

# INCOME TAX AND SOCIAL SERVICES CONTRIBUTION ASSESSMENT (NO. 3).

No. 90 of 1952.

An Act to amend the *Income Tax and Social Services Contribution Assessment Act 1936-1951*, as amended by the *Income Tax and Social Services Contribution Assessment Act 1952* and by the *Income Tax and Social Services Contribution Assessment Act (No. 2) 1952*, and for other purposes.

[Assented to 18th November, 1952.]

BE 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 (No. 3) 1952*. Short title  
and citation.

(2.) The *Income Tax and Social Services Contribution Assessment Act 1936-1951*\* , as amended by the *Income Tax and Social Services Contribution Assessment Act 1952*† and by the *Income Tax and Social Services Contribution Assessment Act (No. 2) 1952*‡, is in this Act referred to as the Principal Act.

\* 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; and No. 44, 1951.

† Act No. 4, 1952.

‡ Act No. 28, 1952.

No. 90. *Income Tax and Social Services Contribution Assessment (No. 3).* 1952.

(3.) Section one of the *Income Tax and Social Services Contribution Assessment Act (No. 2)* 1952 is amended by omitting sub-section (4.).

(4.) The Principal Act, as amended by this Act, may be cited as the *Income Tax and Social Services Contribution Assessment Act 1936-1952*.

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

Officers to observe secrecy. 3. Section sixteen of the Principal Act is amended by omitting paragraph (g) of sub-section (4.) and inserting in its stead the following paragraph :—

“(g) the Commissioner for Employees’ Compensation, holding office under the *Commonwealth Employees’ Compensation Act 1930-1951*, for the purpose of the administration of that Act ;”.

Exemptions. 4. Section twenty-three of the Principal Act is amended—

(a) by inserting after paragraph (e) the following paragraph :—

“(ea) the income of a public hospital, or of a hospital which is carried on by a society or association otherwise than for the purposes of profit or gain to the individual members of that society or association ;” ;

(b) by omitting paragraph (g) and inserting in its stead the following paragraph :—

“(g) subject to Division 9A of this Part, the income of a society, association or club which is not carried on for the purposes of profit or gain to its individual members and is—

(i) a friendly society ;

(ii) a society, association or club established for musical purposes, or for the encouragement of music, art, science or literature ; or

(iii) a society, association or club established for the encouragement or promotion of an athletic game or athletic sport in which human beings are the sole participants ;” ;

(c) by inserting after paragraph (j) the following paragraph :—

“(ja) the income of a provident, benefit, superannuation or retirement fund (not being a fund established for the benefit of employees) where—

(i) the number of persons entitled to receive present or future benefits from the fund (otherwise than as dependants of members) is not less than twenty at any time during the year of income ; and

(ii) the terms and conditions applicable to the fund at the time when the income was derived have been approved by the Commissioner, having regard to the classes of persons who are eligible for membership, the reasonableness of the benefits provided for, the amount of the fund in relation to those benefits and such other matters as the Commissioner thinks fit ; ” ; and

(d) by omitting paragraph (m).

5. After section twenty-three c of the Principal Act the following section is inserted :—

“ 23D.—(1.) This section applies where, before the end of the year of income that ends on the thirtieth day of June, One thousand nine hundred and sixty—

Exemption of income from mining for uranium.

(a) a taxpayer being—

(i) a company that is a resident and in which not less than three-quarters of the voting power is controlled directly or indirectly by persons, other than companies, who are residents ; or

(ii) any other person who is a resident, derives income from the working of a mining property in Australia or in the Territory of New Guinea for the purpose of obtaining uranium-bearing ore ; and

(b) the Commissioner is satisfied that all uranium recoverable from ore obtained from the mining property in the year of income is or will become (either before or after recovery) the property of the Commonwealth or has been or will be (whether before or after recovery) sold or disposed of to a person approved by the Commonwealth.

“(2.) So much of the income referred to in the last preceding sub-section as, in the opinion of the Commissioner, is attributable to uranium, shall be exempt from income tax.

“(3.) Where a taxpayer carries on mining operations on a mining property partly for the purpose of gaining or producing income that is exempt under this section and partly for the purpose of gaining or producing assessable income, the taxpayer is entitled to such part only as the Commissioner considers just of the deductions allowable, but for this section, in relation to those operations.”.

Disposal of  
trading stock.

6.—(1.) Section thirty-six of the Principal Act is amended—

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

“(1.) Subject to this section, where—

(a) a taxpayer disposes by sale, gift, or otherwise of property being trading stock, standing or growing crops, crop-stools, or trees which have been planted and tended for the purpose of sale;

(b) that property constitutes or constituted the whole or part of the assets of a business which is or was carried on by the taxpayer; and

(c) the disposal was not in the ordinary course of carrying on that business,

the value of that property shall be included in the assessable income of the taxpayer, and the person acquiring that property shall be deemed to have purchased it at a price equal to that value.”;

(b) by omitting sub-section (3.) and inserting in its stead the following sub-sections:—

“(3.) Where, in consequence of—

(a) the acquisition or resumption of land under the provisions of an Act or State Act or Ordinance of a Territory of the Commonwealth that contains provisions for the compulsory acquisition or resumption of land; or

(b) the loss or destruction of pastures or fodder by reason of fire, drought or flood,

a taxpayer, in a year of income, disposes, by sale or otherwise, of live stock being assets of a business of primary production carried on by him in Australia, the taxpayer may elect that his assessable income of that year shall be reduced by an amount equal to four-fifths of the profit on the disposal of that live stock.

