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The Parliament of the
Commonwealth of Australia

HOUSE OF REPRESENTATIVES

(As read a third time)

Income Tax (Transitional Provisions) Bill 1996

No. , 1996

A Bill for an Act setting out application and transitional provisions for the *Income Tax Assessment Act 1996*

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This Bill originated in the House of Representatives; and, having this day passed, is now ready for presentation to the Senate for its concurrence.

L.M. BARLIN
Clerk of the House of Representatives

House of Representatives
17 October 1996

A Bill for an Act setting out application and transitional provisions for the *Income Tax Assessment Act 1996*

The Parliament of Australia enacts:

Chapter 1—Introduction and core provisions

Part 1-1—Preliminary

Division 1—Preliminary

Table of sections

1-1	Short title
1-5	Commencement
1-10	Expressions mean the same as in the *Income Tax Assessment Act 1996*

1-1 Short title

This Act may be cited as the *Income Tax (Transitional Provisions) Act 1996*.

1-5 Commencement

This Act commences on 1 July 1997.

1-10 Expressions mean the same as in the *Income Tax Assessment Act 1996*

Expressions mean the same in this Act as in the *Income Tax Assessment Act 1996*.

[The next heading is the heading to Part 1-3.]

Part 1-3—Core Provisions

[The next Division is Division 4.]

Division 4—How to work out the income tax payable on your taxable income

4-1 Application of the *Income Tax Assessment Act 1996*

The *Income Tax Assessment Act 1996*, as originally enacted, applies to assessments for the 1997-98 income year and later income years.

Note: For the application of amendments of that Act (including new provisions inserted in it), see the Acts making the amendments.

Division 6—Assessable income and exempt income

Table of sections

6-2 Effect of this Division
6-3 Assessable income for income years before 1997-98
6-20 Exempt income for income years before 1997-98

6-2 Effect of this Division

This Division has effect for the purposes of the *Income Tax Assessment Act 1996* and of this Act.

6-3 Assessable income for income years before 1997-98

For the 1996-97 income year or an earlier income year, ***assessable income*** means all the amounts that under the *Income Tax Assessment Act 1936* are included in the assessable income.

6-20 Exempt income for income years before 1997-98

For the 1996-97 income year or an earlier income year, ***exempt income*** means income which is exempt from tax and includes income which is not assessable income.

Division 8—Deductions

Table of sections

8-2 Effect of this Division
8-3 Deductions for income years before 1997-98
8-10 No double deductions for income year before 1997-98 and income year after 1996-97

8-2 Effect of this Division

This Division has effect for the purposes of the *Income Tax Assessment Act 1996* and of this Act.

8-3 Deductions for income years before 1997-98

For the 1996-97 income year or an earlier income year, ***deduction*** means a deduction allowable under the *Income Tax Assessment Act 1936*.

8-10 No double deductions for income year before 1997-98 and income year after 1996-97

If:

(a) a provision of the *Income Tax Assessment Act 1936* allows you a deduction in respect of an amount for the 1996-97 income year or an earlier income year; and

(b) a different provision of that Act, or a provision of the *Income Tax Assessment Act 1996*, allows you a deduction in respect of the same amount for the 1997-98 income year or a later income year;

you can deduct only under the provision that is most appropriate.

[The next heading is the heading to Chapter 2.]

Chapter 2—Liability rules of general application

[The next heading is the heading to Part 2-5.]

Part 2-5—Rules about deductibility of particular kinds of amounts

[The next Division is Division 28.]

Division 28—Car expenses

28-100 Log books

(1) This section has effect for the purposes of section 28-115 (Income years for which you need to keep a log book) of the *Income Tax Assessment Act 1996*.

(2) You are taken to have used the "log book" method for a car for the 1993-94 income year or an earlier income year if section 82KUD of the *Income Tax Assessment Act 1936* applied for the purpose of determining the amounts of deductions allowable under that Act in respect of car expenses you incurred for the car in that income year.

(3) You are taken to have used the "log book" method for a car for the 1994-95, 1995-96 or 1996-97 income year if you used that method of deducting car expenses for that income year.

(4) You are taken to have kept a log book for a car for the 1994-95 income year or an earlier income year if log book records and odometer records for the car were maintained by you or on your behalf, in accordance with Subdivision F of Division 3 of Part III of the *Income Tax Assessment Act 1936*, for the applicable log book period in that income year. Those log book records and

odometer records are taken to be the log book you kept for that income year.

