

## 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 PAYABLE BY A COMPANY.

- (a) For every pound sterling of the taxable income of a Company, the rate of tax shall be one shilling.
- (b) For every pound sterling 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 one shilling.

## INCOME TAX ASSESSMENT.

## No. 51 of 1924.

An Act to amend the *Income Tax Assessment Act*  
1922-1923.

[Assented to 20th October, 1924.]

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

Short title  
and citation.

1.—(1.) This Act may be cited as the *Income Tax Assessment Act*  
1924.

(2.) The *Income Tax Assessment Act* 1922-1923 is in this Act  
referred to as the Principal Act.

(3.) The Principal Act, as amended by this Act, may be cited  
as the *Income Tax Assessment Act* 1922-1924.

Repeal,

2.—(1.) Section two of the Principal Act is amended by inserting  
at the end thereof the following proviso:—

“Provided that the Acts repealed by this Act shall, subject  
to this Act, continue, and be deemed to have at all times  
continued, in force for all purposes in connexion with income  
tax payable for any financial year prior to the first day of July  
One thousand nine hundred and twenty-two.”

(2.) This section shall be deemed to have commenced upon the date of the commencement of the Principal Act.

3. Section fourteen of the Principal Act is amended—

Exemptions.

- (a) by omitting from paragraph (l) of sub-section (1.) thereof the word "and"; and
- (b) by inserting after paragraph (l) of sub-section (1.) thereof the following paragraph:—

"(la) the income derived by a person from the working of a mining property in Australia principally for the purpose of obtaining gold, or gold and copper provided that in this case the output of gold shall not be less than forty per centum of the total value of the output of the mine—this exemption shall extend to dividends paid by a company out of such income; and".

4. Section sixteen of the Principal Act is amended—

What is included as income.

- (a) by omitting from paragraph (a) thereof the word "taxpayer" (wherever occurring) and inserting in its stead the word "person";
- (b) by inserting in sub-paragraph (i) of paragraph (a) thereof, after the word "article" (last occurring), the following proviso:—

"Provided that the value adopted in relation to any article of trading stock as the value of that article as at the end of the period in which the income was derived, shall, for the purposes of the assessment of the person's income derived in the next succeeding period, be deemed to be the value of that article as at the commencement of that next succeeding period.";

- (c) by inserting in sub-paragraph (ii) of paragraph (a) thereof, before the words "The cost price in relation", the words "which shall be exercised by notice in writing signed by him and delivered by him at the office of the Commissioner on or before the prescribed date.";
- (d) by inserting after sub-paragraph (ii) of paragraph (a) thereof the following provisos:—

"Provided that the value adopted in relation to any live stock, as the value of that live stock, as at the end of the period in which the income was derived, shall, for the purposes of the assessment of the person's income derived in the next succeeding period, be deemed to be the value of that live stock as at the commencement of the next succeeding period:

"Provided also that any option exercised in pursuance of this sub-paragraph for the purposes of an assessment for the financial year beginning on the first day of July One thousand nine hundred and twenty-four or any

