

# Income Tax

No. 104 of 1965

An Act to impose a Tax upon Incomes.

[Assented to 14 December, 1965]

**B**E it enacted by the Queen'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 1965*. Short title.
2. This Act shall come into operation on the day on which it receives the Royal Assent. Commencement.
- 3.—(1.) In this Act, unless the contrary intention appears— Interpretation.
  - “constituent document”, in relation to a company, means the memorandum and articles of association of the company, or any rules or other document constituting the company or governing its activities;
  - “co-operative company” has the same meaning as in Division 9 of Part III. of the Assessment Act;
  - “friendly society dispensary” means a friendly society dispensary to which Division 9A of Part III. of the Assessment Act applies;
  - “investment income” has the same meaning as in Division 9B of Part III. of the Assessment Act;
  - “life assurance company” has the same meaning as in Division 8 of Part III. of the Assessment Act;
  - “mutual income”, in relation to a life assurance company (other than a mutual life assurance company), means—
    - (a) so much of the part of the taxable income of the company that has been derived from its life assurance business as bears the same proportion to that part of the taxable income as the amount of the profits divided for the same year of income among the life assurance policy holders of the company bears to the total profits divided among those policy holders and the shareholders of the company in respect of the company's life assurance business for the same year of income; or

(b) where no profits in respect of the company's life assurance business are divided for the year of income but, by virtue of the company's constituent document, any profits to be divided among the life assurance policy holders of the company are required to be a certain proportion of the total profits to be divided—that proportion of the part of the taxable income of the company that has been derived from its life assurance business;

“ mutual life assurance company ” has the same meaning as in Division 8 of Part III. of the Assessment Act;

“ non-profit company ” means—

(a) a company that is not carried on for the purposes of profit or gain to its individual members and is, by the terms of the company's constituent document, prohibited from making any distribution, whether in money, property or otherwise, to its members; or

(b) a friendly society dispensary;

“ private company ” means—

(a) in relation to the year of income that commenced on the first day of July, One thousand nine hundred and sixty-four, a company that is a private company for the purposes of Division 7 of Part III. of the *Income Tax and Social Services Contribution Assessment Act 1936-1963*; and

(b) in relation to each subsequent year of income, a company that is a private company for the purposes of Division 7 of Part III. of the Assessment Act;

“ superannuation fund ” means a provident, benefit, superannuation or retirement fund;

“ tax ” means income tax referred to in sub-section (1.) of section 5 of this Act;

“ the Assessment Act ” means the *Income Tax Assessment Act 1936-1965*.

(2.) A reference in this Act to taxable income shall be read as a reference to taxable income of the year of income.

**Incorporation.**

4. The Assessment Act is incorporated and shall be read as one with this Act.

5.—(1.) A tax by the name of income tax is imposed at the rates declared in this Act. Imposition of income tax.

(2.) Income tax payable in accordance with section 128B of the Assessment Act is not imposed by this Act and a reference in the succeeding provisions of this Act to tax shall be read as not including a reference to income tax so payable.

(3.) Notwithstanding anything contained in this Act, tax is not imposed upon a taxable income that does not exceed Two hundred and eight pounds derived by—

- (a) a person other than a company;
- (b) a company in the capacity of a trustee; or
- (c) a non-profit company.

6.—(1.) Except as provided by the succeeding provisions of this section, the rates of tax payable by a person other than a company are as set out in the First Schedule to this Act. Rates of tax payable by persons other than companies.

(2.) The rates of tax in respect of a taxable income to which Division 16 of Part III. of the Assessment Act applies are as set out in the Second Schedule to this Act.

(3.) The rate of tax in respect of a taxable income in any case where section 59AB, section 86 or section 158D of the Assessment Act applies is as set out in the Third Schedule to this Act.

(4.) Except as provided by the next succeeding sub-section, the rate of tax payable by a trustee is as set out in the Fourth Schedule to this Act.

(5.) The rates of tax payable by a trustee of a superannuation fund are as set out in the Fifth Schedule to this Act.

(6.) In this section, “ tax ” does not include tax imposed in accordance with section 9 of this Act.

7. Where the taxable income of a person does not exceed Two hundred and fourteen pounds, the amount of tax payable by him under sub-section (1.), (2.), (3.) or (4.) of the last preceding section shall not exceed one-half of the amount by which the taxable income exceeds Two hundred and eight pounds, less any rebate or credit to which he is entitled. Amount of tax where taxable income does not exceed £214.

8.—(1.) This section applies to a taxpayer who—

- (a) being a man, has attained the age of sixty-five years, or, being a woman, has attained the age of sixty years, on or before the last day of the year of income; and
- (b) is a resident of Australia during the whole of the year of income,

but does not apply to a taxpayer in the capacity of a trustee. Limitation of tax payable by aged persons.

