***

**Interpretation**

**16. (1)** In this Division—

“beneficiary”, in relation to a trust estate, includes a person who is capable (whether by the exercise of a power of appointment or otherwise) of benefiting under the trust;

“eligible pensioner”, in relation to a year of income, means a person to whom, at any time during the year of income, a pension, allowance or benefit is payable under—

- (a) the *Veterans’ Entitlements Act 1986*;
- (b) sub-section 4 (6) of the *Veterans’ Entitlements (Transitional Provisions and Consequential Amendments) Act 1986*;
- (c) a provision of the *Social Security Act 1947* other than Part VII of that Act; or
- (d) the *Tuberculosis Act 1948*,

being a pension, allowance or benefit in respect of which the person is liable to be assessed and to pay income tax in Australia;

“partial threshold allowance month”, in relation to a taxpayer in relation to a year of income, means a month in the year of income where—

- (a) both of the following conditions are satisfied:
  - (i) the whole or a part of a part-year workforce period in relation to the taxpayer in relation to the year of income subsists during the month;
  - (ii) the taxpayer is a resident at any time during the month; or
- (b) the whole or a part of a part-year residency period in relation to the taxpayer in relation to the year of income subsists during the month;

“related deductions”, in relation to a particular kind of assessable income of a taxpayer of a year of income, means—

- (a) deductions allowed or allowable under the Assessment Act to the taxpayer in the year of income that relate exclusively to assessable income of that kind; and
- (b) so much of any other deductions allowed or allowable under the Assessment Act to the taxpayer in the year of income as, in the opinion of the Commissioner, may appropriately be related to assessable income of that kind;

“salary or wages” means salary or wages within the meaning of section 221A of the Assessment Act and, in a case where the Governor-General has not entered into an arrangement in accordance with section 221B of that Act with the Governor in Council of a State, includes an amount that would be salary or wages if a reference in section 221A of that Act to an employee included a reference to a member of the Parliament of the State and a person employed by the State or by an authority of the State;

“study period”, in relation to a part-year workforce period in relation to a taxpayer in relation to a year of income, means the period commencing at the beginning of the year of income and ending on the day in the year of income on which the occasion, or the last of the occasions, as the case requires, referred to in paragraph 17 (1) (a) occurred.

(2) For the purposes of this Division—

- (a) a person shall not be taken not to be engaged in a course of education by reason only that the person is on a vacation break in that course; and
- (b) a person who is enrolled in a course of education shall be deemed to be engaged in that course.

**Part-year workforce period**

**17. (1)** Subject to this section, where—

- (a) on an occasion, or on 2 or more occasions, during a year of income, a taxpayer ceased (whether in or out of Australia) to be engaged in a course of full-time education at a school, college, university or similar institution;
- (b) the taxpayer was not engaged in such a course at the end of the year of income; and
- (c) where the occasion, or the last of the occasions, as the case may be, occurred in the last 4 months of the year of income—the taxpayer was not, at any time during the period that ended 4 months after the occurrence of the occasion or the last of the occasions, as the case may be, engaged in such a course,

the period—

- (d) commencing on the first day of the month in which the occasion, or the last of the occasions, as the case may be, occurred; and
- (e) ending at the end of the year of income,

is a part-year workforce period in relation to the taxpayer in relation to the year of income.

**(2)** For the purposes of this Division, where—

- (a) a period would, but for this sub-section, be a part-year workforce period in relation to a taxpayer in relation to a year of income; and
- (b) there was a part-year workforce period in relation to the taxpayer in relation to a preceding year of income (including a year of income before the commencement of this Act),

the first-mentioned period shall be deemed not to be a part-year workforce period in relation to the taxpayer in relation to the first-mentioned year of income.

**(3)** A period shall not be taken for the purposes of this Division (other than paragraph (2) (b) of this section) to be a part-year workforce period in relation to a taxpayer in relation to a year of income if the period is the whole of the year of income.

**Part-year residency period**

**18. (1)** Subject to sub-section (2), the following periods are part-year residency periods in relation to a person in relation to a year of income:

- (a) where the person was a resident at the beginning of the first month of the year of income and continued to be a resident until a time during a subsequent month in the year of income when the person ceased to be a resident—the period from the beginning of the year of income until the end of that subsequent month;
- (b) where the person commenced to be a resident during a month of the year of income and continued to be a resident until the end of the year of income—the period from the beginning of that month until the end of the year of income;

- (c) where the person commenced to be a resident during a month of the year of income and continued to be a resident until a time during a subsequent month of the year of income when the person ceased to be a resident—the period from the beginning of that first-mentioned month until the end of that subsequent month.
- (2) A period shall not be taken to be a part-year residency period in relation to a person in relation to a year of income if—
- (a) the person is an eligible pensioner in relation to the year of income; or
  - (b) the period is the whole of the year of income.

**Pre-workforce income**

**19.** For the purposes of this Division, where there is a part-year workforce period in relation to a taxpayer in relation to a year of income, the following amounts shall be taken to be pre-workforce income derived by the taxpayer in the year of income:

- (a) where the taxpayer derived assessable income in the study period by way of salary or wages—the amount of that assessable income reduced by any related deductions;
- (b) where—
  - (i) the taxpayer derived assessable income in the year of income by way of the proceeds of a business carried on by the taxpayer alone; and
  - (ii) the taxpayer carried on the business alone at any time during the study period,

the amount calculated in accordance with the formula  $\frac{AB}{C}$ , where—

- A** is the amount of that assessable income reduced by any related deductions;
- B** is the number of days in the period during the study period when the business was carried on by the taxpayer alone; and
- C** is the number of days in the period during the year of income when the business was carried on by the taxpayer alone;

- (c) where—
  - (i) an amount was included in the assessable income of the taxpayer of the year of income under sub-section 92 (1) of the Assessment Act in respect of the net income of a partnership; and
  - (ii) the taxpayer was a partner in the partnership at any time during the study period,

the amount calculated in accordance with the formula  $\frac{AB}{C}$ , where—

*Income Tax Rates No. 107, 1986*

- A is the amount of that assessable income reduced by any related deductions;
- B is the number of days in the period during the study period when the taxpayer was a partner in the partnership; and
- C is the number of days in the period during the year of income when the taxpayer was a partner in the partnership;

(d) where—

- (i) an amount was included in the assessable income of the taxpayer of the year of income under section 97, 98A, 99B or 100 of the Assessment Act in respect of a trust estate; and
- (ii) the taxpayer was, at any time during the study period, a beneficiary of the trust estate,

the amount calculated in accordance with the formula  $\frac{AB}{C}$ , where—

- A is the amount of that assessable income reduced by any related deductions;
- B is the number of days in the period during the study period when the taxpayer was a beneficiary of the trust estate; and
- C is the number of days in the period during the year of income when the taxpayer was a beneficiary of the trust estate;

(e) where the taxpayer derived assessable income in the year of income otherwise than—

- (i) by way of salary or wages;
- (ii) by way of the proceeds of a business carried on by the taxpayer alone; or
- (iii) by virtue of the inclusion in the assessable income of the taxpayer of an amount under sub-section 92 (1) or section 97, 98A, 99B or 100 of the Assessment Act,

the amount calculated in accordance with the formula  $\frac{AB}{C}$ , where—

- A is the amount of that assessable income reduced by any related deductions;
- B is the number of days in the study period; and
- C is the number of days in the year of income.

**Pro-rating of the tax-free threshold**

**20. (1)** Subject to this section, where there are one or more partial threshold allowance months in relation to a taxpayer in relation to a year of income, this Act applies in relation to the taxpayer in relation to the year of income as if—

- (a) in the case of the year of income commencing on 1 July 1986—the reference in the table in Part I of Schedule 1 to \$4,890; and

*Income Tax Rates No. 107, 1986*

(b) in the case of a subsequent year of income—the reference in the table in Part I of Schedule 7 to \$5,100, were a reference to the amount calculated in accordance with the formula  $AB + C$ , where—

A is—

- (c) in the case of the year of income commencing on 1 July 1986—\$408; or
- (d) in the case of a subsequent year of income—\$425;

B is—

- (e) where paragraph (f) does not apply—the number of partial threshold allowance months in relation to the taxpayer in relation to the year of income; or
- (f) where there is a part-year workforce period in relation to the taxpayer in relation to the year of income—the number of partial threshold allowance months in relation to the taxpayer in relation to the year of income, not including any partial threshold allowance month occurring before the commencement of that part-year workforce period; and

C is so much of the amount of pre-workforce income (if any) derived by the taxpayer in the year of income as does not exceed the amount calculated in accordance with the formula  $DE$ , where—

D is the amount represented by component A; and

E is—

- (g) where there is no part-year residency period in relation to the taxpayer in relation to the year of income—the number of months in the year of income occurring before the commencement of the part-year workforce period; and
- (h) in any other case—the number of months in the year of income that are included in a part-year residency period or part-year residency periods in relation to the taxpayer in relation to the year of income, not including any month that is included in the part-year workforce period.