- subsequent year, shall be irrevocable and shall, if the person, in the notice of his option, so requires, apply to the assessment of his income tax for the financial year beginning on the first day of July One thousand nine hundred and twenty-three and shall apply to the assessment of the person's income derived in the period in respect of which the option is exercised and to assessments in respect of all subsequent periods ;” ;
- (e) by omitting from paragraph (aa) thereof the word “ any ” ;
- (f) by omitting from paragraph (aa) thereof the words “ Every notice given by a taxpayer in pursuance of this paragraph shall be irrevocable ; ” and inserting in their stead the words “ The election specified in any notice given in pursuance of this paragraph for the purposes of an assessment for the financial year beginning on the first day of July One thousand nine hundred and twenty-four or any subsequent year shall be irrevocable, and shall, if the owner in the notice of his election so requires, apply to the assessment of his income tax for the financial year beginning on the first day of July One thousand nine hundred and twenty-three and shall apply to the assessment of income derived in the period in respect of which the election is made and to assessments for all subsequent periods. Any live stock acquired by any person by the natural increase of his stock, which natural increase the person has elected to omit from the account required by paragraph (a) of this section, shall not be brought to account until the year in which that natural increase of the live stock so acquired is sold or otherwise disposed of by the person ; ” ;
- (g) by omitting from sub-paragraph (i) of paragraph (b) thereof the words “ capital assets ” and inserting in their stead the words “ assets which were not acquired for the purpose of re-sale at a profit ” ;
- (h) by omitting sub-paragraph (ii) of paragraph (b) thereof and inserting in its stead the following sub-paragraph :—
- “(ii) the paid-up value of shares distributed by a company to its members or shareholders to the extent to which the paid-up value represents the capitalization of the whole or any part of the profits of the company, derived subsequent to the first day of July One thousand nine hundred and fourteen, except profits—
- (1) arising from the revaluation or sale of assets which were not acquired for the purpose of resale at a profit ;
  - (2) upon which the company has paid or is liable to pay income tax for any financial year prior to the financial year commencing on the first day of July One thousand nine hundred and twenty-three ;

- (3) to an extent not exceeding one-third of the profits derived by the company during the financial year commencing on the first day of July One thousand nine hundred and twenty-two or during an accounting period substituted therefor by the Commissioner under section thirty-two of this Act or in any subsequent financial year or accounting period, and in respect of which the company is not required by the Commissioner to pay (or if so required has paid or pays) tax or additional tax under section twenty-one of this Act; or
- (4) not subject to income tax.”;
- (i) by inserting in sub-paragraph (iii) of paragraph (b) thereof, after the word “shall” (first occurring), the words “, where the shareholder is not a company,”;
- (j) by omitting from sub-paragraph (iii) of paragraph (b) thereof the word “exceeds” (second occurring), and inserting in its stead the words “is not less than”;
- (k) by omitting from paragraph (d) thereof all the words after the words “leasehold estates”;
- (l) by inserting at the end of paragraph (f) thereof the word “and”;
- (m) by omitting from paragraph (g) thereof the word “and” (last occurring); and
- (n) by omitting paragraph (h) thereof.

5. Section seventeen of the Principal Act is amended—

- (a) by omitting sub-sections (1.) and (2.) thereof and inserting in their stead the following sub-sections:—

Income arising  
from sale of  
trading stock.

“(1.) The proceeds derived from the sale of the whole or part of the trading stock of any business after the thirtieth day of June One thousand nine hundred and twenty-one (whether on the sale of a business as a going concern or in any other manner for the purpose of discontinuing the business) shall be assessable income.

“(2.) Where any trading stock of a business is sold either together with or separately from other assets of the business, the consideration for the sale which is attributable to the trading stock shall be determined by the Commissioner and the amount so determined shall be deemed to be the price paid by the purchaser for the trading stock.”;

- (b) by omitting from paragraph (a) of sub-section (4.) thereof, the words “are ordinarily used”, and inserting in their stead the words “were ordinarily used by the vendor”; and

- (c) by inserting at the end of sub-section (4.) thereof the following proviso :—

“ Provided that, where by virtue of paragraph (a) of this sub-section, the proceeds of the sale or assumed realization of any live stock are excluded from assessable income, then, notwithstanding anything contained in section sixteen or section twenty-three of this Act, no deduction shall be allowed on account of that live stock.”.

Rebates in cases of double and treble taxation.

6. Section eighteen of the Principal Act is amended by inserting after sub-section (2.) thereof the following sub-section :—

“(2A.) In this section, a reference to a State shall be read as including a reference to a Territory which is part of the Commonwealth.”.

Taxation of company where distribution not reasonable.

