



Income Tax Rates Amendment (Superannuation) Act 2007

No. 19, 2007

**An Act to amend the *Income Tax Rates Act 1986*,
and for related purposes**

Note: An electronic version of this Act is available in ComLaw (<http://www.comlaw.gov.au/>)

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Income Tax Rates Amendment (Superannuation) Act 2007

No. 19, 2007

**An Act to amend the *Income Tax Rates Act 1986*,
and for related purposes**

[Assented to 15 March 2007]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Income Tax Rates Amendment
(Superannuation) Act 2007*.

2 Commencement

This Act commences immediately after the commencement of Schedule 1 to the *Tax Laws Amendment (Simplified Superannuation) Act 2007*.

3 Schedule(s)

Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Amendment of the Income Tax Rates Act 1986

Income Tax Rates Act 1986

1 Subsection 3(1) (definition of *complying ADF*)

Repeal the definition, substitute:

complying ADF means a complying approved deposit fund as defined in the *Income Tax Assessment Act 1997*.

2 Subsection 3(1) (definition of *complying superannuation fund*)

Omit “Part IX of the Assessment Act”, substitute “the *Income Tax Assessment Act 1997*”.

3 Subsection 3(1) (definition of *EC part of the taxable income*)

Repeal the definition.

4 Subsection 3(1) (definition of *eligible ADF*)

Repeal the definition, substitute:

eligible ADF means a fund that is a complying approved deposit fund or a non-complying approved deposit fund, as defined in the *Income Tax Assessment Act 1997*.

5 Subsection 3(1) (definition of *eligible superannuation fund*)

Repeal the definition, substitute:

eligible superannuation fund means a fund that is a complying superannuation fund or a non-complying superannuation fund, as defined in the *Income Tax Assessment Act 1997*.

6 Subsection 3(1)

Insert:

employment termination remainder of taxable income means so much of the taxable income as:

- (a) is included in assessable income under a maximum tax rate provision in Division 82 of the *Income Tax Assessment Act 1997* or Division 82 of the *Income Tax (Transitional Provisions) Act 1997*; and
- (b) does not give rise to an entitlement to a tax offset under that maximum tax rate provision.

7 Subsection 3(1) (definition of *ETP*)

Repeal the definition.

8 Subsection 3(1)

Insert:

low tax component has the same meaning as in the *Income Tax Assessment Act 1997*.

9 Subsection 3(1)

Insert:

maximum tax rate provision means any of the following provisions:

- (a) section 82-10 of the *Income Tax Assessment Act 1997*;
- (b) section 82-65 of the *Income Tax Assessment Act 1997*;
- (c) section 82-70 of the *Income Tax Assessment Act 1997*;
- (d) section 301-95 of the *Income Tax Assessment Act 1997*;
- (e) section 301-105 of the *Income Tax Assessment Act 1997*;
- (f) section 301-115 of the *Income Tax Assessment Act 1997*;
- (g) section 82-10A of the *Income Tax (Transitional Provisions) Act 1997*;
- (h) section 82-10C of the *Income Tax (Transitional Provisions) Act 1997*.

10 Subsection 3(1)

Insert:

non-arm's length component has the same meaning as in the *Income Tax Assessment Act 1997*.

11 Subsection 3(1) (definition of *non-complying ADF*)

Repeal the definition, substitute:

non-complying ADF means a fund that, at all times during the year of income when the fund is in existence, is an approved deposit fund within the meaning of the *Income Tax Assessment Act 1997*, but does not include a fund that is a complying ADF.

12 Subsection 3(1) (definition of *non-complying superannuation fund*)

Omit “Part IX of the Assessment Act”, substitute “the *Income Tax Assessment Act 1997*”.

13 Subsection 3(1)

Insert:

no-TFN contributions income has the same meaning as in the *Income Tax Assessment Act 1997*.

14 Subsection 3(1) (definition of *ordinary taxable income*)

Omit “EC part of the taxable income”, substitute “superannuation remainder of the taxable income and by the employment termination remainder of the taxable income”.

15 Subsection 3(1) (definition of *pooled superannuation trust*)

Omit “Part IX of the Assessment Act”, substitute “the *Income Tax Assessment Act 1997*”.

16 Subsection 3(1) (definition of *post-June 83 component*)

Repeal the definition.

17 Subsection 3(1) (definition of *retained amount*)

Repeal the definition.

18 Subsection 3(1) (paragraph (b) of the definition of *RSA component*)

Omit “Part IX of the Assessment Act”, substitute “the *Income Tax Assessment Act 1997*”.

19 Subsection 3(1) (definition of *special component*)

Repeal the definition.

20 Subsection 3(1) (subparagraph (b)(ii) of the definition of *special income component*)

Repeal the subparagraph, substitute:

- (ii) the superannuation remainder of the taxable income;
and
- (iii) the employment termination remainder of the taxable income;

21 Subsection 3(1) (paragraph (b) of the definition of *standard component*)

Omit “Part IX of the Assessment Act”, substitute “the *Income Tax Assessment Act 1997*”.

22 Subsection 3(1)

Insert:

superannuation remainder of taxable income means so much of the taxable income as:

- (a) is included in assessable income under a maximum tax rate provision in Division 301 of the *Income Tax Assessment Act 1997*; and
- (b) does not give rise to an entitlement to a tax offset under that maximum tax rate provision.

23 Subsection 3(1) (definition of *taxed element*)

Repeal the definition.

24 Subsection 3(1)

Insert:

tax offset has the same meaning as in the *Income Tax Assessment Act 1997*.

25 Paragraph 26(1)(a)

Omit “standard component”, substitute “low tax component”.

26 Paragraph 26(1)(b)

Omit “special component”, substitute “non-arm’s length component”.

27 Paragraph 27(1)(a)

Omit “standard component”, substitute “low tax component”.

28 Paragraph 27(1)(b)

Omit “special component”, substitute “non-arm’s length component”.

29 Paragraph 27A(a)

Omit “standard component”, substitute “low tax component”.

30 Paragraph 27A(b)

Omit “special component”, substitute “non-arm’s length component”.

31 Paragraph 29(1)(c)

Omit “(other than a life insurance company)”.

32 At the end of subsection 29(2)

Add:

; or (iv) for a life insurance company that is an RSA provider—
set out in paragraph 23(4A)(ba).

33 Paragraphs 1(a) and (aa) of Part I of Schedule 7

Repeal the paragraphs, substitute:

- (a) 45% for the superannuation remainder (if any) of the taxable income;
- (aa) 45% for the employment termination remainder (if any) of the taxable income;

34 Paragraphs 1(a) and (aa) of Part II of Schedule 7

Repeal the paragraphs, substitute:

- (a) 45% for the superannuation remainder (if any) of the taxable income;
- (aa) 45% for the employment termination remainder (if any) of the taxable income;

35 Application

- (1) The amendments made by this Schedule apply to the 2007-2008 income year and later years.
- (2) Despite subitem (1), those amendments apply on and after 1 July 2007, to the extent that they relate to any of the following:

Schedule 1 Amendment of the Income Tax Rates Act 1986

- (a) Divisions 82 and 83 of the *Income Tax Assessment Act 1997*;
 - (b) Divisions 301 to 307 of that Act.
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*[Minister's second reading speech made in—
House of Representatives on 7 February 2007
Senate on 26 February 2007]*

(10/07)