“(3A.) Subject to the next succeeding sub-section, where a taxpayer has made an election under the last preceding sub-section—

- (a) his assessable income of the year to which the election relates shall be reduced by an amount equal to four-fifths of the profit on the disposal of the live stock ; and
- (b) there shall be included in his assessable income of each of the next four succeeding years an amount equal to one-fifth of that profit, and the amount so included in the assessable income of any year shall, for all purposes of this Act, be deemed to be assessable income derived by the taxpayer during that year from the carrying on by him in Australia, during that year, of a business of primary production.

“(3B.) Where the disposal is in consequence of the loss or destruction of pastures or fodder by reason of fire, drought or flood, the last preceding sub-section applies only if the taxpayer establishes to the satisfaction of the Commissioner that the proceeds (if any) of the disposal have been or will be applied by the taxpayer wholly or principally to the purchase of live stock in replacement of the live stock disposed of.” ; and

- (c) by omitting from sub-section (4.) the words “the last preceding sub-section” and inserting in their stead the words “sub-section (3.) of this section”.

(2.) Notwithstanding anything contained in sub-section (7.) of section thirty-six of the *Income Tax and Social Services Contribution Assessment Act 1936-1952*, an election in relation to live stock disposed of, during the year of income that ended on the thirtieth day of June, One thousand nine hundred and fifty-two, in consequence of the loss or destruction of pastures or fodder by reason of fire, drought or flood, may be lodged with the Commissioner on or before the thirty-first day of December, One thousand nine hundred and fifty-two, or on or before such later date as the Commissioner determines.

7.—(1.) After section thirty-six of the Principal Act the following section is inserted :—

“36A.—(1.) Where, for any reason, including—

- (a) the formation or dissolution of a partnership ; or

Disposal on  
change of  
ownership or  
interests.

(b) a variation in the constitution of a partnership, or in the interests of the partners,

a change has occurred in the ownership of, or in the interests of persons in, property constituting the whole or part of the assets of a business and being trading stock, standing or growing crops, crop-stools, or trees which have been planted and tended for the purpose of sale, and the person, or one or more of the persons, who owned the property before the change has or have an interest in the property after the change, the last preceding section applies as if the person or persons who owned the property before the change had, on the day on which the change occurred, disposed of the whole of the property to the person, or all the persons, by whom the property is owned after the change.

“(2.) Where—

(a) property in relation to which the last preceding sub-section applies has become, upon the change in ownership or interests, an asset of a business carried on by the person or persons by whom the property is owned after the change ;

(b) the person or persons by whom the property was owned before the change holds or hold, after the change, an interest or interests in the property of a value equal to not less than one-quarter of the value of the property ; and

(c) the person or persons by whom the property was owned before the change together with the person or persons by whom the property is owned after the change give notice to the Commissioner, in accordance with this section, that they have agreed that this sub-section shall apply in respect of the property,

the value of the property, for the purposes of the last preceding section, shall be, instead of the value specified in paragraph (a) of sub-section (8.) of that section, the value (if any) that would have been taken into account at the end of the year of income if no disposal had taken place and the year of income had ended on the date of the change.

“(3.) A notice in pursuance of the last preceding sub-section shall be in writing, signed by all the persons giving it, and lodged with the Commissioner on or before the thirty-first day of August next succeeding the end of the financial year in which the change in ownership or interests occurred or on or before such later date as the Commissioner determines.

“(4.) Where sub-section (1.) of this section applies in relation to property in consequence of the death of a member of a partnership, the persons by whom a notice in pursuance of sub-section (2.) of this section may be given shall include, in lieu of the deceased person, the trustee of his estate and the beneficiaries (if any) who are liable to be assessed in respect of the whole or a share in the income of the business of which the property becomes an asset.”.

(2.) Notwithstanding anything contained in the section inserted in the Principal Act by this section, a notice under the section so inserted in relation to a change in ownership or interests that occurred during the year of income that commenced on the first day of July, One thousand nine hundred and fifty, or the next succeeding year of income, may be lodged with the Commissioner on or before the thirty-first day of August, One thousand nine hundred and fifty-three, or on or before such later date as the Commissioner determines.

(3.) Where a notice is given in accordance with the last preceding sub-section, nothing in section one hundred and seventy of the *Income Tax and Social Services Contribution Assessment Act 1936-1952* prevents the amendment of an assessment, at any time, for the purpose of giving effect to sub-section (2.) of the section inserted in the Principal Act by this section.

(4.) Where—

(a) a change in the ownership of, or in the interests of persons in, property, being a change in relation to which the section inserted in the Principal Act by this section applies, occurred on or after—

(i) the first day of July, One thousand nine hundred and fifty-one ; or

(ii) if the person or persons who owned the property before the change adopted an accounting period in lieu of the year of income that commenced on that date—the first day of that accounting period, or the fifth day of November, One thousand nine hundred and fifty-one, whichever is the earlier,

and not later than the eighteenth day of September, One thousand nine hundred and fifty-two ; and

(b) the Commissioner is satisfied that the property became, upon the change, an asset of a business carried on by a *bona fide* partnership of the persons by whom the property was owned after the change,

sub-section (2.) of the first-mentioned section applies in relation to that change as if the reference in paragraph (b) of that sub-section to

one-quarter of the value of the property were a reference to such smaller proportion of that value as the Commissioner considers reasonable having regard to the number of partners and the circumstances in which the change occurred.