7. Section twenty-one of the Principal Act is amended by omitting sub-section (2.) thereof and inserting in its stead the following sub-sections :—

“(2.) The Commissioner shall assess the tax and the additional tax, if any, which would have been payable by the shareholders if the sum or further sum determined by the Commissioner in accordance with sub-section (1.) of this section had been distributed to them in proportion to their interests in the paid-up capital of the company :

Provided that, where any person (other than a company, trustee or partnership) otherwise than as a shareholder of the company would (if there had been successive distributions of the relevant parts of the sum or further sum determined by the Commissioner to and by each company, trustee and partnership interposed between that person and the company in respect of which the determination is made) have received a part of that sum or further sum, the Commissioner may, if he thinks fit, also assess the tax and the additional tax, if any, which would have been payable by that person if those distributions had been made.

“(2A.) The company shall pay to the Commissioner the amount of the tax and additional tax assessed under the last preceding sub-section.”

Deductions.

8. Section twenty-three of the Principal Act is amended—

- (a) by inserting in paragraph (b) of sub-section (1.) thereof, after the word “taxes” (first occurring), the words “for which the taxpayer is personally liable” ;
- (b) by inserting in paragraph (b) of sub-section (1.) thereof, after the word “Act”, the words “or any war-time profits tax” ;
- (c) by omitting paragraph (e) of sub-section (1.) thereof and inserting in its stead the following paragraph :—

“(e) (i) such sum as the Commissioner thinks just and reasonable as representing the diminution in value per centum by

wear and tear during the year in which the income was derived of any machinery, implements, utensils, rolling-stock and articles (including beasts of burden and working beasts) used by the taxpayer for the purpose of producing income; such wear and tear not being of a kind that may be made good by repairs; or, at the option of the taxpayer,

- (ii) such sum as the Commissioner thinks just and reasonable as representing the diminution in value during the year in which the income was derived of any machinery, implements, utensils, rolling-stock and articles used by the taxpayer for the purpose of producing income :

Provided that the following conditions shall apply in relation to the deduction of sums under sub-paragraph (i) or (ii) of this paragraph :—

- (1.) Where a deduction has been allowed under paragraph (d) of this section, the Commissioner shall take into consideration the sum allowed under that paragraph in determining the sum to be allowed under this paragraph.
- (2.) In any case in which any machinery, implements, utensils, rolling-stock and articles (including beasts of burden and working beasts) are acquired from one person by another person for valuable consideration of a value in excess of the value to which the cost price of the machinery, implements, utensils, rolling-stock and articles (including beasts of burden and working beasts) had been reduced by the amount of the deduction for depreciation allowed by the Commissioner under this paragraph, the person acquiring the machinery, implements, utensils, rolling-stock and articles (including beasts of burden and working beasts) shall not be entitled to any greater deduction under this paragraph than that which would have been allowed to the person from whom they were acquired if he had retained them. Where, however, the Commissioner is satisfied that the circumstances are such that a deduction under this paragraph based upon the actual amount of the consideration given should be allowed, the deduction calculated on that basis may be allowed ; and

the following conditions shall apply in relation to the deduction of sums under sub-paragraph (ii) of this paragraph :—

- (3.) Where a deduction has been allowed as provided in sub-paragraph (ii) of this paragraph, all subsequent deductions in respect of depreciation in the assessment of the taxpayer shall continue to be calculated in the manner provided by that sub-paragraph, unless the consent of the Commissioner to an alteration in the method is first obtained ;
- (4.) In ascertaining the sum to be allowed under sub-paragraph (ii) of this paragraph the Commissioner shall determine the estimated remaining life of the machine, implement, utensil, rolling-stock or article, and shall, subject to condition (5.) of this paragraph, allow as a deduction in each year of the estimated remaining life of the machine, implement, utensil, rolling-stock or article (whether in use by the taxpayer or not) the sum obtained by dividing the cost of the machine, implement, utensil, rolling-stock or article by the number of years of its estimated total life ;
- (5.) Where a person, from whose assessable income a deduction has been made to which condition (4.) of this paragraph applies, sells or otherwise disposes of the machine, implement, utensil, rolling-stock or article in respect of the depreciation of which the deduction was made, there shall be deducted from his assessable income of the year in which the sale or disposal is effected the amount (if any) by which the sale price is less than the depreciated value of the machine, implement, utensil, rolling-stock or article at the time of sale as determined in accordance with condition (4.). If the sale price exceeds the depreciated value, the amount of the excess, to the extent of the total sum of the amounts allowed by the Commissioner in any previous assessments in respect of the depreciation of the machine, implement, utensil, rolling-stock or article, shall be brought to account as income of that year ;