(2.) Where the net income of a taxpayer to whom this section applies does not exceed Five hundred and seventy-four pounds, the amount of tax payable by him by reason of the last two preceding sections shall not exceed nine-twentieths of the amount by which his net income exceeds Four hundred and ninety-four pounds, less any rebate or credit to which he is entitled, or, if his net income does not exceed Four hundred and ninety-four pounds, no tax is payable by him.

(3.) Where the net income of a taxpayer to whom this section applies does not exceed One thousand three hundred and fifty pounds and during the year of income the taxpayer contributes to the maintenance of his spouse, being a person who is a resident of Australia during the whole of the year of income, the amount of tax payable by the taxpayer by reason of the last two preceding sections shall not exceed nine-twentieths of the amount by which the sum of the net incomes of the taxpayer and his spouse exceeds Nine hundred and thirty-six pounds, less any rebate or credit to which he is entitled, or, if the sum of those net incomes does not exceed Nine hundred and thirty-six pounds, no tax is payable by the taxpayer.

(4.) For the purposes of this section, the net income of a person shall be ascertained by deducting from the gross income of that person all expenses (not being expenses of a capital, private or domestic nature) incurred in deriving that gross income.

(5.) In this section, "resident of Australia" includes a person who is a resident of the Territory of Papua and New Guinea, of Norfolk Island, of the Territory of Cocos (Keeling) Islands, of the Territory of Christmas Island or of the Island of Nauru.

Additional  
tax payable  
by persons  
other than  
companies.

9.—(1.) In the case of a person, other than a person to whom the next succeeding sub-section applies, who is liable to pay income tax ascertained by reference to sub-section (1.), (2.), (3.) or (4.) of section 6, or to section 7, of this Act, there is payable additional income tax at the rate of two and one-half per centum of the income tax so ascertained that would have been payable in respect of that taxable income if there had not been allowed or allowable from that income tax any rebate or credit.

(2.) In the case of a person to whom the last preceding section applies, there is payable additional income tax at the rate of two and one-half per centum of—

(a) the income tax ascertained by reference to sub-section (1.), (2.) or (3.) of section 6, or to section 7, of this Act that would, apart from the last preceding section, be payable in respect of that taxable income if there were not allowable from that income tax any rebate or credit; or

- (b) the income tax ascertained by reference to the last preceding section that would be payable in respect of that taxable income if there were not allowable from that income tax any rebate or credit,

whichever is the less.

10. Where, but for this section, the amount of tax that a person would be liable to pay under the preceding provisions of this Act, after deducting all rebates to which that person is entitled, is less than Five shillings, the tax payable by that person is Five shillings. Minimum tax.

11.—(1.) The rates of tax payable by a company, other than a company in the capacity of a trustee, are as set out in the Sixth Schedule to this Act. Rates of tax payable by a company.

(2.) Where the taxable income of a non-profit company does not exceed Five hundred and ninety-four pounds, the amount of tax payable by the company shall not exceed one-half of the amount by which the taxable income exceeds Two hundred and eight pounds, less any rebate or credit to which the company is entitled.

12.—(1.) The provisions of this section apply in relation to the amount of the tax that a person would be liable to pay under the preceding provisions of this Act, before deducting any rebate or credit to which he is entitled. Elimination of small amounts.

(2.) For the purposes of the making of an assessment before the fourteenth day of February, One thousand nine hundred and sixty-six, in the currency provided for by the *Coinage Act* 1909–1947, where an amount to which this section applies is an amount of pounds, shillings and pence, pounds and pence or shillings and pence, the amount shall—

- (a) if the pence do not exceed six—be deemed to be reduced by the amount of the pence; and
- (b) if the pence exceed six—be deemed to be increased by treating the pence as One shilling.

(3.) For the purposes of the making of an assessment on or before the thirtieth day of June, One thousand nine hundred and sixty-six, in the currency provided for by the *Currency Act* 1965, where an amount to which this section applies is an amount of dollars and cents, or cents, but is not a multiple of Ten cents, the amount shall be deemed to be increased or decreased to the nearest amount that is a multiple of Ten cents, except where the amount is a multiple of Five cents, in which case the amount shall be deemed to be decreased by Five cents.

Tax where amount to be collected or refunded would not exceed Two shillings.

13.—(1.) Notwithstanding anything contained in the preceding provisions of this Act, where a person has, in accordance with section 221H of the Assessment Act, forwarded to the Commissioner a tax stamps sheet or group certificate issued to him in respect of deductions made in a year from his salary or wages, and the difference between the available deductions and the tax that would, but for this sub-section, be payable by that person in respect of the taxable income derived by him in that year is not more than Two shillings, the tax payable by that person in respect of that taxable income is an amount equal to the available deductions.