Devolution on death.

8. Section thirty-seven of the Principal Act is amended—

(a) by omitting from sub-section (1.) the words “ or crop-stools ” and inserting in their stead the words “ crop-stools, or trees which have been planted and tended for the purpose of sale ” ; and

(b) by omitting from sub-section (2.) all the words preceding the proviso and inserting in their stead the following words :—

“ For the purpose of the last preceding sub-section, the value of the property is the amount which, under section thirty-six of this Act, would have been included in respect of that property in the assessable income of the deceased person if he had not died but had disposed of the property, otherwise than in the ordinary course of his business, on the day of his death : ”.

9. After section fifty-seven AA of the Principal Act the following section is inserted :—

Depreciation on property used for primary production in the Northern Territory.

“ 57AB.—(1.) This section applies to units of property which are units in respect of which depreciation is allowable to the taxpayer under section fifty-four of this Act and—

(a) being structural improvements—

(i) are situated on land in the Northern Territory of Australia used during the year of income for the purposes of agricultural or pastoral pursuits ; and

(ii) have been or are completed after the thirtieth day of June, One thousand nine hundred and fifty-two ; or

(b) not being structural improvements—

(i) are, during the year of income, used for the purposes of agricultural or pastoral pursuits in the Northern Territory of Australia or installed ready for use for those purposes ; and

(ii) have been or are first used by the taxpayer for the purpose of producing assessable income, or were or are first installed ready for use for that purpose, after the thirtieth day of June, One thousand nine hundred and fifty-two,

but does not apply to motor vehicles designed primarily and principally for the transport of persons.



“(2.) Notwithstanding anything contained in sections fifty-five, fifty-six, fifty-seven and fifty-seven AA of this Act, in the case of a unit of property to which this section applies, the depreciation allowable under this Act shall be ascertained in accordance with this section.

“(3.) Subject to this section—

- (a) the annual depreciation shall be twenty per centum of the cost of the unit ;
- (b) the deductions for depreciation shall commence to be allowed in the assessment of the taxpayer upon his income of the year of income during which the unit is first used for the purpose of producing assessable income, or is first installed ready for use for that purpose ; and
- (c) no such deduction shall be allowed in the assessment of the taxpayer upon his income of a year of income after the fourth year of income succeeding that year.

“(4.) In respect of a structural improvement to which this section applies (not being a structural improvement to which section twenty-two of the *Income Tax and Social Services Contribution Assessment Act (No. 3) 1952* applies), the taxpayer may elect that, instead of an annual deduction for depreciation of twenty per centum of the cost of that unit, the whole of that cost shall be allowed as a deduction for depreciation in the year of income in which the improvement is completed.

“(5.) An election in pursuance of the last preceding sub-section shall be made in writing and lodged with the Commissioner on or before the date of lodgment of the return of income of the taxpayer for the year of income in which the improvement is completed, or on or before such later date as the Commissioner determines.

“(6.) In relation to a structural improvement in respect of which a taxpayer has made an election in pursuance of sub-section (4.) of this section—

- (a) sub-section (3.) of this section does not apply ;
- (b) the deduction allowable shall be the cost of that unit ; and
- (c) the deduction shall be allowed only in the assessment of the taxpayer upon his income of the year of income during which the structural improvement was completed.

“(7.) The provisions of sub-section (3.) of section fifty-six of this Act apply in ascertaining the cost of a unit of property for the purposes of this section.”.

10.—(1.) After section fifty-nine of the Principal Act the following section is inserted :—

Disposal of  
depreciated  
property on  
change of  
ownership or  
interest.

“ 59AA. Where, for any reason, including—

- (a) the formation or dissolution of a partnership ; or
- (b) a variation in the constitution of a partnership, or in the interests of the partners,

a change has occurred in the ownership of, or in the interests of persons in, property in respect of which depreciation has been allowed or is allowable under this Act or the previous Act, and the person, or one or more of the persons, who owned the property before the change has or have an interest in the property after the change, the provisions of this Act relating to depreciation apply as if the person or persons who owned the property before the change had, on the day on which the change occurred, disposed of the whole of the property to the person, or all the persons, by whom the property is owned after the change for a consideration equal to the amount specified in the agreement in consequence of which the change occurred as the value of the property for the purposes of that agreement, or, if there is no such agreement or no amount is so specified, an amount determined by the Commissioner.”.

(2.) Notwithstanding anything contained in the section inserted by the last preceding sub-section, where that section applies by reason of a change in ownership of, or interests in, property during the year of income that commenced on the first day of July, One thousand nine hundred and fifty, or during either of the next two succeeding years of income, the person or persons who owned the property before the change together with the person or persons who own the property after the change may, if an amount was not specified as the value of the property in an agreement in consequence of which the change occurred, give notice to the Commissioner that they elect that an amount specified in the notice shall be deemed to be the consideration in respect of that property.