- (6.) The estimated life of the machine, implement, utensil, rolling-stock or article shall be its reasonably effective life, assuming it is maintained in good order and condition ;
- (7.) If no separate value is allocated to a machine, implement, utensil, rolling-stock or article when sold with other assets, or, if a machine, implement, utensil, rolling-stock or article is disposed of otherwise than by sale, the Commissioner may determine the amount which shall, for the purposes of condition (5.) of this paragraph, be deemed to be the selling price of that machine, implement, utensil, rolling-stock or article so sold or disposed of ;” ;
- (d) by omitting the proviso to paragraph (f) of sub-section (1.) thereof ;
- (e) by omitting paragraph (m) of sub-section (1.) thereof ;
- (f) by inserting after paragraph (n) of sub-section (1.) thereof the following paragraphs :—
  - “(o) such part of the assessable income of a taxpayer whose taxable income does not exceed Nine hundred pounds—
    - (i) as is paid by him to any legally qualified medical practitioner, public or private hospital, nurse or chemist in respect of any illness of, or operation upon the taxpayer or his wife or any of his children under the age of twenty-one years ; and
    - (ii) not exceeding in the aggregate the sum of Twenty pounds as is paid by him to any undertaker for funeral and burial expenses arising out of the death of the wife of the taxpayer or of any of his children under the age of twenty-one years ; and
  - “(p) so much of the assessable income as the Commissioner is satisfied has been donated by the taxpayer for research into the causes, prevention or cure of disease in human beings, animals or plants, to any authority which the Commissioner is satisfied is a public authority engaged in such research.” ; and
- (g) by inserting after sub-section (1.) thereof the following sub-section :—
  - “(1A). Notwithstanding anything contained in paragraph (a) of the last preceding sub-section, any person who is liable to render a return of income for the purposes of this Act,



and who proves to the satisfaction of the Commissioner that—

(a) he is carrying on agricultural or pastoral pursuits in a district which is subject to the ravages of animal pests; and

(b) that he has expended money for, or entered into a contract or undertaking with the Government, or an authority, of a State for, the purchase of wire netting for use in the construction of a wire netting fence to prevent animal pests entering upon the land used by him in the production of assessable income,

shall be entitled to a deduction—

(c) in the assessment of the income derived by him in the year in which he places the wire netting in position on the fence, of such sum as the Commissioner is satisfied has been expended by the person in the purchase of the wire netting so placed and in placing it in position on the fence; or

(d) in the case of a person who purchased the wire netting under a contract or undertaking with the Government, or an authority, of a State—of the amount paid by him, in respect of that wire netting, in the year in which the income is derived, as purchase money or interest thereon and the amount (if any) expended by him in that year in placing the wire netting in position on the fence.”

Special deduction.

9. Section twenty-four of the Principal Act is amended by omitting from sub-section (1.) thereof the word “Two” (wherever occurring) and inserting in its stead the word “Three”.

Deductions to be allowed in certain cases.

10. Section twenty-five of the Principal Act is amended by inserting at the end of the proviso to paragraph (i) thereof the words “This proviso shall not apply to any lease from the Commonwealth or a State being a perpetual lease without revaluation or a lease from the Commonwealth or a State with a right of purchase”.

Persons to furnish returns.

11. Section thirty-two of the Principal Act is amended by omitting from paragraph (a) of sub-section (1.) thereof the word “Two” and inserting in its stead the word “Three”.