(2) Sub-section (1) does not apply in calculating the tax payable by the trustee of a trust estate under section 98 of the Assessment Act in respect of a share of a beneficiary of the net income of the trust estate of a year of income but, where there are one or more part-year residency periods in relation to the beneficiary in relation to the year of income, this Act applies in calculating the tax payable by the trustee in respect of that share as if—

- (a) in the case of the year of income commencing on 1 July 1986—the reference in the table in Part I of Schedule 1 to \$4,890; and
- (b) in the case of a subsequent year of income—the reference in the table in Part I of Schedule 7 to \$5,100,

were a reference to the amount calculated in accordance with the formula **AB**, where—

**A** is—

(c) in the case of the year of income commencing on 1 July 1986—\$408; or

(d) in the case of a subsequent year of income—\$425; and

**B** is the number of months in the year of income when a part-year residency period, or part-year residency periods, in relation to the beneficiary in relation to the year of income subsisted.

(3) Sub-section (1) does not apply in calculating the tax payable by the trustee of a trust estate under section 99 of the Assessment Act.

**PART III—RATES OF INCOME TAX PAYABLE UPON  
INCOMES OF COMPANIES, PRESCRIBED UNIT TRUSTS,  
SUPERANNUATION FUNDS AND CERTAIN OTHER TRUSTS**

**Interpretation**

21. In this Part, “tax” does not include tax within the meaning of Part II.

**Act to be deemed to be the Act declaring rates of income tax**

22. For the purposes of sub-section 104 (1) of the Assessment Act, this Act shall be deemed to be the Act declaring the rates of income tax payable for the financial year commencing on 1 July 1986.

**Rates of tax payable by companies**

23. (1) The rates of tax payable by a company, other than a company in the capacity of a trustee, are as set out in the following provisions of this section.

(2) The rate of tax in respect of the taxable income of a company not being—

(a) a private company; or

(b) a registered organization,

is 46%.

(3) In the case of a company that is a private company, the rates of tax are—

(a) in respect of the taxable income—46%; and

(b) in respect of the undistributed amount in respect of which the company is liable under section 104 of the Assessment Act to pay additional tax—50%.

(4) The rate of tax in respect of the taxable income of a company that is a registered organization is 20%.

(5) Where the taxable income of a non-profit company, not being a registered organization, does not exceed \$2,542, the amount of tax payable by the company shall not exceed 55% of the amount by which the taxable income exceeds \$416 less any rebate or credit to which the company is entitled.

**Rate of tax payable by trustees of corporate unit trusts**

24. The rate of tax payable by a trustee of a corporate unit trust in respect of the net income of the corporate unit trust in respect of which the trustee is liable, under section 102K of the Assessment Act, to be assessed and to pay tax is 46%.

**Rate of tax payable by trustees of public trading trusts**

25. The rate of tax payable by a trustee of a public trading trust in respect of the net income of the public trading trust in respect of which the trustee is liable, under section 102S of the Assessment Act, to be assessed and to pay tax is 46%.

**Rates of tax payable by trustees of superannuation funds**

26. (1) The rate of tax payable by a trustee of a superannuation fund in respect of the taxable income of the fund in respect of which the trustee is liable, under section 121CA or 121CB of the Assessment Act, to be assessed and to pay tax is 50%.

(2) The rate of tax payable by a trustee of a superannuation fund in respect of investment income of the fund in respect of which the trustee is liable, under section 121CC of the Assessment Act, to be assessed and to pay tax is 24.42%.

(3) The rate of tax payable by a trustee of a superannuation fund in respect of the taxable income of the fund in respect of which the trustee is liable, under section 121DA of the Assessment Act, to be assessed and to pay tax is 57.08%.

(4) The rate of tax payable by a trustee of a superannuation fund in respect of the taxable income of the fund in respect of which the trustee is liable, under section 121DAB of the Assessment Act, to be assessed and to pay tax is 44.25%.

**Rate of tax payable by trustees of ineligible approved deposit funds**

27. The rate of tax payable by a trustee of an ineligible approved deposit fund in respect of the income of the fund in respect of which the trustee is liable, under section 121DAA of the Assessment Act, to be assessed and to pay tax is 44.25%.

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**SCHEDULE 1**

Sub-section 7 (1)

**GENERAL RATES OF TAX—FINANCIAL YEAR 1986-87**

**PART I—RESIDENT TAXPAYERS**

1. Subject to clauses 2 and 3, the rate of tax in respect of each part of the taxable income of a resident taxpayer specified in column 1 of the following table is the rate set out in column 2 of that table opposite to the reference to that part of the taxable income:

Column 1	Column 2
Parts of Taxable Income	Rate per centum
The part of the taxable income that—	
exceeds \$4,890 but does not exceed \$12,500 . . . . .	24.42
exceeds \$12,500 but does not exceed \$12,600 . . . . .	26.50
exceeds \$12,600 but does not exceed \$19,500 . . . . .	29.42
exceeds \$19,500 but does not exceed \$28,000 . . . . .	44.25
exceeds \$28,000 but does not exceed \$35,000 . . . . .	46.83
exceeds \$35,000 . . . . .	57.08

2. Where—

- (a) the taxable income of a resident taxpayer consists of or includes a capital gains component; and
- (b) Division 16 of Part III of the Assessment Act does not apply to the income of the taxpayer,

the rate of tax for every \$1 of the taxable income is the amount ascertained in accordance with the formula  $\frac{A+B}{C}$ , where—

**A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

- (c) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the sum of—
  - (i) the reduced taxable income; and
  - (ii) 20% of the capital gains component of the taxable income; and
- (d) the amount represented by component A; and

**C** is the number of whole dollars in the taxable income.

3. Where—

- (a) the taxable income of a resident taxpayer consists of or includes a capital gains component; and
- (b) Division 16 of Part III of the Assessment Act applies to the income of the taxpayer,

the rate of tax for every \$1 of the taxable income is the amount ascertained in accordance with the formula  $\frac{A+B}{C}$ , where—

**A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

*Income Tax Rates No. 107, 1986*

**SCHEDULE 1—continued**

- (c) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the sum of—
  - (i) the average income; and
  - (ii) 20% of the capital gains component of the taxable income; and
- (d) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the average income; and

**C** is the number of whole dollars in the taxable income.

**PART II—NON-RESIDENT TAXPAYERS**

1. Subject to clauses 2 and 3, the rate of tax in respect of each part of the taxable income of a non-resident taxpayer specified in column 1 of the following table is the rate set out in column 2 of that table opposite to the reference to that part of the taxable income:

Column 1	Column 2
Parts of Taxable Income	Rate per centum
The part of the taxable income that—	
does not exceed \$19,500 . . . . .	29.42
exceeds \$19,500 but does not exceed \$28,000 . . . . .	44.25
exceeds \$28,000 but does not exceed \$35,000 . . . . .	46.83
exceeds \$35,000 . . . . .	57.08

2. Where—

- (a) the taxable income of a non-resident taxpayer consists of or includes a capital gains component; and
- (b) Division 16 of Part III of the Assessment Act does not apply to the income of the taxpayer,

the rate of tax for every \$1 of the taxable income is the amount ascertained in accordance with the formula  $\frac{A+B}{C}$ , where—

**A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

- (c) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the sum of—
  - (i) the reduced taxable income; and
  - (ii) 20% of the capital gains component of the taxable income; and
- (d) the amount represented by component A; and

**C** is the number of whole dollars in the taxable income.

3. Where—

- (a) the taxable income of a non-resident taxpayer consists of or includes a capital gains component; and
- (b) Division 16 of Part III of the Assessment Act applies to the income of the taxpayer,

the rate of tax for every \$1 of the taxable income is the amount ascertained in accordance with the formula  $\frac{A+B}{C}$ , where—

**SCHEDULE 1—continued**

- A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;
- B** is 5 times the difference between—
- (c) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the sum of—
    - (i) the average income; and
    - (ii) 20% of the capital gains component of the taxable income; and
  - (d) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the average income; and
- C** is the number of whole dollars in the taxable income.
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**SCHEDULE 2**

Sub-section 7 (2)

**NOTIONAL RATES FOR THE PURPOSES OF SECTION 156 OF THE ASSESSMENT ACT—FINANCIAL YEAR 1986-87**

**PART I—RESIDENT TAXPAYERS, RESIDENT BENEFICIARIES AND RESIDENT TRUST ESTATES**

***Division 1—Normal Notional Rate***

1. This Division applies to the income of a resident taxpayer, other than income in respect of which a trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act, if Division 16 of Part III of the Assessment Act applies in relation to that income.