(3.) A notice in pursuance of the last preceding sub-section shall be in writing, signed by all the persons giving it, and lodged with the Commissioner on or before the thirty-first day of August, One thousand nine hundred and fifty-three, or on or before such later date as the Commissioner determines.

(4.) Where a notice is given in pursuance of sub-section (2.) of this section, if the Commissioner is satisfied that the amount specified in the notice is not inconsistent with the terms of an agreement in consequence of which the change in ownership or interests occurred, the amount so specified shall, for the purposes of section fifty-nine AA

of the *Income Tax and Social Services Contribution Assessment Act 1936-1952*, be deemed to have been specified in such an agreement as the value of the property for the purposes of the agreement.

(5.) Where a notice is given in pursuance of sub-section (2.) of this section, nothing in section one hundred and seventy of the *Income Tax and Social Services Contribution Assessment Act 1936-1952* prevents the amendment of an assessment, at any time, for the purpose of giving effect to section fifty-nine AA of that Act, as affected by the last preceding sub-section.

**11.** Section sixty-six of the Principal Act is amended—

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

Contributions  
to fund for  
benefit of  
employees of  
taxpayer.

“(1.) Where a taxpayer, for the purpose of making provision for individual personal benefits, pensions or retiring allowances for, or for dependants of, employees of the taxpayer, being or including employees engaged in producing his assessable income, sets apart or pays in the year of income a sum as or to a fund from which such benefits, pensions or allowances are to be provided, and the rights of the employees or dependants to receive the benefits, pensions or allowances are fully secured, an amount ascertained in accordance with the provisions of this section shall be an allowable deduction.

“(2.) For the purposes of this section, the Commissioner shall determine, in respect of each sum so set apart or paid—

- (a) the number of employees employed during the year of income who, or whose dependants, were eligible, or might become eligible, to receive benefits, pensions or retiring allowances from the fund ;
- (b) the part, if any, of the sum so set apart or paid that is attributable to the provision of benefits, pensions or retiring allowances for, or for dependants of, employees other than employees engaged during the year of income in producing assessable income of the taxpayer ;
- (c) where the taxpayer is a private company within the meaning of Division 7 of this Part, and a part of the sum so set apart or paid is attributable to the provision of benefits, pensions or retiring allowances for a person,

or for dependants of a person, who was, at any time during the year of income, both a shareholder and an employee of that company—the part (if any) of the sum set apart or paid which, in the opinion of the Commissioner, would not have been set apart or paid if that person had not been a shareholder ; and

(d) the amount included in the sum so set apart or paid that is attributable to the provision of benefits, pensions or retiring allowances for, or for dependants of, each employee included in the number determined under paragraph (a) of this sub-section who is not an employee or one of a number of employees in relation to whom a part has been determined under paragraph (b) of this sub-section, excluding any part of any such amount that has been determined under the last preceding paragraph.” ;

(b) by omitting from sub-paragraph (i) of paragraph (c) of sub-section (3.) the words “ One hundred ” and inserting in their stead the words “ Two hundred ” ;

(c) by omitting sub-sections (6.), (7.) and (8.) ; and

(d) by omitting from sub-section (10.) the words “ (other than an amount recovered under sub-section (6.) of this section) ”.

Gifts,  
contributions,  
allowances and  
pensions.

**12.** Section seventy-eight of the Principal Act is amended by omitting paragraph (c) of sub-section (1.) and inserting in its stead the following paragraph :—

“ (c) Sums which are not otherwise allowable deductions and are paid by the taxpayer during the year of income as pensions, gratuities or retiring allowances to persons who are or have been employees or dependants of employees, to the extent to which, in the opinion of the Commissioner, those sums are paid in good faith in consideration of the past services of the employees in any business operations which were carried on by the taxpayer for the purpose of gaining or producing assessable income.”.

Contributions  
to fund for  
benefit of  
employees of  
persons other  
than taxpayer.

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

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

“ (1.) Where a taxpayer, for the purpose of making provision for individual personal benefits, pensions or retiring allowances for, or for dependants of, employees

of a person or persons other than the taxpayer, being or including employees who are residents and are engaged in the business of their employer or employers, sets apart or pays in the year of income a sum as or to a fund from which such benefits, pensions or allowances are to be provided, and the rights of the employees or dependants to receive the benefits, pensions or allowances are fully secured, an amount ascertained in accordance with the provisions of this section shall, subject to sub-section (3.) of the last preceding section, be an allowable deduction.

“(2.) For the purposes of this section, the Commissioner shall determine, in respect of each sum so set apart or paid—

- (a) the number of employees employed during the year of income who, or whose dependants, were eligible, or might become eligible, to receive benefits, pensions or retiring allowances from the fund ;
- (b) the part, if any, of the sum so set apart or paid that is attributable to the provision of benefits, pensions or retiring allowances for, or for dependants of, employees who are non-residents or are not engaged in the business of a person or persons other than the taxpayer ;
- (c) where the taxpayer is a private company within the meaning of Division 7 of this Part, and a part of the sum so set apart or paid is attributable to the provision of benefits, pensions or retiring allowances for a person, or for dependants of a person, who was, at any time during the year of income, a shareholder of that company—the part (if any) of the sum set apart or paid which, in the opinion of the Commissioner, would not have been set apart or paid if that person had not been a shareholder ; and
- (d) the amount included in the sum so set apart or paid that is attributable to the provision of benefits, pensions or retiring allowances for, or for dependants of, each employee included in the number determined under paragraph (a) of this sub-section who is not an employee or

one of a number of employees in relation to whom a part has been determined under paragraph (b) of this sub-section, excluding any part of any such amount that has been determined under the last preceding paragraph.”;