Date of payment of tax.

12. Section fifty-four of the Principal Act is amended by omitting therefrom the word “thirty” (wherever occurring) and inserting in its stead the word “sixty”.

**13. Section fifty-nine of the Principal Act is amended—**

Liquidator to give notice.

- (a) by omitting from sub-section (1.) thereof the word "becomes" and inserting in its stead the words "then is or will there-after become";
- (b) by inserting in sub-section (2.) thereof, after the word "Commissioner", the words "within the time specified in the last preceding sub-section"; and
- (c) by inserting in sub-section (2.) thereof, after the word "that" the words "then is or thereafter".

**14. Section ninety one of the Principal Act is repealed.**

Repeal of section 91.

**15. After section ninety-three of the Principal Act the following section is inserted :—**

"93A. Where under any contract agreement or arrangement made or entered into in writing or verbally, either before or after the commencement of this Act, a person assigns, conveys, transfers or disposes of an income-producing asset on terms and conditions which include the payment for the assignment, conveyance, transfer or disposal of the asset by periodical payments which, in the opinion of the Commissioner, are really in the nature of income of the person assigning, conveying, transferring or disposing of the asset, that person shall be assessed to pay income tax upon those periodical payments."

Assessment of income tax on payment for transfer, &amp;c., of income-producing asset.

**16.—(1.) Section ninety-five of the Principal Act is amended by inserting after sub-section (2.) thereof the following sub-sections :—**

Release of taxpayers in cases of hardship.

"(3.) In every case in which the amount of tax from which the taxpayer applies to be released is not less than Five hundred pounds, the Board shall, and in any case in which the amount of tax from which the taxpayer applies to be released is less than Five hundred pounds, the Board may refer the application to a member of a Board of Appeal constituted under this Act and shall notify the taxpayer in writing of its having done so.

"(4.) The member of the Board of Appeal who shall have jurisdiction to deal with applications referred under this section shall, at the discretion of the Chairman of that Board, be the Chairman or such other member as he authorizes in writing to deal with the application.

"(5.) The taxpayer may appear before the member of the Board of Appeal, or the member of the Board of Appeal may require the taxpayer to appear before him, either in person or by a representative, and the member of the Board of Appeal may examine the taxpayer or his representative upon oath concerning any statements which the taxpayer has, or desires to have, placed before the Board constituted by this section.

“(6.) The member of the Board of Appeal shall be assisted in his examination of the taxpayer by an officer of the Department of Taxation who is a qualified accountant.

“(7.) The member of the Board of Appeal may permit the taxpayer to be assisted at the examination by such persons as the member of the Board of Appeal considers the circumstances justify.

“(8.) A record shall be made of the information elicited by the member of the Board of Appeal during his examination.

“(9.) The member of the Board shall submit a report to the Board constituted by this section upon the facts disclosed by his examination and shall draw the attention of that Board to any facts which in his opinion have particular bearing upon the taxpayer's application for release from tax. The report shall be accompanied by the record mentioned in sub-section (8.) of this section.”

(2.) This section shall commence upon the date upon which this Act receives the Royal Assent.

Application  
and  
commencement  
of Act.

**17.—**(1.) The amendments effected by paragraphs (a) to (g) (inclusive) of section four, by section five, and by paragraphs (a) and (b) of section eight of this Act shall apply to assessments for the financial year beginning on the first day of July One thousand nine hundred and twenty-two, and all subsequent years.

(2.) The amendments effected by paragraphs (l), (m) and (n) of section four, and by section fourteen of this Act shall not commence until a date to be fixed by Proclamation.

(3.) The amendment effected by section twelve of this Act shall apply to all assessments made after the commencement of this Act.

(4.) All the amendments effected by this Act (except those effected by sections two and sixteen), other than those specified in the last three preceding sub-sections, shall apply to assessments for the financial year beginning on the first day of July One thousand nine hundred and twenty-four, and all subsequent years.

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