(5) You are taken to have kept a log book for a car for the 1994-95, 1995-96 or 1996-97 income year if you did so in accordance with Schedule 2A to the *Income Tax Assessment Act 1936*.

Note: The 1994-95 income year is covered by both subsections (4) and (5). This is because you may have kept your log book records and odometer records under Subdivision F of Division 3 of Part III of the *Income Tax Assessment Act 1936* before Schedule 2A to that Act was enacted.

[The next Division is Division 36.]

Division 36—Tax losses of earlier income years

Table of sections

36-100 Tax losses for the 1997-98 and later income years
36-105 Tax losses for 1989-90 to 1996-97 income years
36-110 Tax losses for 1957-58 to 1988-89 income years

36-100 Tax losses for the 1997-98 and later income years

To work out your ***tax loss*** (if any) for the 1997-98 income year or a later income year, apply the provisions of the *Income Tax Assessment Act 1996* about tax losses.

Start at Division 36 of that Act.

36-105 Tax losses for 1989-90 to 1996-97 income years

(1) If you incurred a loss for the purposes of section 79E (General domestic losses of 1989-90 to 1996-97 years of income) of the *Income Tax Assessment Act 1936* in any of the 1989-90 to 1996-97 income years, the loss is your ***tax loss*** for that income year, which is called a ***loss year***.

(2) You can deduct the tax loss in the 1997-98 or a later income year only to the extent that it has not already been deducted.

36-110 Tax losses for 1957-58 to 1988-89 income years

(1) If you incurred a loss for the purposes of section 80AA (Primary production losses of pre-1990 years of income) of the *Income Tax Assessment Act 1936* in any of the 1957-58 to 1988-89 income years, the loss is your ***tax loss*** for that income year, which is called a ***loss year***. The loss is also called a ***primary production loss***.

(2) You can deduct the tax loss in the 1997-98 or a later income year only to the extent that it has not already been deducted.

(3) You deduct your primary production losses (in the order in which you incurred them) before any other tax losses of the same or any other loss year, except film losses.

(4) A company cannot transfer any amount of a primary production loss for the 1983-84 or an earlier income year under Subdivision 170-A (Transfer of tax losses within wholly-owned groups of companies) of the *Income Tax Assessment Act 1996*.

(5) For the purposes of determining how much (if any) of a primary production loss you can deduct in the 1997-98 or a later income year, subsections 80AA(9), (10) and (11) of the *Income Tax Assessment Act 1936* apply in the same way as they apply for the purposes they refer to.

[The next heading is the heading to Part 2-10.]

Part 2-10—Capital allowances: rules about deductibility of capital expenditure

[The next Division is Division 43.]

Division 43—Deductions for capital works

Table of sections

43-100 Application of Division 43 to quasi-ownership rights over land
43-105 Application of subsections 43-50(1) and (2) to hotel buildings and apartment buildings

43-100 Application of Division 43 to quasi-ownership rights over land

Division 43 of the *Income Tax Assessment Act 1996* applies to quasi-ownership rights over land granted in respect of:

(a) capital works being a hotel building or an apartment building begun after 30 June 1997; and

(b) other capital works begun after 26 February 1992.

43-105 Application of subsections 43-50(1) and (2) to hotel buildings and apartment buildings

Subsections 43-50(1) and (2) of the *Income Tax Assessment Act 1996* do not apply to capital works being a hotel building or an apartment building begun before 1 July 1997.

[The next heading is the heading to Chapter 3.]

Section

Chapter 3—Specialist liability rules

[The next heading is the heading to Part 3-45.]

Part 3-45—Rules for particular industries and occupations

[The next heading is the heading to Division 330.]

Division 330—Mining and quarrying

Table of Subdivisions

330-C	Development and operation of a mine or quarry
330-E	Selling a right or information
330-F	Excess deductions
330-H	Transporting the product
330-J	Balancing adjustment
330-L	Modification of Common rules

[The next Subdivision is Subdivision 330-C.]