(b) by omitting paragraph (c) of sub-section (3.) and inserting in its stead the following paragraph :—

“ (c) The sum of the respective amounts by which each amount determined by the Commissioner under paragraph (d) of the last preceding sub-section in respect of an employee exceeds—

(i) Two hundred pounds ; or

(ii) five per centum of the remuneration paid to the employee in respect of the year that ended on the thirtieth day of June next preceding the day on which the sum was so set apart or paid,

whichever is the greater.”;

(c) by omitting sub-sections (6.) and (7.) ; and

(d) by omitting from sub-section (9.) the words “ (other than an amount recovered under sub-section (6.) of this section) ”.

14. After section eighty-two H of the Principal Act the following section is inserted in Division 3 of Part III. :—

Education  
expenses.

“ 82J.—(1.) Amounts paid by the taxpayer in the year of income to a school, college, university or tutor for or in connexion with the education of a person who is—

(a) a person in respect of whom the taxpayer is entitled to a deduction under section eighty-two B of this Act ;

(b) less than twenty-one years of age ; and

(c) receiving full-time education at that school, college or university or from that tutor,

shall be allowable deductions.

“ (2.) The deductions allowable under this section, in respect of any one year of income, in relation to the education of any one person shall not exceed Fifty pounds.”.

Interpretation.

15.—(1.) Section eighty-three of the Principal Act is amended—

(a) by omitting from sub-section (1.) the definition of “ lease ” ;

- (b) by omitting from that sub-section the definition of "premium" and inserting in its stead the following definition:—

“ ‘premium’ means a consideration payable in one amount, or each amount of a consideration payable in more than one amount, where the consideration is—

- (a) in the nature of a premium, fine or foregift payable to a person for or in connexion with the grant or assignment by him of a lease;
- (b) for or in connexion with an assent to the grant or assignment of a lease; or
- (c) for or in connexion with the surrender of a lease, whether the consideration is payable by the lessor to the lessee or by the lessee to the lessor,

and includes an amount in respect of goodwill or a licence that is required by the next succeeding section to be deemed to be a premium, but does not include any other amount attributable to goodwill or a licence; ”; and

- (c) by omitting from sub-section (2.) the words “Where a lease is sold together with other assets” and inserting in their stead the words “Where, in connexion with the grant, assignment or surrender of a lease, there is an agreement to sell or assign goodwill, a licence or other assets,”.

(2.) The definitions omitted by this section continue to apply in relation to a consideration received or paid under an agreement made not later than the thirty-first day of December, One thousand nine hundred and fifty-two, for the grant, assignment or surrender of a lease of land, or under an agreement for the sale of goodwill or the assignment of a licence in connexion with such an agreement.

**16.** Sections eighty-four and eighty-five of the Principal Act are repealed and the following sections inserted in their stead:—

“ 83A.—(1.) Where—

- (a) an agreement for the grant, assignment or surrender of a lease of land is made after the thirty-first day of December, One thousand nine hundred and fifty-two;
- (b) in or in connexion with that agreement, an agreement in writing is made whereby goodwill or a licence in respect of a business carried on upon that land is agreed to be sold or assigned; and
- (c) an amount is specified or allocated in the last-mentioned agreement as the consideration for the goodwill or licence,

this section applies to the amount so specified or allocated.

Consideration  
for goodwill  
or licence.

“(2.) If the parties to an agreement under which an amount to which this section applies is payable have given notice to the Commissioner in accordance with the next succeeding sub-section that they have agreed that that amount shall be treated as a premium, so much of that amount as is paid in the year of income shall be deemed, for all purposes of this Division, to be a premium in respect of the land upon which the business is carried on.

“(3.) A notice of agreement in pursuance of the last preceding sub-section shall be in writing, signed by the parties to the agreement, and lodged with the Commissioner on or before the thirty-first day of August next succeeding the end of the financial year in which the agreement was made or on or before such later date as the Commissioner determines.

Premiums  
included in  
assessable  
income.

“84. The assessable income of a taxpayer shall include, in addition to rent, a premium received by him in the year of income.

Deductions<sup>17</sup> E  
upon disposal  
of lease,  
goodwill or  
licence.

“85.—(1.) Where, in the year of income, a taxpayer assigns or surrenders a lease, any amount which has been paid by him—

(a) to acquire the lease ;

(b) in effecting improvements upon land which is the subject of the lease ; or

(c) to obtain the assent of the lessor to the assignment or surrender, shall, subject to this section, be an allowable deduction.

“(2.) Where, in the year of income, a taxpayer disposes, by sale or otherwise, of goodwill or a licence in respect of a business carried on upon land a lease of which is granted, assigned or surrendered by him, any premium paid by him to acquire that goodwill or licence shall, subject to this section, be an allowable deduction.

“(3.) The deduction allowable under either of the last two preceding sub-sections in respect of an amount shall be reduced by so much (if any) of that amount as has been allowed or is allowable as a deduction in assessments of the taxpayer (or, where the next succeeding sub-section applies, in assessments of the taxpayer or of another person) for income tax under another provision of this Act or under a previous law of the Commonwealth.

