

(c) where the member has a leasehold estate—the value of the leasehold estate when it was acquired by the member, calculated in accordance with the provisions of the *Land Tax Assessment Act* 1910–1914 relating to leasehold estates :

Provided that where a member has borrowed money for the purpose of acquiring his estate in the land or has borrowed money on the security of his estate in the land for the purpose of using it in the business of the partnership, the average amount of the borrowed money outstanding during the accounting period of the partnership shall be deducted from the amount that would otherwise be included in the capital of the partnership business and shall be deemed to be borrowed money used by that business within the meaning of sub-section (15.) of section fifteen of this Act.”

11. Section twenty-seven of the Principal Act is amended by omitting the proviso to sub-section (3.) thereof. Board of Referees.

12. Section fifty-nine of the Principal Act is amended by inserting after the word “hardship” the words “or that, by reason of drought or adverse seasons or other adverse conditions, the returns from the taxpayer’s land used for the purposes of the business have been seriously impaired”. Release of taxpayers in cases of hardship.

13.—(1.) The amendments made to the Principal Act by paragraphs (d) and (e) of section nine of this Act shall be deemed to have come into operation on the twenty-second day of September One thousand nine hundred and seventeen. Application of Act.

(2.) All amendments to the Principal Act made by this Act, other than the amendments referred to in sub-section (1.) of this section, shall, subject to this Act, apply to assessments made for the financial year commencing on the first day of July One thousand nine hundred and sixteen and all subsequent years.

INCOME TAX.

No. 41 of 1918.

An Act to impose Taxes upon Incomes.

[Assented to 25th December, 1918.]

BE it enacted by the King’s Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows :—

1. This Act may be cited as the *Income Tax Act* 1918.

Short title.

Incorporation.

2. The *Income Tax Assessment Act 1915-1918* shall be incorporated and read as one with this Act.

Imposition of income tax.

3. Income tax is imposed at the rates and amounts declared in this Act.

Rates of income tax.

4.—(1.) The rate of the income tax in respect of income from personal exertion shall be as set out in the First Schedule to this Act.

(2.) The rate of the income tax in respect of income derived from property shall be as set out in the Second Schedule to this Act.

(3.) The rates of the income tax in respect of a total taxable income derived partly from personal exertion and partly from property shall be as set out in the Third Schedule to this Act.

(4.) Notwithstanding anything contained in the last three sub-sections the tax payable by any person who—

(a) is not married, has no dependants and is not an absentee; and

(b) has a gross income of not less than One hundred pounds, or, in the case of a person carrying on a business in Australia, has an income from the business which, after deducting from the gross income the deductions specified in paragraph (a) of sub-section (1.) of section eighteen of the *Income Tax Assessment Act 1915-1918*, amounts together with his income from all other sources in Australia to not less than One hundred pounds; and

(c) would, apart from this sub-section, not be liable to pay an income tax of One pound or upwards,

shall be One pound.

(5.) The rates of the income tax in respect of the income of a company shall be as set out in the Fourth Schedule to this Act.

Additional tax.

5. In addition to the tax payable under the preceding provisions of this Act, there shall be payable, in the case of incomes in respect of which tax is calculated under the First, Second or Third Schedules, an additional tax equal to twenty-five per centum of the tax so calculated.

Super-tax.

6. In addition to any tax (including additional tax, if any) payable under the preceding provisions of this Act other than sub-sections (4.) and (5.) of section four, there shall be payable a super-tax equal to thirty per centum of the total amount of the tax so payable.

Tax on cash prize in lotteries.

7. There shall be payable in respect of a cash prize in a lottery won after the thirtieth day of June One thousand nine hundred and seventeen, and before the commencement of this Act, income tax to the amount of ten per centum of the gross prize money, and, in respect of a cash prize in a lottery won after the commencement of this Act, income tax to the amount of thirteen per centum of the gross prize money.

8.—(1.) Income tax shall be levied and paid for the financial year beginning on the first day of July One thousand nine hundred and eighteen. Levy of income tax.

(2.) This Act shall also apply to all assessments made for the financial year beginning on the first day of July One thousand nine hundred and nineteen and made prior to the passing of the Act for the levying and payment of the income tax for the financial year beginning on the first day of July One thousand nine hundred and nineteen.

9. Section six of the *Income Tax Act 1917* is repealed as from the twenty-eighth day of September One thousand nine hundred and seventeen. Repeal of s. 6 of *Income Tax Act 1917*.

THE SCHEDULES.

FIRST SCHEDULE.