(2.) The last preceding sub-section does not apply—

- (a) in relation to a person who is liable to pay provisional tax in respect of his income of the year immediately succeeding the year referred to in that sub-section; or
- (b) in any case in which the amount of tax that would, but for this section, be payable is Five shillings and the available deductions exceed Five shillings.

(3.) In this section, “the available deductions” means the sum of the amount represented by the face value of the tax stamps duly affixed to a tax stamps sheet referred to in sub-section (1.) of this section and the amount of the deductions specified in a group certificate so referred to.

Levy of tax.

14.—(1.) The tax imposed by the preceding provisions of this Act is levied, and shall be paid, for the financial year that commenced on the first day of July, One thousand nine hundred and sixty-five.

(2.) Until the commencement of the Act for the levying and payment of tax for the financial year commencing on the first day of July, One thousand nine hundred and sixty-six, the preceding provisions of this Act also apply for all financial years subsequent to the financial year that commenced on the first day of July, One thousand nine hundred and sixty-five.

Provisional tax.

15. Provisional tax is imposed and is payable, in accordance with the provisions of the Assessment Act, in respect of the income of the year of income that commenced on the first day of July, One thousand nine hundred and sixty-five.

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## THE SCHEDULES

## FIRST SCHEDULE

Section 6 (1.).

## GENERAL RATES OF TAX PAYABLE BY PERSONS OTHER THAN COMPANIES

The rate of tax in respect of each part of the taxable income specified in the first column of the following table is the rate per centum set out in the second column of that table opposite to the reference to that part of the taxable income:—

First Column Parts of Taxable Income	Second Column Rates per centum
The part of the taxable income that—	
does not exceed £100 .. .. .	0.4
exceeds £100 but does not exceed £150 .. .. .	1.2
exceeds £150 but does not exceed £200 .. .. .	2.9
exceeds £200 but does not exceed £250 .. .. .	4.5
exceeds £250 but does not exceed £300 .. .. .	6.1
exceeds £300 but does not exceed £400 .. .. .	8.2
exceeds £400 but does not exceed £500 .. .. .	10.8
exceeds £500 but does not exceed £600 .. .. .	12.5
exceeds £600 but does not exceed £700 .. .. .	14.2
exceeds £700 but does not exceed £800 .. .. .	15.9
exceeds £800 but does not exceed £900 .. .. .	17.6
exceeds £900 but does not exceed £1,000 .. .. .	19.3
exceeds £1,000 but does not exceed £1,200 .. .. .	21.6
exceeds £1,200 but does not exceed £1,400 .. .. .	24.6
exceeds £1,400 but does not exceed £1,600 .. .. .	27.1
exceeds £1,600 but does not exceed £1,800 .. .. .	29.6
exceeds £1,800 but does not exceed £2,000 .. .. .	32.1
exceeds £2,000 but does not exceed £2,400 .. .. .	35.4
exceeds £2,400 but does not exceed £2,800 .. .. .	38.3
exceeds £2,800 but does not exceed £3,200 .. .. .	41.2
exceeds £3,200 but does not exceed £3,600 .. .. .	43.8
exceeds £3,600 but does not exceed £4,000 .. .. .	46.3
exceeds £4,000 but does not exceed £4,400 .. .. .	48.7
exceeds £4,400 but does not exceed £5,000 .. .. .	51.7
exceeds £5,000 but does not exceed £6,000 .. .. .	55.0
exceeds £6,000 but does not exceed £8,000 .. .. .	57.9
exceeds £8,000 but does not exceed £10,000 .. .. .	60.4
exceeds £10,000 but does not exceed £16,000 .. .. .	63.3
exceeds £16,000 .. .. .	66.7

## SECOND SCHEDULE

Section 6 (2.).

## RATES OF TAX BY REFERENCE TO AN AVERAGE INCOME

In the case of a taxpayer to whose income Division 16 of Part III. of the Assessment Act applies, the rates of tax are—

(a) in respect of so much of the taxable income as does not exceed Four thousand pounds—

(i) the rate per centum ascertained by determining the tax that would be payable if the rates set out in the First Schedule were applied to a taxable income equal to his average income and dividing the resultant amount by an amount equal to one-hundredth of the amount of that average income; or

(ii) 29.90625 per centum,  
whichever is the less; and

(b) in respect of the remainder of the taxable income, the rate per centum ascertained by deducting the amount of One thousand one hundred and ninety-six pounds five shillings from the tax that would be payable if the rates per centum set out in the First Schedule were applied to the total taxable income and dividing the resultant amount by an amount equal to one-hundredth of the amount of that remainder.

## THIRD SCHEDULE

Section 6 (3).