2. The notional rate in respect of income to which this Division applies is, for every \$1 of the taxable income, the amount ascertained by determining the tax that would be payable if the rates set out in Part I of Schedule 1 were applied to a taxable income equal to the taxpayer's average income and dividing the resultant amount by a number equal to the number of whole dollars in that average income.

***Division 2—Notional Rates in respect of Certain Trust Income***

1. This Division applies—

- (a) to a share of a resident beneficiary of the net income of a trust estate, if—
  - (i) the trustee of the trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of that share; and
  - (ii) Division 16 of Part III of the Assessment Act applies in relation to that share; and
- (b) to the net income or a part of the net income of a resident trust estate, if—
  - (i) the trustee of the trust estate is liable to be assessed and to pay tax under section 99 of the Assessment Act in respect of that net income, or that part of that net income, of the trust estate; and
  - (ii) Division 16 of Part III of the Assessment Act applies in relation to that net income or that part of that net income.

2. The notional rate in respect of income to which this Division applies is—

- (a) in a case where the income is—
  - (i) a share of the net income of a trust estate in respect of which the trustee is liable to be assessed and to pay tax under section 98 of the Assessment Act; or

**SCHEDULE 2—continued**

- (ii) the net income or a part of the net income of a trust estate in respect of which the trustee is liable to be assessed and to pay tax under section 99 of the Assessment Act, being the net income or a part of the net income of the estate of a deceased person who died less than 3 years before the end of the year of income,

the rate that would be calculated in accordance with Division 1 if that income were the taxable income of one individual and were not income in respect of which a trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act; and

- (b) in any other case—the rate that would be calculated in accordance with Division 1 in respect of a taxable income equal to the income if—
  - (i) that income were the taxable income of one individual and were not income in respect of which a trustee is liable to be assessed and to pay tax under section 99 of the Assessment Act; and
  - (ii) the reference in column 1 of the table in Part I of Schedule 1 to the part of the taxable income that exceeds \$4,890 but does not exceed \$12,500 were a reference to the part of the taxable income that does not exceed \$12,500.

**PART II—NON-RESIDENT TAXPAYERS, NON-RESIDENT BENEFICIARIES AND NON-RESIDENT TRUST ESTATES**

***Division 1—Normal Notional Rate***

1. This Division applies to the income of a non-resident taxpayer, other than income in respect of which a trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act, if Division 16 of Part III of the Assessment Act applies in relation to that income.

2. The notional rate in respect of income to which this Division applies is, for every \$1 of the taxable income, the amount ascertained by determining the tax that would be payable if the rates set out in Part II of Schedule 1 were applied to a taxable income equal to the taxpayer's average income and dividing the resultant amount by a number equal to the number of whole dollars in that average income.

***Division 2—Notional Rates in respect of Certain Trust Income***

1. This Division applies—

- (a) to a share of a non-resident beneficiary of the net income of a trust estate if—
  - (i) the trustee of the trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of that share; and
  - (ii) Division 16 of Part III of the Assessment Act applies in relation to that share; and
- (b) to the net income or a part of the net income of a non-resident trust estate if—
  - (i) the trustee of the trust estate is liable to be assessed and to pay tax under section 99 of the Assessment Act in respect of that net income or that part of that net income of the trust estate; and
  - (ii) Division 16 of Part III of the Assessment Act applies in relation to that net income or that part of that net income.

2. The notional rate in respect of income to which this Division applies is the rate that would be calculated in accordance with Division 1 in respect of a taxable income equal to the income if that income were the taxable income of one individual and were not income in respect of which a trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act.

**SCHEDULE 3**

Sub-section 7 (5)

**RATES OF TAX BY REFERENCE TO A NOTIONAL INCOME—  
FINANCIAL YEAR 1986-87**

**PART I—RESIDENT TAXPAYERS**

1. Subject to clause 2, for every \$1 of the taxable income of a resident taxpayer deriving a notional income, as specified by section 59AB, 86 or 158D of the Assessment Act, the rate of tax is the amount ascertained by dividing the amount of tax that would be payable by the taxpayer under Part I of Schedule 1 upon a taxable income equal to the taxpayer's notional income by the number of whole dollars in that notional income.

2. For every \$1 of the taxable income of a resident taxpayer—

(a) who derives a notional income, as specified by section 59AB, 86 or 158D of the Assessment Act; and

(b) whose taxable income consists of or includes a capital gains component, the rate of tax is the amount ascertained in accordance with the formula  $\frac{A + B}{C}$ , where—

**C**

**A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

(c) the amount of tax that would be payable by the taxpayer under clause 1 of Part I of Schedule 1 on a taxable income equal to the sum of—

(i) the reduced notional income; and

(ii) 20% of the capital gains component of the taxable income; and

(d) the amount of tax that would be payable by the taxpayer under clause 1 of Part I of Schedule 1 on a taxable income equal to the reduced notional income; and

**C** is the number of whole dollars in the taxable income.

**PART II—NON-RESIDENT TAXPAYERS**

1. Subject to clause 2, for every \$1 of the taxable income of a non-resident taxpayer deriving a notional income, as specified by section 59AB, 86 or 158D of the Assessment Act, the rate of tax is the amount ascertained by dividing the amount of tax that would be payable by the taxpayer under Part II of Schedule 1 upon a taxable income equal to the taxpayer's notional income by the number of whole dollars in that notional income.

2. For every \$1 of the taxable income of a non-resident taxpayer—

(a) who derives a notional income, as specified by section 59AB, 86 or 158D of the Assessment Act; and

(b) whose taxable income consists of or includes a capital gains component, the rate of tax is the amount ascertained in accordance with the formula  $\frac{A + B}{C}$ , where—

**C**

**A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

(c) the amount of tax that would be payable by the taxpayer under clause 1 of Part II of Schedule 1 on a taxable income equal to the sum of—

(i) the reduced notional income; and

(ii) 20% of the capital gains component of the taxable income; and

**SCHEDULE 3—continued**

- (d) the amount of tax that would be payable by the taxpayer under clause 1 of Part II of Schedule 1 on a taxable income equal to the reduced notional income; and

C is the number of whole dollars in the taxable income.

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**SCHEDULE 4**

Sub-section 7 (6)

**RATES OF TAX PAYABLE BY A TRUSTEE UNDER SECTION 98 OR 99 OF THE ASSESSMENT ACT—FINANCIAL YEAR 1986-87**

**PART I—RESIDENT BENEFICIARIES AND RESIDENT TRUST ESTATES**

1. In the case of a trustee who is liable to be assessed and to pay tax—

- (a) under section 98 of the Assessment Act in respect of a share of a resident beneficiary of the net income of a trust estate; or
- (b) under section 99 of the Assessment Act in respect of the net income or part of the net income of a resident trust estate, being the net income or part of the net income of the estate of a deceased person who died less than 3 years before the end of the year of income,

the rate of tax in respect of that share of the net income or that net income or that part of that net income is the rate that would be payable under Part I of Schedule 1 or Part I of Schedule 3, as the case requires, if one individual were liable to be assessed and to pay tax on that income as his or her taxable income.