RATE OF TAX UPON INCOME DERIVED FROM PERSONAL EXERTION.

For so much of the whole taxable income as does not exceed £7,600 the average rate of tax per pound sterling shall be threepence and three eight-hundredths of one penny where the taxable income is One pound sterling, and shall increase uniformly with each increase of One pound sterling of the taxable income by three eight-hundredths of one penny.

The average rate of tax per pound sterling for so much of the taxable income as does not exceed £7,600 may be calculated from the following formula:—

R = average rate of tax in pence per pound sterling.

I = taxable income in pounds sterling.

$$R = \left(3 + \frac{3}{800} I \right) \text{ pence.}$$

For every pound sterling of taxable income in excess of £7,600 the rate of tax shall be sixty pence.

SECOND SCHEDULE.

RATE OF TAX UPON INCOME DERIVED FROM PROPERTY.

(a) For such part of the taxable income as does not exceed £546 the average rate of tax per pound sterling shall be that given by the following formula:—

R = average rate of tax in pence per pound sterling.

I = taxable income in pounds sterling.

$$R = \left(3 + \frac{I}{181 \cdot 058} \right) \text{ pence.}$$

(b) For such part of the taxable income as exceeds £546 but does not exceed £2,000 the additional tax for each additional pound of taxable income above £546 shall increase continuously with the increase of the taxable income in a curve of the second degree in such a manner that the increase of tax for one pound increase of taxable income shall be—

11·713 pence for the pound sterling between £545 10s. and £546 10s.

12·768 pence for the pound sterling between £599 10s. and £600 10s.

14·672 pence for the pound sterling between £699 10s. and £700 10s.

16·512 pence for the pound sterling between £799 10s. and £800 10s.

18·288 pence for the pound sterling between £899 10s. and £900 10s.

20·000 pence for the pound sterling between £999 10s. and £1,000 10s.

27·600 pence for the pound sterling between £1,499 10s. and £1,500 10s.

33·600 pence for the pound sterling between £1,999 10s. and £2,000 10s.

- (c) For such part of the taxable income as exceeds £2,000 but does not exceed £6,500, the additional tax for each additional pound of taxable income above £2,000 shall increase continuously with the increase of the taxable income in a curve of the third degree in such a manner that the increase of tax for one pound increase of taxable income shall be—
- 33·600 pence for the pound sterling between £1,999 10s. and £2,000 10s.
 - 40·000 pence for the pound sterling between £2,499 10s. and £2,500 10s.
 - 45·300 pence for the pound sterling between £2,999 10s. and £3,000 10s.
 - 49·600 pence for the pound sterling between £3,499 10s. and £3,500 10s.
 - 53·000 pence for the pound sterling between £3,999 10s. and £4,000 10s.
 - 55·600 pence for the pound sterling between £4,499 10s. and £4,500 10s.
 - 57·500 pence for the pound sterling between £4,999 10s. and £5,000 10s.
 - 58·800 pence for the pound sterling between £5,499 10s. and £5,500 10s.
 - 59·600 pence for the pound sterling between £5,999 10s. and £6,000 10s.
 - 60·000 pence for the pound sterling between £6,499 10s. and £6,500 10s.
- (d) For every pound sterling of taxable income in excess of £6,500 the rate of tax shall be sixty pence.

THIRD SCHEDULE.

RATES OF TAX IN RESPECT OF TAXABLE INCOME DERIVED PARTLY FROM PERSONAL EXERTION AND PARTLY FROM PROPERTY.

- (a) For every pound sterling of taxable income derived from personal exertion, the rate of tax shall be ascertained by dividing the total amount of the tax that would be payable under the First Schedule if the total taxable income of the taxpayer were derived exclusively from personal exertion by the amount of the total taxable income.
- (b) For every pound sterling of taxable income derived from property the rate of tax shall be ascertained by dividing the total amount of the tax that would be payable under the Second Schedule if the total taxable income of the taxpayer were derived exclusively from property by the amount of the total taxable income.

FOURTH SCHEDULE.

RATES OF TAX UPON THE INCOME OF A COMPANY.

- (a) For every pound sterling of the taxable income of a Company which has not been distributed to the members or shareholders of the Company the rate of tax shall be two shillings and sixpence.
- (b) For every pound sterling of the income of a Company distributed to the members shareholders or stockholders of the Company who are absentees and of interest paid or credited by the Company to any person who is an absentee in respect of debentures, of the Company or on money lodged at interest with the Company by such person the rate of tax shall be eightpence.
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