



Taxation Laws Amendment (Rates and Rebates) Act 1989

No. 70 of 1989

An Act to amend the law relating to taxation

[Assented to 21 June 1989]

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

Short title

1. This Act may be cited as the *Taxation Laws Amendment (Rates and Rebates) Act 1989*.

Commencement

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

Amendments

3. The Acts specified in the Schedule are amended as set out in the Schedule.

Application of amendment of the *Fringe Benefits Tax Act 1986*

4. The amendment of the *Fringe Benefits Tax Act 1986* made by this Act applies to the year of tax commencing on 1 April 1990 and all subsequent years of tax.

Application of amendments of the *Income Tax Assessment Act 1936*

5. The amendments of the *Income Tax Assessment Act 1936* made by this Act (other than the amendments inserting sections 159HA and 221YCB) apply to assessments in respect of income of the year of income commencing on 1 July 1989 and of all subsequent years of income.

Application of amendment of the *Income Tax (Bearer Debentures) Act 1971*

6. The amendment of the *Income Tax (Bearer Debentures) Act 1971* made by this Act applies to amounts of interest paid or credited on or after 1 January 1990.

Application of amendments of the *Income Tax Rates Act 1986*

7. (1) Subject to subsection (2), the amendments of the *Income Tax Rates Act 1986* made by this Act apply to assessments in respect of income of the year of income commencing on 1 July 1989 and of all subsequent years of income.

(2) The *Income Tax Rates Act 1986* applies to assessments in respect of income of the year of income commencing on 1 July 1989 as if, in the amendments of that Act made by this Act:

- (a) each reference to 47% (other than in the tables to be inserted in Schedule 7 of the *Income Tax Rates Act 1986*) were a reference to 48%;
- (b) the reference in the amendment of section 13 of the *Income Tax Rates Act 1986* to \$1,445 were a reference to \$1,525;
- (c) the reference in the amendment of section 15 of the *Income Tax Rates Act 1986* to \$810 were a reference to \$855; and
- (d) the following were substituted for the last line of each of the tables to be inserted in Schedule 7 of the *Income Tax Rates Act 1986*:

“exceeds \$35,000 but does not exceed \$50,000 47%
exceeds \$50,000 48%”.

Application of amendment of the *Trust Recoupment Tax Act 1985*

8. (1) The amendment of the *Trust Recoupment Tax Act 1985* made by this Act applies to assessments in respect of primary taxable amounts, or secondary taxable amounts, in relation to the year of income commencing on 1 July 1989 and all subsequent years of income.

(2) In the application of section 5 of the *Trust Recoupment Tax Act 1985* in relation to the year of income commencing on 1 July 1989, the reference in paragraph (a) of that section to 47% shall be read as a reference to 48%.

Taxation Laws Amendment (Rates and Rebates) No. 70, 1989

Application of amendment of the *Trust Recoupment Tax Assessment Act 1985*

9. (1) The amendment of the *Trust Recoupment Tax Assessment Act 1985* made by this Act applies to assessments in respect of secondary taxable amounts in relation to the year of income commencing on 1 July 1989 and all subsequent years of income.

(2) In the application of subsection 6 (3) of the *Trust Recoupment Tax Assessment Act 1985* in relation to the year of income commencing on 1 July 1989, the reference in that subsection to 2.12 shall be read as a reference to 2.08.

SCHEDULE

Section 3

AMENDMENTS OF ACTS

Fringe Benefits Tax Act 1986

Section 6:

Repeal the section, substitute the following section:

Rate of tax

“6. The rate of tax in respect of the fringe benefits taxable amount of an employer of a year of tax is 47%.”.

Income Tax Assessment Act 1936

After section 159H:

Insert the following section:

Indexation of rebate amounts in sections 159J, 159K and 159L

“159HA. (1) Sections 159J, 159K and 159L apply in relation to an indexing year of income as if each indexable amount were replaced by the amount calculated using the formula:

$$\text{Previous indexable amount} \times \text{Indexation factor}$$

where:

Previous indexable amount is the indexable amount concerned for the previous year of income;

Indexation factor is the indexation factor for the indexing year of income.

“(2) Where, apart from this subsection, an amount calculated under subsection (1) would be an amount of dollars and cents:

- (a) if the number of cents is less than 50—the amount shall be rounded down to the nearest whole dollar; and
- (b) in any other case—the amount shall be rounded up to the nearest whole dollar.

“(3) The indexation factor for an indexing year of income is the number (calculated to 3 decimal places) ascertained by dividing the sum of the index numbers for the quarters of the 12 month period ending on 31 March immediately before the indexing year of income by the sum of the index numbers for the quarters of the preceding 12 month period ending on 31 March.

SCHEDULE—continued

“(4) If the factor ascertained under subsection (3) in relation to an indexing year of income would, if it were calculated to 4 decimal places, end with a number greater than 4, the factor ascertained under that subsection in relation to that indexing year of income shall be taken to be the factor calculated to 3 decimal places and increased by 0.001.

“(5) Subject to subsection (6), if at any time, whether before or after the commencement of this section, the Australian Statistician has published or publishes an index number in respect of a quarter in substitution for an index number previously published by the Australian Statistician in respect of that quarter, the publication of the later index number shall be disregarded for the purposes of this section.

“(6) If at any time, whether before or after the commencement of this section, the Australian Statistician has changed or changes the reference base for the Consumer Price Index, then, for the purposes of the application of this section after the change took place or takes place, regard shall be had only to the index numbers published in terms of the new reference base.