2. In the case of a trustee who is liable to be assessed and to pay tax under section 99 of the Assessment Act in respect of the net income or part of the net income of a resident trust estate, other than income to which clause 1 applies, the rate of tax is the rate that would be payable under Part I of Schedule 1, or Part I of Schedule 3, as the case requires, in respect of a taxable income equal to that net income or that part of the net income if—

- (a) one individual were liable to be assessed and to pay tax on that income; and
- (b) the reference in column 1 of the table in Part I of Schedule 1 to the part of the taxable income that exceeds \$4,890 but does not exceed \$12,500 were a reference to the part of the taxable income that does not exceed \$12,500.

**PART II—NON-RESIDENT BENEFICIARIES AND NON-RESIDENT TRUST ESTATES**

In the case of a trustee who is liable to be assessed and to pay tax—

- (a) under section 98 of the Assessment Act in respect of a share of a non-resident beneficiary of the net income of a trust estate; or
- (b) under section 99 of the Assessment Act in respect of the net income or part of the net income of a non-resident trust estate,

the rate of tax in respect of that share of the net income or that net income or that part of that net income is the rate that would be payable under Part II of Schedule 1 or Part II of Schedule 3, as the case requires, if one individual were liable to be assessed and to pay tax on that income as his or her taxable income.

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**SCHEDULE 5** Sub-sections 8 (1) and 10 (1)

**RATES OF TAX PAYABLE ON ELIGIBLE TAXABLE INCOME—  
FINANCIAL YEAR 1986-87**

**PART I—RESIDENT TAXPAYERS**

1. In the case of a resident taxpayer whose eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act exceeds \$416 and whose taxable income does not consist of or include a capital gains component, the rates of tax in respect of that part (in this clause referred to as the "relevant part") of the taxable income of the taxpayer other than the eligible taxable income of the taxpayer are the rates that would be payable under Part I of Schedule 1 or Part I of Schedule 3, as the case requires, if the relevant part of that taxable income were the taxable income of the taxpayer.

2. In the case of a resident taxpayer whose eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act exceeds \$416 and whose taxable income does not consist of or include a capital gains component, the rates of tax in respect of the eligible taxable income of the taxpayer are—

- (a) in a case where the taxable income of the taxpayer does not exceed \$28,000—46%;
- (b) in a case where the taxable income of the taxpayer exceeds \$28,000 but does not exceed \$35,000—
  - (i) if the part (in this clause referred to as the "relevant part") of the taxable income of the taxpayer other than the eligible taxable income of the taxpayer is less than \$28,000—
    - (A) in respect of so much of the eligible taxable income of the taxpayer as is equal to the amount ascertained by deducting from \$28,000 the amount of the relevant part of the taxable income of the taxpayer—46%; and
    - (B) in respect of the remainder of the eligible taxable income of the taxpayer—48%; and
  - (ii) if the relevant part of the taxable income of the taxpayer is not less than \$28,000—48%; and
- (c) in a case where the taxable income of the taxpayer exceeds \$35,000—
  - (i) if the relevant part of the taxable income of the taxpayer is less than \$28,000—
    - (A) in respect of so much of the eligible taxable income of the taxpayer as is equal to the amount ascertained by deducting from \$28,000 the amount of the relevant part of the taxable income of the taxpayer—46%;
    - (B) in respect of the next \$7,000 of the eligible taxable income of the taxpayer—48%; and
    - (C) in respect of the remainder of the eligible taxable income of the taxpayer—57.08%;
  - (ii) if the relevant part of the taxable income of the taxpayer is not less than \$28,000 but is less than \$35,000—
    - (A) in respect of so much of the eligible taxable income of the taxpayer as is equal to the amount ascertained by deducting from \$35,000

**SCHEDULE 5—continued**

the amount of the relevant part of the taxable income of the taxpayer—48%; and

(B) in respect of the remainder of the eligible taxable income of the taxpayer—57.08%; and

(iii) in any other case—57.08%.

3. For every \$1 of the taxable income of a resident taxpayer—

(a) whose eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act exceeds \$416; and

(b) whose taxable income consists of or includes a capital gains component,

the rate of tax is the amount ascertained in accordance with the formula  $\frac{A + B + C}{D}$ , where—

**A** is the amount of tax that would be payable by the taxpayer under clauses 1 and 2 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

(c) the amount of tax that would be payable by the taxpayer under clause 1 of Part I of Schedule 1 on a taxable income equal to the sum of—

(i) whichever of the following amounts is applicable:

(A) where Division 16 of Part III of the Assessment Act applies—the average income;

(B) where any part of the amount represented by component A was calculated by reference to Schedule 3—the reduced notional income;

(C) where neither sub-sub-paragraph (A) nor sub-sub-paragraph (B) applies—the reduced taxable income; and

(ii) 20% of the part of the capital gains component other than the eligible part of the capital gains component; and

(d) the amount of tax that would be payable by the taxpayer under clause 1 of Part I of Schedule 1 on a taxable income equal to the average income, reduced notional income or reduced taxable income, as the case may be;

**C** is—

(e) 5 times the difference between—

(i) the amount of tax that would be payable by the taxpayer under clause 1 of Part I of Schedule 1 on a taxable income equal to the sum of—

(A) the reduced taxable income; and

(B) 20% of the capital gains component; and

(ii) the amount of tax that would be payable by the taxpayer under clause 1 of Part I of Schedule 1 on a taxable income equal to the sum of—

(A) the reduced taxable income; and

(B) 20% of the part of the capital gains component other than the eligible part of the capital gains component; or

(f) 46% of the eligible part of the capital gains component, whichever is the greater; and

**D** is the number of whole dollars in the taxable income.

**PART II—NON-RESIDENT TAXPAYERS**

1. In the case of a non-resident taxpayer who has an eligible taxable income for the



**SCHEDULE 5—continued**

purposes of Division 6AA of Part III of the Assessment Act and whose taxable income does not consist of or include a capital gains component, the rates of tax in respect of that part (in this clause referred to as the “relevant part”) of the taxable income of the taxpayer other than the eligible taxable income of the taxpayer are the rates that would be payable under Part II of Schedule 1 or Part II of Schedule 3, as the case requires, if the relevant part of that taxable income were the taxable income of the taxpayer.

2. In the case of a non-resident taxpayer who has an eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act and whose taxable income does not consist of or include a capital gains component, the rates of tax in respect of the eligible taxable income of the taxpayer are—

- (a) in a case where the taxable income of the taxpayer does not exceed \$28,000—46%;
- (b) in a case where the taxable income of the taxpayer exceeds \$28,000 but does not exceed \$35,000—
  - (i) if the part (in this clause referred to as the “relevant part”) of the taxable income of the taxpayer other than the eligible taxable income of the taxpayer is less than \$28,000—
    - (A) in respect of so much of the eligible taxable income of the taxpayer as is equal to the amount ascertained by deducting from \$28,000 the amount of the relevant part of the taxable income of the taxpayer—46%; and
    - (B) in respect of the remainder of the eligible taxable income of the taxpayer—48%; and
  - (ii) if the relevant part of the taxable income of the taxpayer is not less than \$28,000—48%; and
- (c) in a case where the taxable income of the taxpayer exceeds \$35,000—
  - (i) if the relevant part of the taxable income of the taxpayer is less than \$28,000—
    - (A) in respect of so much of the eligible taxable income of the taxpayer as is equal to the amount ascertained by deducting from \$28,000 the amount of the relevant part of the taxable income of the taxpayer—46%;
    - (B) in respect of the next \$7,000 of the eligible taxable income of the taxpayer—48%; and
    - (C) in respect of the remainder of the eligible taxable income of the taxpayer—57.08%;
  - (ii) if the relevant part of the taxable income of the taxpayer is not less than \$28,000 but is less than \$35,000—
    - (A) in respect of so much of the eligible taxable income of the taxpayer as is equal to the amount ascertained by deducting from \$35,000 the amount of the relevant part of the taxable income of the taxpayer—48%; and
    - (B) in respect of the remainder of the eligible taxable income of the taxpayer—57.08%; and
  - (iii) in any other case—57.08%.