Subdivision 330-C—Development and operation of a mine or quarry

Table of sections

330-1	Converting pre-19 July 1982 general mining and petroleum expenditure into allowable capital expenditure under the new law
330-5	Converting post-19 July 1982 general mining and petroleum expenditure, and post-15 August 1989 quarrying expenditure, into allowable capital expenditure under the new law

330-10 Converting old excess pre-1 July 1975 general mining exploration or prospecting deductions into allowable capital expenditure under the new law
330-15 Reducing your unrecouped expenditure in the year you derive exempt income from the sale of rights to mine
330-20 Reducing your unrecouped expenditure in a year later than the year you derive exempt income from the sale of rights to mine

330-1 Converting pre-19 July 1982 general mining and petroleum expenditure into allowable capital expenditure under the new law

(1) If, apart from this section, you would have been entitled to a deduction in respect of expenditure for the 1997-98 income year or a later income year under any of the old diminishing value provisions, you are not entitled to that deduction.

(2) Instead, the total of that expenditure, less the total of any amounts you have already deducted in respect of that expenditure for income years before 1997-98, is taken to be allowable capital expenditure (***new ACE***) incurred by you in the 1997-98 income year.

(3) If the old diminishing value provision that would have given rise to the deduction is in Subdivision A (General mining) of Division 10 of Part III of the *Income Tax Assessment Act 1936*, then the new ACE is taken to have been incurred in carrying on eligible mining operations (other than in the course of petroleum mining).

If, on the other hand, it is in Division 10AA (Prospecting and mining for petroleum) of that Part, then the new ACE is taken to have been incurred in carrying on eligible mining operations in the course of petroleum mining.

(4) The ***old diminishing value provisions*** are:

Item	**In Subdivision A (General mining) of Division 10 of Part III of the *Income Tax Assessment Act 1936***	**In Division 10AA (Prospecting and mining for petroleum) of Part III of the *Income Tax Assessment Act 1936***
1.	section 122D	section 124AD
2.	section 122DB	section 124ADB
3.	section 122DD	section 124ADD
4.	section 122DF	section 124ADF

330-5 Converting post-19 July 1982 general mining and petroleum expenditure, and post-15 August 1989 quarrying expenditure, into allowable capital expenditure under the new law

(1) If:

(a) in the 1996-97 income year or an earlier income year you incurred allowable capital expenditure of the kind referred to in subsection 122DG(1), 122JE(1) or 124ADG(1) of the *Income Tax Assessment Act 1936* (***old capital expenditure***); and

(b) at the end of the 1996-97 income year an amount of that expenditure is unrecouped (worked out under subsection 122DG(4), 122JE(3) or 124ADG(4) of that Act (as appropriate));

that amount is taken to be allowable capital expenditure incurred by you in the 1997-98 income year (***new ACE***).

(2) In working out how much of that new ACE is deductible for the 1997-98 income year or a later income year, the calculation (under paragraph 330-100(2)(a), (3)(a) or (4)(a) of the *Income Tax Assessment Act 1996*) of the years remaining is affected.

(3) Take away from the number you get after doing that calculation the number of income years before the 1997-98 income year for which you deducted or, apart from the operation of subsection 122DG(6), 122JE(5) or 124ADG(6) of the *Income Tax Assessment Act 1936*

(as appropriate) would have deducted, an amount in respect of that old capital expenditure.

330-10 Converting old excess pre-1 July 1975 general mining exploration or prospecting deductions into allowable capital expenditure under the new law

(1) If, at the end of the 1996-97 income year, there are excess amounts of expenditure of the kind referred to in subsection 122J(3) of the *Income Tax Assessment Act 1936*, that expenditure is taken to be exploration or prospecting expenditure incurred by you in the 1997-98 income year.

(2) But you cannot deduct that expenditure under section 330-15 of the *Income Tax Assessment Act 1996* in the 1997-98 income year or a later income year.

(3) Instead, in the first income year after the 1996-97 income year in which you carry on eligible mining operations (other than in the course of petroleum mining) that expenditure is taken to be allowable capital expenditure incurred by you in that year. You can then write it off in that income year and later income years under section 330-80 of the *Income Tax Assessment Act 1996*.

330-15 Reducing your unrecouped expenditure in the year you derive exempt income from the sale of rights to mine

(1) If:

(a) in the 1997-98 income year or a later income year (the ***sale year***) you derive, from the sale, transfer or assignment of your rights to mine in a particular area in Australia, an amount that is exempt income because of section 330-60 of the *Income Tax Assessment Act 1996*; and

(b) in relation to that area, any excess amounts of expenditure referred to in subsection 122J(3) of the *Income Tax Assessment Act 1936* have become allowable capital expenditure incurred in the sale year or an earlier income year;

your unrecouped expenditure for the purposes of section 330-105 of the *Income Tax Assessment Act 1996* as at the end of the sale year is reduced by an amount referred to in subsection (2).

