

**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**

**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.

**(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*]