“(4.) Where a taxpayer, upon the death of another person, succeeds to property being a lease, goodwill or licence, any amount which was paid by the deceased person in respect of the property shall be deemed, for the purposes of this section, to have been paid by the taxpayer.

“(5.) Where, in relation to the assignment or surrender of a lease or the disposal of goodwill or a licence, a premium is included in the assessable income of the taxpayer of the year of income, any deduction allowable under this section in relation to that assignment, surrender or disposal shall, for the purposes of this Act, be deemed to relate directly to that premium.



“(6.) Where, in relation to the assignment or surrender of a lease or the disposal of goodwill or a licence, premiums are payable to the taxpayer in two or more years of income, sub-section (1.) or (2.) of this section does not apply, but the amount which bears the same proportion to the amount which, but for this sub-section, would be allowable as a deduction under either of those sub-sections in the year of income in which the assignment, surrender or disposal takes place as the premium payable in the year of income bears to the total of those premiums shall be an allowable deduction.

“(7.) Where a taxpayer surrenders a lease of land and is granted a new lease of that land running from the date on which the surrender takes effect, sub-section (1.) or (2.) of this section does not apply, but the amount which, but for this sub-section, would be allowable as a deduction under either of those sub-sections shall be deemed, for the purpose of allowing deductions to the taxpayer, to be a premium paid on that date by him in respect of the new lease.

“85A. Where—

- (a) a premium is received by a taxpayer in the year of income for or in connexion with the grant by him of a sub-lease, or for or in connexion with the goodwill or a licence in respect of a business carried on upon land of which a sub-lease is granted by him ; and
- (b) the taxpayer has paid an amount to acquire the lease of the premises the subject of the sub-lease, to acquire the goodwill or licence or to obtain the assent of his lessor to the grant of the sub-lease,

Deduction to  
sub-lessor.

so much of the total deductions to which he would, but for this section, be entitled, during the period for which that sub-lease is granted, in respect of the amount so paid by him as bears to those deductions the same proportion as that premium bears to the total of the premiums payable to him for the grant of that sub-lease or for the goodwill or licence shall be an allowable deduction in the year of income, and he shall not, during that period, be entitled to a deduction in respect of that amount otherwise than under this section.”

17.—(1.) Division 7 of Part III. of the Principal Act is repealed and the following Division inserted in its stead :—

“ Division 7.—Private Companies.

“ 103.—(1.) In this Division, unless the contrary intention appears—

‘ private company ’ means a company which is a private company under section one hundred and five of this Act ;

‘ special fund dividends ’, in relation to a private company, means dividends paid by the private company that are, by virtue of section one hundred and seven, or sub-section (2.) of section forty-four, of this Act, excluded from the assessable income of the shareholders ;

Interpretation.

'the distributable income', in relation to a private company, means the amount ascertained by deducting from the taxable income of the company—

(a) the tax payable under this Act (other than the tax payable under this Division) in respect of the income of the year of income, before the allowance of any credit in pursuance of paragraph (a) of sub-section (1.) of section two hundred and twenty-one of this Act;

(b) taxes which are paid in the year of income, being—

(i) tax paid under Division 7 of Part III. of the *Income Tax Assessment Act 1936* or of that Act as amended, or contribution paid under the *Social Services Contribution Assessment Act 1945* or that Act as amended, in respect of income derived by the company during a year of income prior to the year of income that commenced on the first day of July, One thousand nine hundred and forty-seven;

(ii) taxes paid under a law of a State or of a Territory of the Commonwealth being part of the Commonwealth imposing a tax upon income derived by the company (not being a tax imposed upon undistributed income); or

(iii) taxes paid in a country other than Australia in respect of income derived by the company which is or was assessable income under this Act or the previous Act, less any refund received in the year of income of any tax or contribution specified in sub-paragraph (i), (ii) or (iii) of this paragraph which has been deducted or is deductible for the purpose of ascertaining the distributable income of any year under this Division or under the Division for which this Division was substituted; and

(c) the amount of any net loss, except to the extent to which it is a loss of a capital nature, incurred by the company in the year of income in carrying on business out of Australia;

'the prescribed period' means the period of one year commencing two months before the end of the year of income;

'the reduced distributable income', in relation to a private company means the distributable income of that company reduced by so much of the amount of any income that would, if the company were an individual, be income derived from property as is included in the distributable income;

' the retention allowance ', in relation to the distributable income of a private company of a year of income, means the retention allowance ascertained in accordance with section one hundred and five B of this Act in respect of that distributable income ;

' the undistributed amount ', in relation to a private company, means the amount remaining after deducting from the distributable income the sum of the retention allowance and the dividends (other than special fund dividends) paid by the company within the prescribed period.

" (2.) For the purposes of this Division, a person is the nominee of another person in relation to shares if that first-mentioned person may be required to exercise his voting power in relation to those shares at the direction of, or holds those shares directly or indirectly on behalf of or for the benefit of, that second-mentioned person.

" 104.—(1.) Subject to this section, a private company which is not, by section one hundred and five A of this Act, to be deemed to have made a sufficient distribution in relation to the year of income is liable to pay additional tax upon the undistributed amount at the rate declared by the Parliament by the Act imposing income tax for the year of tax.

