

INCOME TAX.

No. 39 of 1938.

An Act to impose a Tax upon Incomes.

[Assented to 3rd October, 1938.]

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* 1938. Short title.
2. This Act shall come into operation on the day on which it receives the Royal Assent. Commencement.
3. The *Income Tax Assessment Act* 1936–1937 shall be incorporated and read as one with this Act. Incorporation.
4. Income tax is imposed at the rates declared in this Act. Imposition of income tax.
- 5.—(1.) The rate of income tax in respect of a taxable income derived from personal exertion shall be as set out in the First Schedule to this Act. Rates of income tax.
- (2.) The rate of income tax in respect of a taxable income derived from property shall be as set out in the Second Schedule to this Act.
- (3.) The rates of income tax in respect of a taxable income derived partly from personal exertion and partly from property shall be as set out in the Third Schedule to this Act.
- (4.) The rate or rates of income tax in respect of a taxable income to which Division 16 of Part III. of the *Income Tax Assessment Act* 1936–1937 applies shall be as set out in the Fourth Schedule to this Act.
- (5.) The rate or rates of income tax in respect of a taxable income in any case where sub-section (1.) of section eighty-six of the *Income Tax Assessment Act* 1936–1937 applies shall be as set out in the Fifth Schedule to this Act.
- (6.) Notwithstanding anything contained in the last five preceding sub-sections, where the amount of income tax which a person would, apart from this sub-section, be liable to pay is less than Ten shillings, the income tax payable by that person shall be Ten shillings.
- (7.) The rate or rates of income tax payable by a trustee shall be as set out in the Sixth Schedule to this Act.
- (8.) Subject to sub-section (7.) of this section, the rates of income tax payable by a company shall be as set out in the Seventh Schedule to this Act.
- 6.—(1.) Income tax shall be levied and paid for the financial year beginning on the first day of July, One thousand nine hundred and thirty-eight. Levy of income tax.

(2.) This Act shall also apply to all assessments for financial years subsequent to that beginning on the first day of July, One thousand nine hundred and thirty-eight made prior to the commencement of the Act for the levying and payment of income tax for the financial year beginning on the first day of July, One thousand nine hundred and thirty-nine.

THE SCHEDULES.

FIRST SCHEDULE.

s. 5 (1).

RATE OF TAX IN RESPECT OF TAXABLE INCOME DERIVED FROM PERSONAL EXERTION.

For the purposes of this Schedule—T = taxable income in pounds.

If the taxable income does not exceed £6,900,
the rate of tax for every pound of tax-
able income shall be $\frac{87.975}{100}$ $\left\{ 3 + \frac{T}{160} \right\}$ pence.

If the taxable income exceeds £6,900, the
rate of tax for every pound of taxable income
up to and including £6,900 shall be .. $\frac{87.975}{100}$ $\left\{ 3 + \frac{6,900}{160} \right\}$ pence.

and
the rate of tax for every pound of taxable income in
excess of £6,900 shall be 79.1775 pence.

SECOND SCHEDULE.

s. 5 (2).

RATE OF TAX IN RESPECT OF TAXABLE INCOME DERIVED FROM PROPERTY.

For the purposes of this Schedule—T = taxable income in pounds.

If the taxable income does not exceed
£500, the rate of tax for every pound
of taxable income shall be .. $\frac{103.5}{100}$ $\left\{ 3 + \frac{T}{100} \right\}$ pence.

If the taxable income exceeds £500 but
does not exceed £1,500, the rate of tax
for every pound of taxable income
shall be $\frac{103.5}{100}$ $\left\{ 1 + \frac{T \times 14}{1,000} \right\}$ pence.

If the taxable income exceeds £1,500
but does not exceed £3,700, the rate
of tax for every pound of taxable
income shall be $\frac{103.5}{100}$ $\left\{ 4\frac{1}{4} + \frac{T \times 23}{2,000} \right\}$ pence.

If the taxable income exceeds £3,700,
the rate of tax for every pound of
taxable income up to and including
£3,700 shall be $\frac{103.5}{100}$ $\left\{ 4\frac{1}{4} + \frac{3,700 \times 23}{2,000} \right\}$ pence.

and
the rate of tax for every pound of
taxable income in excess of £3,700
shall be 93.15 pence.

THE SCHEDULES—*continued.*

THIRD SCHEDULE.

s. 5 (3.).

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

(a) For every pound 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 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.

s. 5 (4.).

RATES OF TAX BY REFERENCE TO AN AVERAGE INCOME.

(a) For every pound of the taxable income derived from personal exertion by a taxpayer to whose income Division 16 of Part III. of the *Income Tax Assessment Act 1936-1937* is applied, the rate of tax shall be ascertained by dividing the tax that would be payable under the First Schedule upon a taxable income from personal exertion equal to his average income, by that average income.

(b) For every pound of taxable income derived by him from property the rate of tax shall be ascertained by dividing the tax that would be payable under the Second Schedule upon a taxable income from property equal to his average income, by that average income.

FIFTH SCHEDULE.

s. 5 (5.).

RATE OF TAX BY REFERENCE TO A NOTIONAL INCOME.

(a) For every pound of the actual taxable income from personal exertion of a taxpayer deriving a notional income, as specified by sub-section (1.) of section eighty-six of the *Income Tax Assessment Act 1936-1937*, the rate of tax shall be the amount obtained by dividing the tax that would be payable under the First Schedule upon a taxable income from personal exertion equal to his notional income, by that notional income.

(b) For every pound of the actual taxable income from property of a taxpayer deriving a notional income, as specified by sub-section (1.) of section eighty-six of the *Income Tax Assessment Act 1936-1937*, the rate of tax shall be the amount obtained by dividing the tax that would be payable under the Second Schedule upon a taxable income from property equal to his notional income, by that notional income.

SIXTH SCHEDULE.

s. 5 (7.).

RATES OF TAX PAYABLE BY A TRUSTEE.

For every pound of the taxable income in respect of which a trustee is liable, pursuant to either section ninety-eight or section ninety-nine of the *Income Tax Assessment Act 1936-1937*, to be assessed and to pay tax, the rate of tax shall be the rate which would be payable under the First, Second, Third, Fourth or Fifth Schedules, as the case requires, if one individual were liable to be assessed and to pay tax on that taxable income.

SEVENTH SCHEDULE.

s. 5 (8.).

RATES OF TAX PAYABLE BY A COMPANY.

(a) Subject to the last preceding Schedule, for every pound of the taxable income of a company the rate of tax shall be 13·8 pence.

(b) For every pound of interest in respect of which a company is liable, pursuant to sub-section (1.) of section one hundred and twenty-five of the *Income Tax Assessment Act 1936-1937* to pay income tax, the rate of tax shall be 13·8 pence.