(2) The amount is so much of those excess amounts as you have not deducted and that you cannot deduct in the sale year. However, the amount of the reduction cannot exceed the amount of the exempt income.

330-20 Reducing your unrecouped expenditure in a year later than the year you derive exempt income from the sale of rights to mine

If:

(a) in the 1997-98 income year or a later income year (the ***sale year***) you derive, from the sale, transfer or assignment of your rights to mine in a particular area in Australia, an amount that is exempt income because of section 330-60 of the *Income Tax Assessment Act 1996*; and

(b) in relation to that area, there are excess amounts of expenditure referred to in subsection 122J(3) of the *Income Tax Assessment Act 1936* that have *not* become allowable capital expenditure incurred in the sale year or an earlier income year; and

(c) those excess amounts become allowable capital expenditure incurred in an income year after the sale year (the ***conversion year***);

your unrecouped expenditure for the purposes of section 330-105 of the *Income Tax Assessment Act 1996* as at the end of the conversion year is reduced by so much of those amounts as exceeds the amount of exempt income.

[The next Subdivision is Subdivision 330-E.]

Subdivision 330-E—Selling a right or information

330-25 Old general mining and petroleum expenditure on plant cannot be transferred under the new law

If:

(a) any of the new ACE referred to in section 330-1 of this Act; or

(b) any of the unrecouped expenditure referred to in section 330-5 of this Act; or

(c) any of the whole or part of a deduction disallowed for the 1996-97 income year because of subsection 122DG(6) or 124ADG(6) of the *Income Tax Assessment Act 1936*;

can be attributed to expenditure on plant, disregard that expenditure for the purposes of paragraph 330-245(2)(a) (about the limit on an amount that can be included in an agreement) of the *Income Tax Assessment Act 1996*.

Subdivision 330-F—Excess deductions

Table of sections

330-30 Converting old excess 1 July 1975 to 21 August 1984 general mining exploration or prospecting deductions into excess deductions under the new law
330-35 Converting old excess pre-17 August 1976 petroleum exploration or prospecting deductions into excess deductions under the new law
330-40 Converting old excess post-21 August 1984 general mining, post-15 August 1989 quarrying and post-17 August 1976 petroleum, exploration or prospecting deductions into excess deductions under the new law
330-45 Converting old excess general mining, quarrying and petroleum deductions into excess deductions under the new law
330-50 Preserving the old election rules for post-1 July 1985 general mining, quarrying and petroleum expenditure
330-55 No right to elect that your deductions be unlimited for pre-1 July 1985 general mining and petroleum expenditure

330-30 Converting old excess 1 July 1975 to 21 August 1984 general mining exploration or prospecting deductions into excess deductions under the new law

(1) If, at the end of the 1996-97 income year, there are excess amounts of expenditure of the kind referred to in subsection 122J(4) of the *Income Tax Assessment Act 1936*, that expenditure is taken to be exploration or prospecting expenditure incurred by you in the 1997-98 income year (***new EPE***).

(2) For each applicable year you are taken to be able, because of section 330-310 of the *Income Tax Assessment Act 1996*, to deduct the relevant amount of the new EPE under section 330-15 of that Act.

(3) An ***applicable year*** is an income year after the 1996-97 income year in which you carry on eligible mining operations (other than in the course of petroleum mining) and a mining business (other than a petroleum mining business).

(4) The ***relevant amount*** for an applicable year is worked out as follows:

(a) take away from the amount of new EPE the total of the relevant amounts for any earlier applicable years;

(b) the relevant amount is so much of what remains as does not exceed:

- the assessable income you derive in that year from carrying on that mining business, or from your activities associated directly or indirectly with your carrying on that business;

less

- all your deductions that directly relate to that business or those activities in that year.

330-35 Converting old excess pre-17 August 1976 petroleum exploration or prospecting deductions into excess deductions under the new law

(1) If, at the end of the 1996-97 income year, there are excess amounts of expenditure of the kind referred to in subsection 124AH(4) of the *Income Tax Assessment Act 1936*, that expenditure is taken to be exploration or prospecting expenditure incurred by you in the 1997-98 income year (***new EPE***).