“(7) In this section:

‘indexable amount’ means:

- (a) an amount specified in subsection 159J (1B) or (2) (other than the amounts specified in column 3 of the table in subsection 159J (2) in respect of a dependant included in class 3 or 4);
 - (b) an amount of \$940 specified in section 159K; or
 - (c) an amount of \$1,000 or \$1,200 specified in section 159L;
- or, if any such amount has previously been altered under this section, the altered amount;

‘indexation factor’ means the indexation factor ascertained under subsection (3);

‘indexing year of income’ means the year of income commencing on 1 July 1990 or a subsequent year of income;

‘index number’, in relation to a quarter, means the All Groups Consumer Price Index number, being the weighted average of the 8 capital cities, published by the Australian Statistician in respect of that quarter.”.

Subsection 159J (1B):

Omit “\$830” and “\$1,030”, substitute “\$1,000” and “\$1,200” respectively.

SCHEDULE—continued

Subsection 159J (2):

Omit the table, substitute the following table:

Column 1 Class	Column 2 Dependant	Column 3 Amounts of Rebate
1	Spouse of the taxpayer	\$1,000
2	Daughter-housekeeper	\$1,000
3	Child less than 16 years of age (not being a student)	In respect of 1 such child—\$376 In respect of each other such child—\$282
4	Student	\$376
5	Invalid relative	\$450
6	Parent of the taxpayer or of the taxpayer's spouse	\$900

Section 159K:

Omit "\$780" (wherever occurring), substitute "\$940".

Paragraph 159L (2) (a):

Omit "\$1,030", substitute "\$1,200".

Paragraph 159L (2) (b):

Omit "\$830", substitute "\$1,000".

After section 221YCA:

Insert the following section:

Reduction of amount of instalment of provisional tax

"221YCB. (1) The Commissioner may, having regard to laws relating to taxation that:

- (a) have been enacted, or, in the opinion of the Commissioner, are likely to be enacted, by the Parliament; and
- (b) alter, or, in the opinion of the Commissioner, are likely to alter, the amount of income tax which a taxpayer is liable to pay in respect of income of a year of income;

determine that the amount that, apart from this subsection and subsection 221YBA (4), would be payable by the taxpayer as an instalment of provisional tax for the year of income shall be reduced by such amount as the Commissioner thinks appropriate.

"(2) Nothing in this section limits the Commissioner's powers under section 221YDC or 221YG."

SCHEDULE—continued

Income Tax (Bearer Debentures) Act 1971

Paragraph 6 (b):

Omit the paragraph, substitute the following paragraph:

“(b) in any other case—47%.”.

Income Tax Rates Act 1986

Division 2 of Part II:

Repeal the Division.

Heading to Division 3 of Part II:

Omit the heading, substitute the following heading:

“*Division 3—Rates of Tax*”.

Subdivision A of Division 3 of Part II:

Repeal the Subdivision.

Section 12:

Omit “49%” (wherever occurring), substitute “47%”.

Section 13:

Omit “\$1,615” (wherever occurring), substitute “\$1,445”.

Paragraph 14 (2) (c):

Omit “\$800”, substitute “\$717”.

Section 15:

Omit “\$905” (wherever occurring), substitute “\$810”.

Subsection 20 (1):

Omit from and including “income as if—” to the end of paragraph (b), substitute “income as if the reference in the table in Part I of Schedule 7 to \$5,100”.

Subsection 20 (1):

Omit the definition of component A, substitute the following definition:
“A is \$425;”.

Subsection 20 (2):

Omit from and including “share as if—” to the end of paragraph (b), substitute “share as if the reference in the table in Part I of Schedule 7 to \$5,100”.

SCHEDULE—continued

Subsection 20 (2):

Omit the definition of component A, substitute the following definition:
 “A is \$425;”.

Schedules 1 to 6 (inclusive):

Repeal the Schedules.

Heading to Schedules 7 to 12 (inclusive):

Omit “—FINANCIAL YEAR 1987–88 AND SUBSEQUENT FINANCIAL YEARS”.

Table in Part I of Schedule 7:

Omit the table, substitute the following table:

Column 1	Column 2
Parts of taxable income	% rate
The part of the taxable income that:	
exceeds \$5,100 but does not exceed \$17,650	21%
exceeds \$17,650 but does not exceed \$20,600	29%
exceeds \$20,600 but does not exceed \$35,000	39%
exceeds \$35,000	47%

Table in Part II of Schedule 7:

Omit the table, substitute the following table:

Column 1	Column 2
Parts of taxable income	% rate
The part of the taxable income that:	
does not exceed \$20,600	29%
exceeds \$20,600 but does not exceed \$35,000	39%
exceeds \$35,000	47%

Subparagraph 2 (b) (ii) of Division 2 of Part I of Schedule 8:

Omit “\$12,600” (wherever occurring), substitute “\$17,650”.

Paragraph 2 (b) of Part I of Schedule 10:

Omit “\$12,600” (wherever occurring), substitute “\$17,650”.

Schedules 11 and 12:

Omit “49%” (wherever occurring), substitute “47%”.

Trust Recoupment Tax Act 1985

Paragraph 5 (a):

Omit “49%”, substitute “47%”.

Taxation Laws Amendment (Rates and Rebates) No. 70, 1989

SCHEDULE—continued

Trust Recoupment Tax Assessment Act 1985

Subsection 6 (3):

Omit “2.04”, substitute “2.12”.

*[Minister's second reading speech made in—
House of Representatives on 12 April 1989
Senate on 9 May 1989]*