3. For every \$1 of the taxable income of a non-resident taxpayer—

- (a) who has an eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act; and
- (b) whose taxable income consists of or includes a capital gains component,

*Income Tax Rates No. 107, 1986*

**SCHEDULE 5—continued**

the rate of tax is the amount ascertained in accordance with the formula  $\frac{A + B + C}{D}$ , where—

**A** is the amount of tax that would be payable by the taxpayer under clauses 1 and 2 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

(c) the amount of tax that would be payable by the taxpayer under clause 1 of Part II of Schedule 1 on a taxable income equal to the sum of—

(i) whichever of the following amounts is applicable:

(A) where Division 16 of Part III of the Assessment Act applies—the average income;

(B) where any part of the amount represented by component A was calculated by reference to Schedule 3—the reduced notional income;

(C) where neither sub-sub-paragraph (A) nor sub-sub-paragraph (B) applies—the reduced taxable income; and

(ii) 20% of the part of the capital gains component other than the eligible part of the capital gains component; and

(d) the amount of tax that would be payable by the taxpayer under clause 1 of Part II of Schedule 1 on a taxable income equal to the average income, reduced notional income or reduced taxable income, as the case may be;

**C** is—

(e) 5 times the difference between—

(i) the amount of tax that would be payable by the taxpayer under clause 1 of Part II of Schedule 1 on a taxable income equal to the sum of—

(A) the reduced taxable income; and

(B) 20% of the capital gains component; and

(ii) the amount of tax that would be payable by the taxpayer under clause 1 of Part II of Schedule 1 on a taxable income equal to the sum of—

(A) the reduced taxable income; and

(B) 20% of the part of the capital gains component other than the eligible part of the capital gains component; or

(f) 46% of the eligible part of the capital gains component, whichever is the greater; and

**D** is the number of whole dollars in the taxable income.

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**SCHEDULE 6**

Sub-sections 8 (3) and (4)  
and 10 (3)

**RATES OF TAX PAYABLE BY A TRUSTEE UNDER SECTION 98 OF  
THE ASSESSMENT ACT WHERE DIVISION 6AA OF PART III OF THAT  
ACT APPLIES—FINANCIAL YEAR 1986-87**

**PART I—RESIDENT BENEFICIARIES**

1. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a resident beneficiary

**SCHEDULE 6—continued**

of the net income of the trust estate where Division 6AA of Part III of that Act applies to a part (in this clause referred to as the “eligible part”) of that share and that share does not consist of or include a capital gains component, the rates of tax in respect of the part (in this clause referred to as the “relevant part”) of that share other than the eligible part of that share are the rates that would be payable under Part I of Schedule 1 or Part I of Schedule 3, as the case requires, in respect of a taxable income equal to the relevant part of that share if one individual were liable to be assessed and to pay tax on that income.

2. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a resident beneficiary of the net income of the trust estate where Division 6AA of Part III of that Act applies to a part (in this clause referred to as the “eligible part”) of that share and that share does not consist of or include a capital gains component, the rates of tax in respect of the eligible part of that share are—

- (a) in a case where that share does not exceed \$28,000—46%;
- (b) in a case where that share exceeds \$28,000 but does not exceed \$35,000—
  - (i) if the part (in this clause referred to as the “relevant part”) of that share other than the eligible part of that share is less than \$28,000—
    - (A) in respect of so much of the eligible part of that share as is equal to the amount ascertained by deducting from \$28,000 the amount of the relevant part of that share—46%; and
    - (B) in respect of the remainder of the eligible part of that share—48%; and
  - (ii) if the relevant part of that share is not less than \$28,000—48%;
- (c) in a case where that share exceeds \$35,000—
  - (i) if the relevant part of that share is less than \$28,000—
    - (A) in respect of so much of the eligible part of that share as is equal to the amount ascertained by deducting from \$28,000 the amount of the relevant part of that share—46%;
    - (B) in respect of the next \$7,000 of the eligible part of that share—48%; and
    - (C) in respect of the remainder of the eligible part of that share—57.08%;
  - (ii) if the relevant part of that share is not less than \$28,000 but is less than \$35,000—
    - (A) in respect of so much of the eligible part of that share as is equal to the amount ascertained by deducting from \$35,000 the amount of the relevant part of that share—48%; and
    - (B) in respect of the remainder of the eligible part of that share—57.08%; and
  - (iii) in any other case—57.08%.

3. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a resident beneficiary of the net income of the trust estate where—

- (a) Division 6AA of Part III of that Act applies to a part of that share; and
- (b) that share consists of or includes a capital gains component,

the rate of tax for every \$1 of that share is the amount ascertained in accordance with the formula  $\frac{A+B+C}{D}$ , where—

**D**

**SCHEDULE 6—continued**

- A** is the amount of tax that would be payable by the trustee under clauses 1 and 2 on the reduced share;
- B** is 5 times the difference between—
- (c) the amount of tax that would be payable under clause 1 of Part I of Schedule 1 on a taxable income equal to the sum of—
    - (i) whichever of the following amounts is applicable:
      - (A) where Division 16 of Part III of the Assessment Act applies—the average income;
      - (B) where any part of the amount represented by component A was calculated by reference to Schedule 3—the reduced notional income;
      - (C) where neither sub-sub-paragraph (A) nor sub-sub-paragraph (B) applies—the reduced share; and
    - (ii) 20% of the part of the capital gains component other than the eligible part of the capital gains component,  
if one individual were liable to be assessed and to pay tax on that income; and
  - (d) the amount of tax that would be payable under clause 1 of Part I of Schedule I on a taxable income equal to the average income, reduced notional income or reduced share, as the case may be, if one individual were liable to be assessed and to pay tax on that income;
- C** is—
- (e) 5 times the difference between—
    - (i) the amount of tax that would be payable under clause 1 of Part I of Schedule 1 on a taxable income equal to the sum of—
      - (A) the reduced share; and
      - (B) 20% of the capital gains component,  
if one individual were liable to be assessed and to pay tax on that income; and
    - (ii) the amount of tax that would be payable under clause 1 of Part I of Schedule 1 on a taxable income equal to the sum of—
      - (A) the reduced share; and
      - (B) 20% of the part of the capital gains component other than the eligible part of the capital gains component,  
if one individual were liable to be assessed and to pay tax on that income; or
  - (f) 46% of the eligible part of the capital gains component,  
whichever is the greater; and
- D** is the number of whole dollars in the share.

**PART II—NON-RESIDENT BENEFICIARIES**

1. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a non-resident beneficiary of the net income of the trust estate where Division 6AA of Part III of that Act applies to a part (in this clause referred to as the “eligible part”) of that share and that share does not consist of or include a capital gains component, the rates of tax in respect of the part (in this clause referred to as the “relevant part”) of that share other than the eligible part of that share are the rates that would be payable under Part II of Schedule 1 or Part II of Schedule 3, as the case requires, in respect of a taxable income

**SCHEDULE 6—continued**

equal to the relevant part of that share if one individual were liable to be assessed and to pay tax on that income.

2. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a non-resident beneficiary of the net income of the trust estate where Division 6AA of Part III of that Act applies to a part (in this clause referred to as the “eligible part”) of that share and that share does not consist of or include a capital gains component, the rates of tax in respect of the eligible part of that share are—

- (a) in a case where that share does not exceed \$28,000—46%;
- (b) in a case where that share exceeds \$28,000 but does not exceed \$35,000—
  - (i) if the part (in this clause referred to as the “relevant part”) of that share other than the eligible part of that share is less than \$28,000—
    - (A) in respect of so much of the eligible part of that share as is equal to the amount ascertained by deducting from \$28,000 the amount of the relevant part of that share—46%; and
    - (B) in respect of the remainder of the eligible part of that share—48%; and
  - (ii) if the relevant part of that share is not less than \$28,000—48%; and
- (c) in a case where that share exceeds \$35,000—
  - (i) if the relevant part of that share is less than \$28,000—
    - (A) in respect of so much of the eligible part of that share as is equal to the amount ascertained by deducting from \$28,000 the amount of the relevant part of that share—46%;
    - (B) in respect of the next \$7,000 of the eligible part of that share—48%; and
    - (C) in respect of the remainder of the eligible part of that share—57.08%;
  - (ii) if the relevant part of that share is not less than \$28,000 but is less than \$35,000—
    - (A) in respect of so much of the eligible part of that share as is equal to the amount ascertained by deducting from \$35,000 the amount of the relevant part of that share—48%; and
    - (B) in respect of the remainder of the eligible part of that share—57.08%; and
  - (iii) in any other case—57.08%.

3. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a non-resident beneficiary of the net income of the trust estate where—

- (a) Division 6AA of Part III of that Act applies to a part of that share; and
- (b) that share consists of or includes a capital gains component,

the rate of tax for every \$1 of that share is the amount ascertained in accordance with the formula  $\frac{A+B+C}{D}$ , where—

**D**

**A** is the amount of tax that would be payable by the trustee under clauses 1 and 2 on the reduced share;

**B** is 5 times the difference between—

- (c) the amount of tax that would be payable under clause 1 of Part II of Schedule 1 on a taxable income equal to the sum of—

- (i) whichever of the following amounts is applicable:

**SCHEDULE 6—continued**

- (A) where Division 16 of Part III of the Assessment Act applies—the average income;
  - (B) where any part of the amount represented by component A was calculated by reference to Schedule 3—the reduced notional income;
  - (C) where neither sub-sub-paragraph (A) nor sub-sub-paragraph (B) applies—the reduced share; and
- (ii) 20% of the part of the capital gains component other than the eligible part of the capital gains component,  
if one individual were liable to be assessed and to pay tax on that income;  
and
- (d) the amount of tax that would be payable under clause 1 of Part II of Schedule 1 on a taxable income equal to the average income, reduced notional income or reduced share, as the case may be, if one individual were liable to be assessed and to pay tax on that income;
- C is—
- (e) 5 times the difference between—
    - (i) the amount of tax that would be payable under clause 1 of Part II of Schedule 1 on a taxable income equal to the sum of—
      - (A) the reduced share; and
      - (B) 20% of the capital gains component,  
if one individual were liable to be assessed and to pay tax on that income; and
    - (ii) the amount of tax that would be payable under clause 1 of Part II of Schedule 1 on a taxable income equal to the sum of—
      - (A) the reduced share; and
      - (B) 20% of the part of the capital gains component other than the eligible part of the capital gains component,  
if one individual were liable to be assessed and to pay tax on that income; or
  - (f) 46% of the eligible part of the capital gains component,  
whichever is the greater; and
- D is the number of whole dollars in the share.

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**SCHEDULE 7**

Sub-section 12 (1)

**GENERAL RATES OF TAX—FINANCIAL YEAR 1987-88 AND  
SUBSEQUENT FINANCIAL YEARS**

**PART I—RESIDENT TAXPAYERS**

1. Subject to clauses 2 and 3, the rate of tax in respect of each part of the taxable income of a resident taxpayer specified in column 1 of the following table is the rate set out in column 2 of that table opposite to the reference to that part of the taxable income:

*Income Tax Rates No. 107, 1986*

**SCHEDULE 7—continued**

Column 1	Column 2
Parts of Taxable Income	Rate per centum
The part of the taxable income that—	
exceeds \$5,100 but does not exceed \$12,600 . . . . .	24
exceeds \$12,600 but does not exceed \$19,500 . . . . .	29
exceeds \$19,500 but does not exceed \$35,000 . . . . .	40
exceeds \$35,000 . . . . .	49

2. Where—

- (a) the taxable income of a resident taxpayer consists of or includes a capital gains component; and
- (b) Division 16 of Part III of the Assessment Act does not apply to the income of the taxpayer,

the rate of tax for every \$1 of the taxable income is the amount ascertained in accordance with the formula  $\frac{A+B}{C}$ , where—

**A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

- (c) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the sum of—
  - (i) the reduced taxable income; and
  - (ii) 20% of the capital gains component of the taxable income; and
- (d) the amount represented by component A; and

**C** is the number of whole dollars in the taxable income.

3. Where—

- (a) the taxable income of a resident taxpayer consists of or includes a capital gains component; and
- (b) Division 16 of Part III of the Assessment Act applies to the income of the taxpayer,

the rate of tax for every \$1 of the taxable income is the amount ascertained in accordance with the formula  $\frac{A+B}{C}$ , where—

**A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

- (c) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the sum of—
  - (i) the average income; and
  - (ii) 20% of the capital gains component of the taxable income; and
- (d) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the average income; and

**C** is the number of whole dollars in the taxable income.

**PART II—NON-RESIDENT TAXPAYERS**

1. Subject to clauses 2 and 3, the rate of tax in respect of each part of the taxable income of a non-resident taxpayer specified in column 1 of the following table is the

**SCHEDULE 7—continued**

rate set out in column 2 of that table opposite to the reference to that part of the taxable income:

Column 1	Column 2
Parts of Taxable Income	Rate per centum
The part of the taxable income that—	
does not exceed \$19,500 . . . . .	29
exceeds \$19,500 but does not exceed \$35,000 . . . . .	40
exceeds \$35,000 . . . . .	49

2. Where—

- (a) the taxable income of a non-resident taxpayer consists of or includes a capital gains component; and
- (b) Division 16 of Part III of the Assessment Act does not apply to the income of the taxpayer,

the rate of tax for every \$1 of the taxable income is the amount ascertained in accordance with the formula  $\frac{A+B}{C}$ , where—

- A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;
- B** is 5 times the difference between—
  - (c) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the sum of—
    - (i) the reduced taxable income; and
    - (ii) 20% of the capital gains component of the taxable income; and
  - (d) the amount represented by component A; and
- C** is the number of whole dollars in the taxable income.

3. Where—

- (a) the taxable income of a non-resident taxpayer consists of or includes a capital gains component; and
- (b) Division 16 of Part III of the Assessment Act applies to the income of the taxpayer,

the rate of tax for every \$1 of the taxable income is the amount ascertained in accordance with the formula  $\frac{A+B}{C}$ , where—

- A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;
- B** is 5 times the difference between—
  - (c) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the sum of—
    - (i) the average income; and
    - (ii) 20% of the capital gains component of the taxable income; and
  - (d) the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the average income; and
- C** is the number of whole dollars in the taxable income.



**SCHEDULE 8**

Sub-section 12 (2)

**NOTIONAL RATES FOR THE PURPOSES OF SECTION 156 OF THE ASSESSMENT ACT—FINANCIAL YEAR 1987-88 AND SUBSEQUENT FINANCIAL YEARS**

**PART I—RESIDENT TAXPAYERS, RESIDENT BENEFICIARIES AND RESIDENT TRUST ESTATES**

***Division 1—Normal Notional Rate***

1. This Division applies to the income of a resident taxpayer, other than income in respect of which a trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act, if Division 16 of Part III of the Assessment Act applies in relation to that income.

2. The notional rate in respect of income to which this Division applies is, for every \$1 of the taxable income, the amount ascertained by determining the tax that would be payable if the rates set out in Part I of Schedule 7 were applied to a taxable income equal to the taxpayer's average income and dividing the resultant amount by a number equal to the number of whole dollars in that average income.

***Division 2—Notional Rates in respect of Certain Trust Income***

1. This Division applies—

- (a) to a share of a resident beneficiary of the net income of a trust estate, if—
  - (i) the trustee of the trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of that share; and
  - (ii) Division 16 of Part III of the Assessment Act applies in relation to that share; and
- (b) to the net income or a part of the net income of a resident trust estate, if—
  - (i) the trustee of the trust estate is liable to be assessed and to pay tax under section 99 of the Assessment Act in respect of that net income or that part of that net income of the trust estate; and
  - (ii) Division 16 of Part III of the Assessment Act applies in relation to that net income or that part of that net income.

2. The notional rate in respect of income to which this Division applies is—

- (a) in a case where the income is—
  - (i) a share of the net income of a trust estate in respect of which the trustee is liable to be assessed and to pay tax under section 98 of the Assessment Act; or
  - (ii) the net income or a part of the net income of a trust estate in respect of which the trustee is liable to be assessed and to pay tax under section 99 of the Assessment Act, being the net income or a part of the net income of the estate of a deceased person who died less than 3 years before the end of the year of income,  
the rate that would be calculated in accordance with Division 1 if that income were the taxable income of one individual and were not income in respect of which a trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act; and
- (b) in any other case—the rate that would be calculated in accordance with Division 1 in respect of a taxable income equal to the income if—
  - (i) that income were the taxable income of one individual and were not income in respect of which a trustee is liable to be assessed and to pay tax under section 99 of the Assessment Act; and

**SCHEDULE 8—continued**

- (ii) the reference in column 1 of the table in Part I of Schedule 7 to the part of the taxable income that exceeds \$5,100 but does not exceed \$12,600 were a reference to the part of the taxable income that does not exceed \$12,600.