(2) For each applicable year you are taken to be able, because of section 330-310 of the *Income Tax Assessment Act 1996*, to deduct the relevant amount of the new EPE under section 330-15 of that Act.

(3) An ***applicable year*** is an income year after the 1996-97 income year in which you have assessable income from petroleum.

(4) The ***relevant amount*** for an applicable year is worked out as follows:

(a) take away from the amount of new EPE the total of the relevant amounts for any earlier applicable years;

(b) the relevant amount is so much of what remains as does not exceed:

- the assessable income you derive in that year from petroleum;

less

- all your deductions in respect of that assessable income.

330-40 Converting old excess post-21 August 1984 general mining, post-15 August 1989 quarrying and post-17 August 1976 petroleum, exploration or prospecting deductions into excess deductions under the new law

(1) If, at the end of the 1996-97 income year, there are excess amounts of expenditure of the kind referred to in subsection 122J(4C), 122JF(6) or 124AH(4B) of the *Income Tax Assessment Act 1936* (the ***1936 Act***), that expenditure is taken to be exploration or prospecting expenditure incurred by you in the 1997-98 income year (***new EPE***).

(2) You are taken to be able, because of section 330-310 of the *Income Tax Assessment Act 1996* (the ***1996 Act***), to deduct the new EPE under section 330-15 of that Act in the first income year after the 1996-97 income year for which you have assessable income.

(3) But you can only deduct the new EPE under section 330-15 of the 1996 Act if you could have deducted it under that section had you incurred it in that income year.

(4) If any part of the new EPE can be attributed to eligible gold exploration or prospecting expenditure within the meaning of section 159GZZJ of the 1936 Act (***gold expenditure***), you can only deduct that part under section 330-15 of the 1996 Act in the 1997-98 income year or a later income year if that year begins less than 7 years after the day on which that gold expenditure was incurred.

330-45 Converting old excess general mining, quarrying and petroleum deductions into excess deductions under the new law

If the whole or part of a deduction for the 1996-97 income year is disallowed because of subsection 122DG(6), 122JE(5) or 124ADG(6) of the *Income Tax Assessment Act 1936* then that whole or part is taken to be:

(a) allowable capital expenditure incurred by you in the 1997-98 income year; and

(b) because of section 330-310 of the *Income Tax Assessment Act 1996*, deductible by you under section 330-80 of that Act in the 1997-98 income year.

330-50 Preserving the old election rules for post-1 July 1985 general mining, quarrying and petroleum expenditure

If:

(a) you incurred allowable capital expenditure within the meaning of Division 10 or 10AA of Part III of the *Income Tax Assessment Act 1936* on or after 1 July 1985 and before the 1997-98 income year; and

(b) an amount of that expenditure:

  (i) is taken, because of section 330-1 of this Act, to be allowable capital expenditure incurred by you in the 1997-98 income year in carrying on eligible mining operations in the course of petroleum mining; or

  (ii) is taken, because of section 330-5 or 330-45 of this Act, to be allowable capital expenditure incurred by you in the 1997-98 income year; and

(c) in the 1997-98 income year or a later income year you can, because of section 330-310 of the *Income Tax Assessment Act 1996* (the ***1996 Act***), deduct the whole or part of that amount under section 330-80 of that Act; and

(d) in that year you elect under subsection 330-315(1) of the 1996 Act that your deductions under Subdivision 330-C of that Act not be limited by your available assessable income;

subsection 330-315(3) of the 1996 Act does not apply to that whole or part if you would have been able to deduct that whole or part under Division 10 or 10AA of Part III of the *Income Tax Assessment Act 1936* if that Division had applied in that year.

330-55 No right to elect that your deductions be unlimited for pre-1 July 1985 general mining and petroleum expenditure

(1) If:

(a) before 1 July 1985 you incurred expenditure of the kind referred to in Division 10 or 10AA of Part III of the *Income Tax Assessment Act 1936*; and

(b) an amount of that expenditure becomes allowable capital expenditure, or exploration or prospecting expenditure, incurred by you in the 1997-98 income year because of section 330-1, 330-5, 330-10, 330-30, 330-35, 330-40 or 330-45 of this Act; and

(c) in the 1997-98 income year or a later income year you can deduct the whole or part of that amount under section 330-15 or 330-80 of the *Income Tax Assessment Act 1996*;

you cannot make an election under section 330-315 of the *Income Tax Assessment Act 1996* in that year in relation to that whole or part.

