

# INCOME TAX AND SOCIAL SERVICES CONTRIBUTION ASSESSMENT.

No. 46 of 1964.

An Act relating to the Taxation of the Incomes of certain Prospecting and Mining Companies and of Shareholders in those Companies.

[Assented to 28th May, 1964.]

**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.—(1.) This Act may be cited as the *Income Tax and Social Services Contribution Assessment Act 1964*. Short title and citation.

(2.) The *Income Tax and Social Services Contribution Assessment Act 1936–1963\** 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 and Social Services Contribution Assessment Act 1936–1964*.

2. This Act shall come into operation on the day on which it receives the Royal Assent. Commencement.

3. Section forty-four of the Principal Act is amended by inserting after sub-section (2B.) the following sub-section:— Dividends.

“(2C.) Where—

(a) a company has duly lodged a declaration under sub-section (3.) of section seventy-seven AA of this Act specifying moneys paid on shares in the company and declaring that the company has expended, or proposes to expend, those moneys upon mining or prospecting outgoings as defined by sub-section (1.) of that section;

(b) the Commissioner is satisfied that any of the moneys specified in the declaration were expended upon mining or prospecting outgoings, as so defined, incurred in relation to a particular area in Australia or in the Territory of Papua and New Guinea;

\* Act No. 27, 1936, as amended by No. 88, 1936; No. 5, 1937; No. 46, 1938; No. 30, 1939; Nos. 17 and 65, 1940; Nos. 58 and 69, 1941; Nos. 22 and 50, 1942; No. 10, 1943; Nos. 3 and 28, 1944; Nos. 4 and 37, 1945; No. 6, 1946; Nos. 11 and 63, 1947; No. 44, 1948; No. 66, 1949; No. 48, 1950; No. 44, 1951; Nos. 4, 28 and 90, 1952; Nos. 1, 28, 45 and 81, 1953; No. 43, 1954; Nos. 18 and 62, 1955; Nos. 25, 30 and 101, 1956; Nos. 39 and 65, 1957; No. 55, 1958; Nos. 12, 70 and 85, 1959; Nos. 17, 18, 58 and 108, 1960; Nos. 17, 27 and 94, 1961; Nos. 39 and 98, 1962; and Nos. 34 and 69, 1963.

- (c) since the incurring of that expenditure, the company has sold, transferred or assigned rights to mine in that area; and
- (d) income derived by the company from the sale, transfer or assignment is exempt from income tax by reason of paragraph (p) of section twenty-three of this Act, the amount of that income shall, for the purposes of paragraph (a) of sub-section (2.) of this section, be deemed to be reduced by an amount equal to the amount of the moneys specified in the declaration as to which the Commissioner is so satisfied.”.

**Moneys paid on shares for the purposes of petroleum exploration.**

4. Section seventy-seven A of the Principal Act is amended—
- (a) by inserting after sub-section (17.) the following sub-sections:—

“(17A.) Where the Commissioner is satisfied that any moneys that have been specified in a declaration lodged by a company under sub-section (3.) or sub-section (6.) of this section were paid by a person in pursuance of an agreement or arrangement made in connexion with the purchase by the company or by another company of a petroleum prospecting or mining right, petroleum prospecting or mining information or shares in a company holding such a right or possessing such information, the Commissioner may inform the company, by notice in writing given for the purposes of this sub-section, that he is so satisfied and, upon the company being so informed—

- (a) a deduction in respect of the amount of the moneys shall not be allowable, and shall be deemed not to have been allowable, under sub-section (4.) or sub-section (10.) of this section from assessable income derived by the person; and

- (b) the declaration shall, for the purposes of Division 10AA of this Part, be deemed not to have specified the moneys.

“(17B.) For the purposes of the last preceding sub-section, every company that beneficially owns shares in a company that holds a petroleum prospecting or mining right or possesses petroleum prospecting or mining information (including a company that is, by virtue of any application or applications of this sub-section, deemed to hold a petroleum prospecting or mining right or to possess petroleum prospecting or mining information) shall be deemed to hold that right or possess that information, as the case may be.”; and

- (b) by omitting from sub-section (18.) the words "One thousand nine hundred and sixty-four" and inserting in their stead the words "One thousand nine hundred and sixty-seven".

5. Section seventy-seven AA of the Principal Act is amended—

- (a) by inserting after the definition of "mining company" in sub-section (1.) the following definition:—

Moneys paid on shares for the purposes of certain mining or prospecting.

" 'mining or prospecting information' means geological, geophysical or technical information, being information that relates to the presence, absence or extent of deposits of prescribed minerals in an area or is likely to be of assistance in determining the presence, absence or extent of such deposits in an area, and has been obtained from mining or prospecting for prescribed minerals;";

- (b) by adding at the end of the definition of "mining or prospecting outgoings" in sub-section (1.) the words " , but does not include expenditure of the company in the acquisition of a mining or prospecting right or mining or prospecting information ";

- (c) by inserting after the definition of "mining or prospecting outgoings" in sub-section (1.) the following definition:—

" 'mining or prospecting right' means an authority, licence, permit or right to mine or prospect for prescribed minerals in a particular area in Australia, or a lease of land in Australia by virtue of which the lessee is entitled to mine or prospect for prescribed minerals on the land, and includes an interest in such an authority, licence, permit, right or lease; ";

- (d) by inserting after sub-section (8.) the following sub-sections:—

" (8A.) Where the Commissioner is satisfied that any moneys that have been specified in a declaration lodged by a company under sub-section (3.) of this section were paid by a person in pursuance of an agreement or arrangement made in connexion with the purchase by the company or by another company of a mining or prospecting right, mining or prospecting information or shares in a company holding such a right or possessing such information, the Commissioner may inform the company, by notice in

writing given for the purposes of this sub-section, that he is so satisfied and, upon the company being so informed, a deduction in respect of the amount of the moneys shall not be allowable, and shall be deemed not to have been allowable, under sub-section (4.) of this section from assessable income derived by the person.

“ (8B.) For the purposes of the last preceding sub-section, every company that beneficially owns shares in a company that holds a mining or prospecting right or possesses mining or prospecting information (including a company that is, by virtue of any application or applications of this sub-section, deemed to hold a mining or prospecting right or to possess mining or prospecting information) shall be deemed to hold that right or possess that information, as the case may be.”; and

(e) by omitting from sub-section (9.) the words “ One thousand nine hundred and sixty-four ” and inserting in their stead the words “ One thousand nine hundred and sixty-seven ”.

Reduction of certain allowable deductions.

6. Section one hundred and twenty-four DA of the Principal Act is amended by inserting in sub-section (3.), after the words “ under sub-section (5.) ” the words “ or sub-section (8A.) ”.

Amendment of assessments.

7. Section one hundred and seventy of the Principal Act is amended by omitting from sub-section (10.) the words “ sub-section (5.) of section seventy-seven AA ” and inserting in their stead the words “ section seventy-seven AA ”.

Application of amendments.

8.—(1.) The amendment made by section three of this Act applies to assessments in respect of income of the year of income that commences on the first day of July, One thousand nine hundred and sixty-four, and in respect of income of all subsequent years of income.

(2.) The amendments made by paragraph (a) of section four, paragraphs (a), (b), (c) and (d) of section five and sections six and seven of this Act apply in relation to moneys paid on shares after the commencement of this Act.

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