## RATE OF TAX BY REFERENCE TO A NOTIONAL INCOME

The rate of tax in respect of the taxable income of a taxpayer deriving a notional income, as specified by section 59AB, section 86 or section 158D of the Assessment Act, is the rate per centum ascertained by dividing the tax that would be payable under the First Schedule upon a taxable income equal to his notional income by an amount equal to one-hundredth of the amount of that notional income.

## FOURTH SCHEDULE

Section 6 (4).

## RATE OF TAX PAYABLE BY A TRUSTEE IN PURSUANCE OF SECTION 98 OR SECTION 99 OF THE ASSESSMENT ACT

The rate of tax in respect of the taxable income in respect of which a trustee is liable, in pursuance of either section 98 or section 99 of the Assessment Act, to be assessed and to pay tax is the rate that would be payable under the First, Second or Third Schedule, as the case requires, if one individual were liable to be assessed and to pay tax on that taxable income.

## FIFTH SCHEDULE

Section 6 (5).

## RATES OF TAX PAYABLE BY A TRUSTEE OF A SUPERANNUATION FUND

The rates of tax in respect of investment income of a superannuation fund of the year of income in respect of which the trustee of the fund is liable, in pursuance of section 121D of the Assessment Act, to be assessed and to pay tax are—

- (a) for so much of that investment income as does not exceed Five thousand pounds—twenty-seven and one-half per centum; and
- (b) for the remainder of that investment income—thirty-seven and one-half per centum.

## SIXTH SCHEDULE

Section 11.

## RATES OF TAX PAYABLE BY A COMPANY OTHER THAN A COMPANY IN THE CAPACITY OF A TRUSTEE

1. In the case of a company (not being a private company, a co-operative company, a non-profit company or a life assurance company) that is a resident, the rates of tax are—

- (a) in respect of so much of the taxable income as does not exceed Five thousand pounds—thirty-seven and one-half per centum; and
- (b) in respect of the remainder of the taxable income—forty-two and one-half per centum.

2. In the case of a company (not being a private company, a co-operative company, a non-profit company or a life assurance company) that is a non-resident, the rates of tax are—

- (a) in respect of so much of the taxable income consisting of dividends as does not exceed Five thousand pounds—thirty-two and one-half per centum;
- (b) in respect of so much of the taxable income not consisting of dividends as does not exceed the amount (if any) by which the taxable income consisting of dividends is less than Five thousand pounds—thirty-seven and one-half per centum; and
- (c) in respect of the part of the taxable income to which neither of the preceding sub-paragraphs of this paragraph applies—forty-two and one-half per centum.

3. In the case of a company that is a private company, the rates of tax are—

- (a) in respect of so much of the taxable income as does not exceed Five thousand pounds—twenty-seven and one-half per centum;
- (b) in respect of the remainder of the taxable income—thirty-seven and one-half per centum; and
- (c) in respect of the undistributed amount in respect of which the company is liable under section 104 of the Assessment Act to pay additional tax—fifty per centum.



SIXTH SCHEDULE—*continued.*

4. In the case of a company (not being a private company or a life assurance company) that is a co-operative company or a non-profit company other than a friendly society dispensary, the rates of tax are—
- (a) in respect of so much of the taxable income as does not exceed Five thousand pounds—thirty-two and one-half per centum; and
  - (b) in respect of the remainder of the taxable income—forty-two and one-half per centum.
5. The rate of tax in respect of the taxable income of a non-profit company that is a friendly society dispensary is thirty-two and one-half per centum.
6. In the case of a company (not being a private company) that is a mutual life assurance company, the rates of tax are—
- (a) in respect of so much of the taxable income as does not exceed Five thousand pounds—twenty-seven and one-half per centum; and
  - (b) in respect of the remainder of the taxable income—thirty-seven and one-half per centum.
7. In the case of a company (not being a private company) that is a life assurance company, other than a mutual life assurance company, the rates of tax are—
- (a) in respect of so much of the mutual income as does not exceed Five thousand pounds—twenty-seven and one-half per centum;
  - (b) in respect of the remainder of the mutual income—thirty-seven and one-half per centum;
  - (c) if the company is a non-resident, in respect of so much of the taxable income, other than the mutual income, consisting of dividends as does not exceed the amount (if any) by which the mutual income is less than Five thousand pounds—thirty-two and one-half per centum;
  - (d) in respect of so much of the taxable income, other than the amounts of income to which the preceding sub-paragraphs of this paragraph apply, as does not exceed the amount (if any) by which the total of those amounts is less than Five thousand pounds—thirty-seven and one-half per centum; and
  - (e) in respect of the part of the taxable income to which none of the preceding sub-paragraphs of this paragraph applies—forty-two and one-half per centum.
8. The rate of tax in respect of interest in respect of which a company is liable, in pursuance of sub-section (1.) of section 125 of the Assessment Act, to pay tax is forty-two and one-half per centum.
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