(2) The restriction in subsection (1) does not apply to the whole or part of an amount you deduct in that income year if:

(a) the whole or part is taken, because of section 330-1 of this Act, to have been allowable capital expenditure incurred by you in the 1997-98 income year in carrying on eligible mining operations (other than in the course of petroleum mining); or

(b) the whole or part is taken, because of section 330-10 of this Act, to have been allowable capital expenditure incurred by you in the first income year after the 1996-97 income year in which you carry on eligible mining operations (other than in the course of petroleum mining).

(3) If:

(a) in the 1997-98 income year or a later income year, you elect that your deductions under Subdivision 330-C of the *Income*

Tax Assessment Act 1996 not be limited so that they contribute to a tax loss; and

(b) the whole or part of an amount referred to in subsection (2) is one of those deductions;

you can only transfer so much of that loss, under Subdivision 170-A (Transfer of tax losses within wholly-owned groups of companies) of the *Income Tax Assessment Act 1996*, as remains after taking off that whole or part.

[The next Subdivision is Subdivision 330-H.]

Subdivision 330-H—Transporting the product

330-60 Converting old transport expenditure into transport capital expenditure under the new law

(1) If:

(a) in the 1996-97 income year or an earlier income year you incurred capital expenditure of the kind referred to in subsection 123B(1) (***minerals expenditure***) or 123BE(1) (***quarry expenditure***) of the *Income Tax Assessment Act 1936*; and

(b) at the end of the 1996-97 income year you have not deducted all of that expenditure;

then so much of that expenditure as you have not deducted is taken to be transport capital expenditure incurred by you in the 1997-98 income year (***new TCE***).

(2) You must use this section to work out how much of that new TCE is deductible over how long.

(3) In the case of minerals expenditure, the number of income years (starting in the 1997-98 income year) over which you can deduct the new TCE (the ***remaining years***) is worked out by taking away from 10 (or 20 if you made an election under section 123BB of the *Income Tax Assessment Act 1936*) the number of income years

before the 1997-98 income year for which you deducted an amount of the minerals expenditure.

The amount that you deducted in each of those income years before the 1997-98 income year is deductible in each of the remaining years.

(4) In the case of quarry expenditure, the number of income years (starting in the 1997-98 income year) over which you can deduct the new TCE (the ***remaining years***) is worked out by taking away from 20 the number of income years before the 1997-98 income year for which you deducted an amount of the quarry expenditure.

(5) The amount that you deducted in each of those income years before the 1997-98 income year is deductible in each of the remaining years.

[The next Subdivision is Subdivision 330-J.]

Subdivision 330-J—Balancing adjustment

Table of sections

330-65 How the balancing adjustment is affected if there has only been old roll-over relief
330-70 What the corresponding previous law is
330-72 What the old excess deduction provisions are

330-65 How the balancing adjustment is affected if there has only been old roll-over relief

(1) If:

(a) in the 1996-97 income year or an earlier income year roll-over relief was available under any of the old roll-over provisions in relation to the disposal of property by a taxpayer (the ***transferor***) to another taxpayer (the ***transferee***); and

(b) in the 1997-98 income year or a later income year:

(i) the property is lost or destroyed; or

(ii) the transferee disposes of the property in circumstances where Subdivision 41-A of the *Income Tax Assessment Act 1996* (Common rule 1 (Roll-over relief for related entities)) does not apply to the disposal; or

(iii) the transferee stops using the property for purposes that qualify expenditure on the property for a deduction under Subdivision 330-A, 330-C or 330-H of the *Income Tax Assessment Act 1996*; and

(c) there has been no earlier disposal of the property where roll-over relief was available under Common rule 1;

the balancing adjustment is affected in 2 ways.

(2) First:

(a) the total amounts deductible by the transferor, under Division 10, 10AAA or 10AA of Part III of the *Income Tax Assessment Act 1936*, in relation to the property; or

(b) if there have been 2 or more prior applications of the old roll-over provisions—the total amounts deductible by the prior transferors, under that Division, in relation to the property;

are taken to have been deductible by the transferee, under that Division, in relation to the property.

(3) Second:

(a) the total capital expenditure of the transferor in relation to the property; or

(b) if there have been 2 or more prior applications of the old roll-over provisions—the total capital expenditure of the prior transferors in relation to the property;

is taken to have been capital expenditure of the transferee in relation to the property.