**PART II—NON-RESIDENT TAXPAYERS, NON-RESIDENT BENEFICIARIES  
AND NON-RESIDENT TRUST ESTATES**

***Division 1—Normal Notional Rate***

1. This Division applies to the income of a non-resident taxpayer, other than income in respect of which a trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act, if Division 16 of Part III of the Assessment Act applies in relation to that income.

2. The notional rate in respect of income to which this Division applies is, for every \$1 of the taxable income, the amount ascertained by determining the tax that would be payable if the rates set out in Part II of Schedule 7 were applied to a taxable income equal to the taxpayer's average income and dividing the resultant amount by a number equal to the number of whole dollars in that average income.

***Division 2—Notional Rates in respect of Certain Trust Income***

1. This Division applies—

- (a) to a share of a non-resident beneficiary of the net income of a trust estate if—
  - (i) the trustee of the trust estate is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of that share; and
  - (ii) Division 16 of Part III of the Assessment Act applies in relation to that share; and
- (b) to the net income or a part of the net income of a non-resident trust estate if—
  - (i) the trustee of the trust estate is liable to be assessed and to pay tax under section 99 of the Assessment Act in respect of that net income or that part of that net income of the trust estate; and
  - (ii) Division 16 of Part III of the Assessment Act applies in relation to that net income or that part of that net income.

2. The notional rate in respect of income to which this Division applies is the rate that would be calculated in accordance with Division 1 in respect of a taxable income equal to the income if that income were the taxable income of one individual and were not income in respect of which a trustee is liable to be assessed and to pay tax under section 98 or 99 of the Assessment Act.

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**SCHEDULE 9**

Sub-section 12 (5)

**RATES OF TAX BY REFERENCE TO A NOTIONAL INCOME—  
FINANCIAL YEAR 1987-88 AND SUBSEQUENT FINANCIAL YEARS**

**PART I—RESIDENT TAXPAYERS**

1. Subject to clause 2, for every \$1 of the taxable income of a resident taxpayer deriving a notional income, as specified by section 59AB, 86 or 158D of the Assessment Act, the rate of tax is the amount ascertained by dividing the amount of tax that would be payable by the taxpayer under Part I of Schedule 7 upon a taxable income equal to the taxpayer's notional income by the number of whole dollars in that notional income.

**SCHEDULE 9—continued**

2. For every \$1 of the taxable income of a resident taxpayer—

- (a) who derives a notional income, as specified by section 59AB, 86 or 158D of the Assessment Act; and
- (b) whose taxable income consists of or includes a capital gains component,

the rate of tax is the amount ascertained in accordance with the formula  $\frac{A + B}{C}$ ,

where—

**A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

(c) the amount of tax that would be payable by the taxpayer under clause 1 of Part I of Schedule 7 on a taxable income equal to the sum of—

(i) the reduced notional income; and

(ii) 20% of the capital gains component of the taxable income; and

(d) the amount of tax that would be payable by the taxpayer under clause 1 of Part I of Schedule 7 on a taxable income equal to the reduced notional income; and

**C** is the number of whole dollars in the taxable income.

**PART II—NON-RESIDENT TAXPAYERS**

1. Subject to clause 2, for every \$1 of the taxable income of a non-resident taxpayer deriving a notional income, as specified by section 59AB, 86 or 158D of the Assessment Act, the rate of tax is the amount ascertained by dividing the amount of tax that would be payable by the taxpayer under Part II of Schedule 7 upon a taxable income equal to the taxpayer's notional income by the number of whole dollars in that notional income.

2. For every \$1 of the taxable income of a non-resident taxpayer—

- (a) who derives a notional income, as specified by section 59AB, 86 or 158D of the Assessment Act; and
- (b) whose taxable income consists of or includes a capital gains component,

the rate of tax is the amount ascertained in accordance with the formula  $\frac{A + B}{C}$ ,

where—

**A** is the amount of tax that would be payable by the taxpayer under clause 1 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

(c) the amount of tax that would be payable by the taxpayer under clause 1 of Part II of Schedule 7 on a taxable income equal to the sum of—

(i) the reduced notional income; and

(ii) 20% of the capital gains component of the taxable income; and

(d) the amount of tax that would be payable by the taxpayer under clause 1 of Part II of Schedule 7 on a taxable income equal to the reduced notional income; and

**C** is the number of whole dollars in the taxable income.

**SCHEDULE 10**

Sub-section 12 (6)

**RATES OF TAX PAYABLE BY A TRUSTEE UNDER SECTION 98 OR 99  
OF THE ASSESSMENT ACT—FINANCIAL YEAR 1987-88 AND  
SUBSEQUENT FINANCIAL YEARS**

**PART I—RESIDENT BENEFICIARIES AND RESIDENT TRUST ESTATES**

1. In the case of a trustee who is liable to be assessed and to pay tax—
  - (a) under section 98 of the Assessment Act in respect of a share of a resident beneficiary of the net income of a trust estate; or
  - (b) under section 99 of the Assessment Act in respect of the net income or part of the net income of a resident trust estate, being the net income or part of the net income of the estate of a deceased person who died less than 3 years before the end of the year of income,

the rate of tax in respect of that share of the net income or that net income or that part of that net income is the rate that would be payable under Part I of Schedule 7 or Part I of Schedule 9, as the case requires, if one individual were liable to be assessed and to pay tax on that income as his or her taxable income.

2. In the case of a trustee who is liable to be assessed and to pay tax under section 99 of the Assessment Act in respect of the net income or part of the net income of a resident trust estate, other than income to which clause 1 applies, the rate of tax is the rate that would be payable under Part I of Schedule 7 or Part I of Schedule 9, as the case requires, in respect of a taxable income equal to that net income or that part of the net income if—

- (a) one individual were liable to be assessed and to pay tax on that income; and
- (b) the reference in column 1 of the table in Part I of Schedule 7 to the part of the taxable income that exceeds \$5,100 but does not exceed \$12,600 were a reference to the part of the taxable income that does not exceed \$12,600.

**PART II—NON-RESIDENT BENEFICIARIES AND NON-RESIDENT TRUST  
ESTATES**

In the case of a trustee who is liable to be assessed and to pay tax—

- (a) under section 98 of the Assessment Act in respect of a share of a non-resident beneficiary of the net income of a trust estate; or
- (b) under section 99 of the Assessment Act in respect of the net income or part of the net income of a non-resident trust estate,

the rate of tax in respect of that share of the net income or that net income or that part of that net income is the rate that would be payable under Part II of Schedule 7 or Part II of Schedule 9, as the case requires, if one individual were liable to be assessed and to pay tax on that income as his or her taxable income.

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**SCHEDULE 11** Sub-sections 13 (1) and 15 (1)

**RATES OF TAX PAYABLE ON ELIGIBLE TAXABLE INCOME—  
FINANCIAL YEAR 1987-88 AND SUBSEQUENT FINANCIAL YEARS**

**PART I—RESIDENT TAXPAYERS**

1. In the case of a resident taxpayer whose eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act exceeds \$416 and whose taxable income does not consist of or include a capital gains component, the rates of tax in

**SCHEDULE 11—continued**

respect of that part (in this clause referred to as the “relevant part”) of the taxable income of the taxpayer other than the eligible taxable income of the taxpayer are the rates that would be payable under Part I of Schedule 7 or Part I of Schedule 9, as the case requires, if the relevant part of that taxable income were the taxable income of the taxpayer.

2. In the case of a resident taxpayer whose eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act exceeds \$416 and whose taxable income does not consist of or include a capital gains component, the rate of tax in respect of the eligible taxable income of the taxpayer is 49%.

