



Taxation (Deficit Reduction) Act (No. 2) 1993

No. 55 of 1993

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Taxation (Deficit Reduction) Act (No. 2) 1993

No. 55 of 1993

An Act to amend the law relating to taxation

[Assented to 27 October 1993]

The Parliament of Australia enacts:

PART 1—PRELIMINARY

Short title

5 1. This Act may be cited as the *Taxation (Deficit Reduction) Act (No. 2) 1993*.

Commencement

2.(1) Subject to this section, this Act commences on the day on which it receives the Royal Assent.

10 (2) The following provisions commence on 1 July 1995:

- (a) Subdivision B of Division 3 of Part 3;
- (b) Subdivision C of Division 2 of Part 4.

(3) The following provisions commence on 1 July 1996:

- (a) Subdivision C of Division 3 of Part 3;
- (b) Subdivision D of Division 2 of Part 4.
- (4) Subdivision D of Division 3 of Part 3 commences on 1 July 1997.

PART 2—AMENDMENT OF THE FRINGE BENEFITS TAX ACT 1986 TO GIVE EFFECT TO AN INCREASE IN THE RATE OF FBT

Object of Part

3. The object of this Part is to increase the rate of fringe benefits tax from 48.25% to 48.4%.

Principal Act

4. In this Part, “Principal Act” means the *Fringe Benefits Tax Act 1986*¹.

Rate of tax

5. Section 6 of the Principal Act is amended by omitting “48.25%” and substituting “48.4%”.

Application of amendments

6. The amendments made by this Part apply to the year of tax beginning on 1 April 1994 and all later years of tax.

PART 3—AMENDMENT OF THE INCOME TAX ASSESSMENT ACT 1936

Division 1—Principal Act

Principal Act

7. In this Part, “Principal Act” means the *Income Tax Assessment Act 1936*².

Division 2—Amendments to allow deductions to registered organisations for expenditure incurred in gaining the investment component of certain premiums

Object of Division

8. The object of this Division is to allow deductions to registered organisations for expenditure incurred in gaining the investment component of certain premiums.

Interpretation

9. Section 116E of the Principal Act is amended by inserting the following definitions in subsection (1):

“ **‘investment component’**, in relation to a premium received in respect of a life assurance policy, means so much of the premium as does not consist of a risk component;

‘risk component’, in relation to a premium received in respect of a life assurance policy, means the risk component (if any) of the premium worked out on the basis specified in the regulations;”.

Insertion of new section

10. After section 116HA of the Principal Act the following section is inserted:

Deductions to be allowable for expenditure incurred in gaining the investment component of certain premiums

Premiums to which section applies

“116HAA.(1) This section applies to premiums received in respect of life assurance policies other than:

- (a) superannuation premiums; or
- (b) premiums received in respect of eligible policies; or
- (c) specified roll-over amounts; or
- (d) premiums exempt from tax under section 23AH.

Assumption to be made in determining allowable deductions

“(2) For the purposes of determining the deductions allowable to a registered organization, the investment component of a premium to which this section applies is to be treated as assessable income.

Actuary’s certificate

“(3) This section does not apply to premiums derived by a registered organization in a year of income unless the organization obtains a certificate by an authorised actuary with respect to the operation of this section. The certificate must be in a form approved in writing by the Commissioner. The organization must obtain the certificate:

- (a) before the date of lodgment of the organization’s return of income of the year of income; or
- (b) within such further time as the Commissioner allows.

Definition

“(4) In this section:

‘authorised actuary’ means a Fellow or an Accredited Member of the Institute of Actuaries of Australia.”.

Application of amendments

11. The amendments made by this Division apply in relation to expenditure incurred by a registered organisation on or after 1 July 1994.

Division 3—Amendments relating to rebates for bonuses received by holders of life assurance policies issued by friendly societies

Subdivision A—Object of Division

Object of Division

12. The object of this Division is to increase the rebates for bonuses paid to holders of life assurance policies issued by friendly societies.

Subdivision B—Increase for 1995-96

Rebate in respect of amounts assessable under section 26AH

13.(1) Section 160AAB of the Principal Act is amended by omitting “30%” from paragraph (a) of the definition of “statutory percentage” in subsection (1) and substituting “33%”.

(2) The amendments made by subsection (1) apply to amounts received (within the meaning of section 26AH of the Principal Act) on or after 1 July 1995.

Subdivision C—Increase for 1996-97

Rebate in respect of amounts assessable under section 26AH

14.(1) Section 160AAB of the Principal Act is amended by omitting “33%” from paragraph (a) of the definition of “statutory percentage” in subsection (1) and substituting “36%”.

(2) The amendments made by subsection (1) apply to amounts received (within the meaning of section 26AH of the Principal Act) on or after 1 July 1996.

Subdivision D—Increase for 1997-98 and later years

Rebate in respect of amounts assessable under section 26AH

15.(1) Section 160AAB of the Principal Act is amended:

- (a)** by omitting from subsection (1) the definition of “statutory percentage”;
- (b)** by omitting from subsections (2) to (6) (inclusive) “the statutory percentage” (wherever occurring) and substituting “39%”.

(2) The amendments made by subsection (1) apply to amounts received (within the meaning of section 26AH of the Principal Act) on or after 1 July 1997.

**PART 4—AMENDMENT OF THE INCOME TAX RATES
ACT 1986**

Division 1—Principal Act

Principal Act

16. In this Part, “**Principal Act**” means the *Income Tax Rates Act 1986*³.

Division 2—Registered organisations

Subdivision A—Preliminary

Object of Division

17. The object of this Division is to increase the rate of tax payable by a registered organisation in respect of its eligible insurance business.