(4) The ***old roll-over provisions*** are:

Item	Mining Activity	Section of the *Income Tax Assessment Act 1936*
1.	General mining	122JAA
2.	Quarrying	122JG
3.	Transport of certain minerals	123BBA
4.	Transport of quarry materials	123BF
5.	Prospecting and mining for petroleum	124AMAA

330-70 What the corresponding previous law is

(1) For the purposes of Subdivisions 330-J, 330-K and 330-L of the *Income Tax Assessment Act 1996* (the ***1996 Act***), the corresponding previous law is set out in the following table.

(2) The table sets out the rules for some of the capital allowances in the 1996 Act. It also sets out the corresponding previous law in the *Income Tax Assessment Act 1936* (the ***1936 Act***).

Item	Capital allowance	Rules in the 1996 Act	Corresponding previous law in the 1936 Act
1.	Mining and quarrying: exploration or prospecting expenditure	Subdivision 330-A	Division 10 or 10AA of Part III
2.	Mining and quarrying: development and operation of a mine or quarry	Subdivision 330-C	Division 10 or 10AA of Part III
3.	Mining and quarrying: transporting minerals or quarry materials	Subdivision 330-H	Division 10AAA of Part III

330-72 What the old excess deduction provisions are

For the purposes of section 330-480 (When a balancing adjustment is required) of the *Income Tax Assessment Act 1996*, the ***old excess deduction provisions*** are:

Item	Mining Activity	Provisions of the *Income Tax Assessment Act 1936*
1.	General mining	122DG(6) and 122J(4B)
2.	Quarrying	122JE(5) and 122JF(2)
3.	Prospecting and mining for petroleum	124ADG(6) and 124AH(4A)

[The next Subdivision is Subdivision 330-L.]

Subdivision 330-L—Modification of Common rules

330-75 Modifying Common rule 1 so that it may apply to a disposal of property under the new law

(1) If:

(a) in the 1996-97 income year or an earlier income year you have deducted amounts in respect of property under Division 10, 10AAA or 10AA of Part III of the *Income Tax Assessment Act 1936*; and

(b) in the 1997-98 income year or a later income year you dispose of the property;

Subdivision 41-A of the *Income Tax Assessment Act 1996* (Common rule 1 (Roll-over relief for related entities)) applies as if:

(c) a reference in that Common rule to the rules for the capital allowance included a reference to that Division; and

(d) a reference in that Common rule to section 330-585 of the *Income Tax Assessment Act 1996* included a reference to the old recoupment provisions; and

(e) if in the 1996-97 income year or an earlier income year there was a disposal of the property where roll-over relief was available under any of the old roll-over provisions—that Common rule had applied to that disposal.

Note: The ***old roll-over provisions*** are set out in section 330-65 of this Act.

(2) The ***old recoupment provisions*** are:

Item	Mining Activity	Provision of the *Income Tax Assessment Act 1936*
1.	General mining	122T
2.	Quarrying	122T
3.	Transport of certain minerals	123A(2) and (3)
4.	Transport of quarry materials	123BD(4) and (5)
5.	Prospecting and mining for petroleum	124AQ

[The next heading is the heading to Division 375.]

Division 375—Australian films

[The next Subdivision is Subdivision 375-G.]

Subdivision 375-G—Film losses

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375-100 Film component of tax loss for 1997-98 or later income years
375-105 Film component of tax loss for 1989-90 to 1996-97 income years
375-110 Film loss for 1989-90 or later income year

375-100 Film component of tax loss for 1997-98 or later income year

To work out the ***film component*** (if any) of your tax loss for the 1997-98 income year or a later income year, apply section 375-805 of the *Income Tax Assessment Act 1996*.

375-105 Film component of tax loss for 1989-90 to 1996-97 income years

If you incurred a film loss for the purposes of section 79F (Film losses of 1989-90 to 1996-97 years of income) of the *Income Tax Assessment Act 1936* in any of the 1989-90 to 1996-97 income years, that film loss is the ***film component*** of your tax loss for that income year.

375-110 Film loss for 1989-90 or later income year

(1) To work out your ***film loss*** (if any) for the purposes of the *Income Tax Assessment Act 1996* for the 1989-90 or a later income year, apply section 375-810 of that Act.

(2) You can deduct in the 1997-98 or a later income year your film loss for any of the 1989-90 to 1996-97 income years only to the extent that it has not already been deducted.