3. For every \$1 of the taxable income of a resident taxpayer—

(a) whose eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act exceeds \$416; and

(b) whose taxable income consists of or includes a capital gains component,

the rate of tax is the amount ascertained in accordance with the formula  $\frac{A+B+C}{D}$ , where—

**A** is the amount of tax that would be payable by the taxpayer under clauses 1 and 2 on a taxable income equal to the reduced taxable income;

**B** is 5 times the difference between—

(c) the amount of tax that would be payable by the taxpayer under clause 1 of Part I of Schedule 7 on a taxable income equal to the sum of—

(i) whichever of the following amounts is applicable:

(A) where Division 16 of Part III of the Assessment Act applies—the average income;

(B) where any part of the amount represented by component A was calculated by reference to Schedule 9—the reduced notional income;

(C) where neither sub-sub-paragraph (A) nor sub-sub-paragraph (B) applies—the reduced taxable income; and

(ii) 20% of the part of the capital gains component other than the eligible part of the capital gains component; and

(d) the amount of tax that would be payable by the taxpayer under clause 1 of Part I of Schedule 7 on a taxable income equal to the average income, reduced notional income or reduced taxable income, as the case may be;

**C** is 49% of the eligible part of the capital gains component; and

**D** is the number of whole dollars in the taxable income.

**PART II—NON-RESIDENT TAXPAYERS**

1. In the case of a non-resident taxpayer who has an eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act and whose taxable income does not consist of or include a capital gains component, the rates of tax in respect of that part (in this clause referred to as the “relevant part”) of the taxable income of the taxpayer other than the eligible taxable income of the taxpayer are the rates that would be payable under Part II of Schedule 7 or Part II of Schedule 9, as the case requires, if the relevant part of that taxable income were the taxable income of the taxpayer.

2. In the case of a non-resident taxpayer who has an eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act and whose taxable income does not consist of or include a capital gains component, the rate of tax in respect of the eligible taxable income of the taxpayer is 49%.

3. For every \$1 of the taxable income of a non-resident taxpayer—

**SCHEDULE 11—continued**

- (a) who has an eligible taxable income for the purposes of Division 6AA of Part III of the Assessment Act; and
- (b) whose taxable income consists of or includes a capital gains component,
- the rate of tax is the amount ascertained in accordance with the formula  $\frac{A+B+C}{D}$ , where—
- A** is the amount of tax that would be payable by the taxpayer under clauses 1 and 2 on a taxable income equal to the reduced taxable income;
- B** is 5 times the difference between—
- (c) the amount of tax that would be payable by the taxpayer under clause 1 of Part II of Schedule 7 on a taxable income equal to the sum of—
- (i) whichever of the following amounts is applicable:
- (A) where Division 16 of Part III of the Assessment Act applies—the average income;
- (B) where any part of the amount represented by component A was calculated by reference to Schedule 9—the reduced notional income;
- (C) where neither sub-sub-paragraph (A) nor sub-sub-paragraph (B) applies—the reduced taxable income; and
- (ii) 20% of the part of the capital gains component other than the eligible part of the capital gains component; and
- (d) the amount of tax that would be payable by the taxpayer under clause 1 of Part II of Schedule 7 on a taxable income equal to the average income, reduced notional income or reduced taxable income, as the case may be;
- C** is 49% of the eligible part of the capital gains component; and
- D** is the number of whole dollars in the taxable income.

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**SCHEDULE 12** Sub-sections 13 (3) and (4)  
and 15 (3)

**RATES OF TAX PAYABLE BY A TRUSTEE UNDER SECTION 98 OF THE ASSESSMENT ACT WHERE DIVISION 6AA OF PART III OF THAT ACT APPLIES—FINANCIAL YEAR 1987-88 AND SUBSEQUENT FINANCIAL YEARS**

**PART I—RESIDENT BENEFICIARIES**

1. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a resident beneficiary of the net income of the trust estate where Division 6AA of Part III of that Act applies to a part (in this clause referred to as the “eligible part”) of that share and that share does not consist of or include a capital gains component, the rates of tax in respect of the part (in this clause referred to as the “relevant part”) of that share other than the eligible part of that share are the rates that would be payable under Part I of Schedule 7 or Part I of Schedule 9, as the case requires, in respect of a taxable income equal to the relevant part of that share if one individual were liable to be assessed and to pay tax on that income.

2. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a resident beneficiary of the net income of the trust estate where Division 6AA of Part III of that Act applies

**SCHEDULE 12—continued**

to a part of that share and that share does not consist of or include a capital gains component, the rate of tax in respect of that part of that share is 49%.

3. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a resident beneficiary of the net income of the trust estate where—

(a) Division 6AA of Part III of that Act applies to a part of that share; and

(b) that share consists of or includes a capital gains component,

the rate of tax for every \$1 of that share is the amount ascertained in accordance with the formula  $\frac{A + B + C}{D}$ , where—

**A** is the amount of tax that would be payable by the trustee under clauses 1 and 2 on the reduced share;

**B** is 5 times the difference between—

(c) the amount of tax that would be payable under clause 1 of Part I of Schedule 7 on a taxable income equal to the sum of—

(i) whichever of the following amounts is applicable:

(A) where Division 16 of Part III of the Assessment Act applies—the average income;

(B) where any part of the amount represented by component A was calculated by reference to Schedule 9—the reduced notional income;

(C) where neither sub-sub-paragraph (A) nor sub-sub-paragraph (B) applies—the reduced share; and

(ii) 20% of the part of the capital gains component other than the eligible part of the capital gains component,

if one individual were liable to be assessed and to pay tax on that income; and

(d) the amount of tax that would be payable under clause 1 of Part I of Schedule 7 on a taxable income equal to the average income, reduced notional income or reduced share, as the case may be, if one individual were liable to be assessed and to pay tax on that income;

**C** is 49% of the eligible part of the capital gains component; and

**D** is the number of whole dollars in the share.

**PART II—NON-RESIDENT BENEFICIARIES**

1. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a non-resident beneficiary of the net income of the trust estate where Division 6AA of Part III of that Act applies to a part (in this clause referred to as the “eligible part”) of that share and that share does not consist of or include a capital gains component, the rates of tax in respect of the part (in this clause referred to as the “relevant part”) of that share other than the eligible part of that share are the rates that would be payable under Part II of Schedule 7 or Part II of Schedule 9, as the case requires, in respect of a taxable income equal to the relevant part of that share if one individual were liable to be assessed and to pay tax on that income.

2. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a non-resident beneficiary of the net income of the trust estate where Division 6AA of Part III of that Act applies to a part of that share and that share does not consist of or include a capital gains component, the rate of tax in respect of that part of that share is 49%.

**SCHEDULE 12—continued**

3. In the case of a trustee of a trust estate who is liable to be assessed and to pay tax under section 98 of the Assessment Act in respect of a share of a non-resident beneficiary of the net income of the trust estate where—

(a) Division 6AA of Part III of that Act applies to a part of that share; and

(b) that share consists of or includes a capital gains component,

the rate of tax for every \$1 of that share is the amount ascertained in accordance with the formula  $\frac{A + B + C}{D}$ , where—

**A** is the amount of tax that would be payable by the trustee under clauses 1 and 2 on the reduced share;

**B** is 5 times the difference between—

(c) the amount of tax that would be payable under clause 1 of Part II of Schedule 7 on a taxable income equal to the sum of—

(i) whichever of the following amounts is applicable:

(A) where Division 16 of Part III of the Assessment Act applies—the average income;

(B) where any part of the amount represented by component A was calculated by reference to Schedule 9—the reduced notional income;

(C) where neither sub-sub-paragraph (A) nor sub-sub-paragraph (B) applies—the reduced share; and

(ii) 20% of the part of the capital gains component other than the eligible part of the capital gains component,

if one individual were liable to be assessed and to pay tax on that income; and

(d) the amount of tax that would be payable under clause 1 of Part II of Schedule 7 on a taxable income equal to the average income, reduced notional income or reduced share, as the case may be, if one individual were liable to be assessed and to pay tax on that income;

**C** is 49% of the eligible part of the capital gains component; and

**D** is the number of whole dollars in the share.

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*[Minister's second reading speech made in—  
House of Representatives on 19 August 1986  
Senate on 9 October 1986]*