Additional tax  
on undistributed  
amount.

" (2.) Additional tax under this section is not payable by a private company that is a non-resident and does not carry on business in Australia by means either of a principal office or of a branch.

" 105.—(1.) For the purposes of this Division but subject to this section, a company is a private company if it is not a company in which the public are substantially interested and, on the last day of the year of income, it is not a subsidiary of a public company and is a company of any one or more of the following descriptions :—

Companies  
which are  
private  
companies.

- (a) a company all the issued shares of which are held by not more than twenty persons ;
- (b) a company in which more than half of the voting power is capable (having regard to the operation of the next succeeding sub-section) of being exercised by one person or by persons not more than seven in number ;
- (c) a company in which shares representing more than half of the paid-up capital, other than capital represented by shares bearing a fixed rate of dividend only, are held (having regard to the operation of the next succeeding sub-section) by one person or by persons not more than seven in number ;
- (d) a company in which not less than three-quarters of the voting power is capable (having regard to the operation of sub-section (3.) of this section) of being exercised by one person or by persons not more than seven in number ;

- (e) a company in which shares representing not less than three-quarters of the paid-up capital, other than capital represented by shares bearing a fixed rate of dividend only, are held (having regard to the operation of sub-section (3.) of this section) by one person or by persons not more than seven in number ; and
- (f) a company which is capable of being controlled by any means whatever by one person or by persons not more than seven in number.

“(2.) For the purposes of paragraphs (b) and (c) of the last preceding sub-section, a person and his nominees shall be deemed to be one person.

“(3.) For the purposes of paragraphs (d) and (e) of sub-section (1.) of this section, a person (whether or not he holds shares in the company concerned) and his relatives and (in relation to any shares in respect of which they are such nominees) his nominees, or nominees of any of his relatives, shall be deemed to be one person.

“(4.) For the purposes of this section—

- (a) a company is a company in which the public are substantially interested if shares of the company (not being shares entitled to a fixed rate of dividend, whether with or without a further right to participate in profits) have, in the course of the year of income, been quoted in the official list of a stock exchange, unless shares carrying not less than three-quarters of the voting power in the company are, at the end of the year of income, beneficially held by, or held directly or indirectly on behalf of or for the benefit of, one person, or persons not more than twenty in number ;
- (b) a company is a subsidiary of a public company if, by reason of the beneficial ownership of the shares, the control of the company is in the hands of one or more companies none of which is a private company ; and
- (c) shares of a company shall be deemed to be held indirectly on behalf of or for the benefit of a person (not being a company, trustee or partnership) if, in the event of the payment of a dividend on those shares, that person would, otherwise than as a shareholder of the company, receive the whole or a part of that dividend if there were successive distributions of the relative parts of that dividend to and by each of any companies, trustees or partnerships interposed between the company paying the dividend and that person.

“(5.) Where it is established to the satisfaction of the Commissioner that, because of special circumstances existing on the last day of the year of the year of income in the constitution or control of a company (being a company which would, but for this sub-section,

be a private company), it is unreasonable that the company should be treated as a private company, the company shall be deemed not to be a private company for the purposes of this Division.

“(6.) The last preceding sub-section does not apply to a company in respect of a year of income unless, on or before the date on which it lodges its return of income of that year of income, or on or before such later date as the Commissioner determines, the company lodges with the Commissioner a statement in writing claiming to have that sub-section applied to the company in respect of that year of income and setting out the special circumstances upon which the company relies.

“105A.—(1.) For the purposes of this Division, a private company shall be deemed to have made a sufficient distribution in relation to a year of income if it has, during the prescribed period, paid in dividends (other than special fund dividends) an amount not less than the excess of the distributable income of that year of income over the retention allowance in respect of that distributable income. Sufficient distribution.

“(2.) In relation to the first year of income of a private company after the year of income that ended on the thirtieth day of June, One thousand nine hundred and fifty-one, dividends paid by the company during the first ten months of the first-mentioned year of income (not being dividends taken into account in ascertaining whether the company made a sufficient distribution of its income of the second-mentioned year of income) shall be deemed to be paid during the prescribed period.

“105B. The retention allowance of a private company in respect of its distributable income of a year of income is the aggregate of— Retention allowance.

- (a) fifty per centum of so much of the reduced distributable income as does not exceed One thousand pounds ;
- (b) forty per centum of so much of the reduced distributable income as exceeds One thousand pounds but does not exceed Two thousand pounds ;
- (c) thirty-five per centum of so much of the reduced distributable income as exceeds Two thousand pounds but does not exceed Three thousand pounds ;
- (d) thirty per centum of so much of the reduced distributable income as exceeds Three thousand pounds but does not exceed Four thousand pounds ; and
- (e) twenty-five per centum of so much of the reduced distributable income as exceeds Four thousand pounds.

“105c.—(1.) Subject to sub-section (4.) of this section, a private company which— Election to have taxes paid deducted in ascertaining distributable income.