Subdivision B—Rate for 1994-95

Rates of tax payable by companies

18.(1) Section 23 of the Principal Act is amended by omitting from paragraph (4)(b) “30%” and substituting “33%”.

(2) The amendments made by subsection (1) apply to assessments in respect of income of the 1994-95 year of income.

Subdivision C—Rate for 1995-96

Rates of tax payable by companies

19.(1) Section 23 of the Principal Act is amended by omitting from paragraph (4)(b) “33%” and substituting “36%”.

(2) The amendments made by subsection (1) apply to assessments in respect of income of the 1995-96 year of income.

Subdivision D—Rate for 1996-97 and later years

Rates of tax payable by companies

20.(1) Section 23 of the Principal Act is amended by omitting from paragraph (4)(b) “36%” and substituting “39%”.

(2) The amendments made by subsection (1) apply to assessments in respect of income of the 1996-97 year of income and of all later years of income.

NOTES

Fringe Benefits Tax Act 1986

1. No. 40, 1986, as amended. For previous amendments, see No. 70, 1989; and No. 213, 1991.

Income Tax Assessment Act 1936

2. No. 27, 1936, as amended. For previous amendments, see No. 88, 1936; No. 5, 1937; No. 46, 1938; No. 30, 1939; Nos. 17 and 65, 1940; Nos. 58 and 69, 1941; Nos. 22 and 50, 1942; No. 10, 1943; Nos. 3 and 28, 1944; Nos. 4 and 37, 1945; No. 6, 1946; Nos. 11 and 63, 1947; No. 44, 1948; No. 66, 1949; No. 48, 1950; No. 44, 1951; Nos. 4, 28 and 90, 1952; Nos. 1, 28, 45 and 81, 1953; No. 43, 1954; Nos. 18 and 62, 1955; Nos. 25, 30 and 101, 1956; Nos. 39 and 65, 1957; No. 55, 1958; Nos. 12, 70 and 85, 1959; Nos. 17, 18, 58 and 108, 1960; Nos. 17, 27 and 94, 1961; Nos. 39 and 98, 1962; Nos. 34 and 69, 1963; Nos. 46, 68, 110 and 115, 1964; Nos. 33, 103 and 143, 1965; Nos. 50 and 83, 1966; Nos. 19, 38, 76 and 85, 1967; Nos. 4, 70, 87 and 148, 1968; Nos. 18, 93 and 101, 1969; No. 87, 1970; Nos. 6, 54 and 93, 1971; Nos. 5, 46, 47, 65 and 85, 1972; Nos. 51, 52, 53, 164 and 165, 1973; No. 216, 1973 (as amended by No. 20, 1974); Nos. 26 and 126, 1974; Nos. 80 and 117, 1975; Nos. 50, 53, 56, 98, 143, 165 and 205, 1976; Nos. 57, 126 and 127, 1977; Nos. 36, 57, 87, 90, 123, 171 and 172, 1978; Nos. 12, 19, 27, 43, 62, 146, 147 and 149, 1979; Nos. 19, 24, 57, 58, 124, 133, 134 and 159, 1980; Nos. 61, 92, 108, 109, 110, 111, 154 and 175, 1981; Nos. 29, 38, 39, 76, 80, 106 and 123, 1982; Nos. 14, 25, 39, 49, 51, 54 and 103, 1983; Nos. 14, 42, 47, 63, 76, 115, 124, 165 and 174, 1984; No. 123, 1984 (as amended by No. 65, 1985); Nos. 47, 49, 104, 123, 168 and 174, 1985; No. 173, 1985 (as amended by No. 49, 1986); Nos. 41, 46, 48, 51, 109, 112 and 154, 1986; No. 49, 1986 (as amended by No. 141, 1987); No. 52, 1986 (as amended by No. 141, 1987); No. 90, 1986 (as amended by No. 141, 1987); Nos. 23, 58, 61, 120, 145 and 163, 1987; No. 62, 1987 (as amended by No. 108, 1987); No. 108, 1987 (as amended by No. 138, 1987); No. 138, 1987 (as amended by No. 11, 1988); No. 139, 1987 (as amended by Nos. 11 and 78, 1988); Nos. 8, 11, 59, 75, 78, 80, 87, 95, 97, 127 and 153, 1988; Nos. 2, 11, 56, 70, 73, 105, 107, 129, 163 and 167, 1989; No. 97, 1989 (as amended by No. 105, 1989); Nos. 20, 35, 45, 57, 58, 60, 61, 87, 119 and 135, 1990; Nos. 4, 5, 6, 48, 55, 100, 203, 208 and 216, 1991; Nos. 3, 35, 69, 70, 80, 81, 92, 98, 101, 118, 138, 167, 190, 191, 208, 223, 224, 227, 237 and 238, 1992; and Nos. 7, 17, 18, 27 and 32, 1993.

Income Tax Rates Act 1986

3. No. 107, 1986, as amended. For previous amendments, see Nos. 60 and 138, 1987; Nos. 11, 78 and 118, 1988; Nos. 70, 98 and 106, 1989; No. 87, 1990; Nos. 48, 100 and 216, 1991; Nos. 98 and 197, 1992; and Nos. 7 and 18, 1993.

[*Minister's second reading speech made in—*

House of Representatives on 27 September 1993

Senate on 29 September 1993]