- (a) was incorporated before the first day of July, One thousand nine hundred and forty-seven ; and

(b) has not made, and has not been deemed to have made, an election under sub-section (3.) of section one hundred and three of the *Income Tax Assessment Act 1936-1947* for the purpose of ascertaining the distributable income of the year of income that ended on the thirtieth day of June, One thousand nine hundred and forty-seven,

may elect that, for the purpose of ascertaining the distributable income of the year in respect of which the election is made, in lieu of the deduction from its taxable income of the tax payable under this Act (other than the tax payable under this Division) in respect of the income of the year of income, there shall be deducted any tax, and any advance payment (as defined in section two hundred and twenty-one YA of this Act), paid under this Act (other than tax paid under this Division) in the year of income less any refund received in the year of income of any tax or advance payment (as so defined) paid under this Act (other than tax paid under this Division or the Division for which this Division was substituted) which has been deducted or deductible for the purpose of ascertaining the distributable income of any year.

“(2.) An election under this section in respect of a year of income shall be made in writing, signed by the public officer of the company, and lodged with the Commissioner on or before the date of lodgment of the return of income of that year of income, or on or before such later date as the Commissioner determines.

“(3.) For the purposes of sub-section (1.) of this section, so much of an advance payment which has been deducted or is deductible for the purpose of ascertaining the distributable income of a year of income as is, under section two hundred and twenty-one YE of this Act, credited in payment of tax which has not been deducted and is not deductible for the purpose of ascertaining the distributable income of any year of income is deemed to be a refund (received at the time at which it is so credited) of tax which has been deducted for the purpose of ascertaining the distributable income of a year of income.

“(4.) Where a company has been entitled to make, in respect of a year of income, an election of the kind specified in sub-section (1.) of this section and has not made that election, the company shall not be entitled to make such an election in respect of any subsequent year of income.

Excess  
distributions  
carried  
forward.

“106.—(1.) Where, during the prescribed period in relation to a year of income subsequent to the year of income that ended on the thirtieth day of June, One thousand nine hundred and fifty-one, a private company has paid in dividends (other than special fund dividends) an amount in excess of the lowest amount that would have been a sufficient distribution, the amount of the excess is, for the purposes of this section, an excess distribution made by the company for the first-mentioned year of income.

“(2.) Where a private company has made an excess distribution for a year of income, the amount of the excess distribution shall, for the purposes of this Division, be deemed to be a dividend (other than a special fund dividend) paid by the company during the period that is the prescribed period in relation to the next succeeding year of income.

“(3.) Where the dividends paid, and the dividends deemed under the Division for which this Division was substituted to have been paid, by a private company out of the taxable income of the year of income that ended on the thirtieth day of June, One thousand nine hundred and fifty-one, within the prescribed period (as defined in that Division) in relation to that year of income exceed the lowest amount that would, under that Division, have been a sufficient distribution out of the taxable income of the company of that year, the amount of the excess shall, for the purposes of this section, be deemed to be a dividend (other than a special fund dividend) paid by the company during the prescribed period in relation to the year of income that ended on the thirtieth day of June, One thousand nine hundred and fifty-two.

“107.—(1.) The assessable income of a person shall not include—

(a) dividends paid to him by a company ; or

(b) amounts in respect of dividends paid by a company to a company, trustee or partnership interposed between that person and the company paying the dividends,

where the dividends are paid before the first day of January, One thousand nine hundred and fifty-eight, and are paid wholly and exclusively out of one or more of the following amounts :—

(c) an amount in respect of which, under section twenty-one of the previous Act or under Division 2 of Part III. of that Act, the company paying the dividend has paid or is liable to pay tax ;

(d) the undistributed amount of any year of income prior to the year of income that commenced on the first day of July, One thousand nine hundred and forty-seven ; and

(e) the amount remaining after deducting from the undistributed amount of a year of income subsequent to the year of income that ended on the thirtieth day of June, One thousand nine hundred and forty-seven, and prior to the year of income that commenced on the first day of July, One thousand nine hundred and fifty-one, the aggregate of the amount of tax paid or payable under Division 7 of Part III. of the *Income Tax Assessment Act* 1936–1947, or of that Act as amended, and the amount of contribution paid or payable under the *Social Services Contribution Assessment Act* 1945–1946, or under that Act as amended, in respect of that undistributed amount.

Exemption of  
certain  
dividends.

“(2.) Where a dividend is paid either wholly or in part out of an amount specified in paragraph (e) of the last preceding sub-section, that sub-section does not operate to exclude that dividend, or an amount in respect of that dividend, from the assessable income of a person unless—

- (a) the shares in respect of which the dividend is paid; and
- (b) in the case of an amount in respect of a dividend, any shares in an interposed company the payment of a dividend on which has resulted directly or indirectly in the receipt of the amount by that person,

are shares in respect of which a distribution was supposed to be made for the purposes of the assessment of the tax or contribution referred to in that paragraph.

Private  
companies  
carrying on  
insurance  
business.

“107A. For the purposes of the application of this Division to a private company carrying on in Australia the business of insurance—

- (a) the taxable income shall be deemed to be the amount that would be the taxable income if section one hundred and forty-eight of this Act did not apply to the company; and
- (b) there shall be included in the distributable income, in addition to the amount ascertained in accordance with the definition of ‘the distributable income’ in sub-section (1.) of section one hundred and three of this Act, any amount (other than a refund) which has been received by the private company in the year of income, directly or indirectly, as a reimbursement of, or otherwise for or in respect of, any tax or contribution which has been deducted, or is deductible, in ascertaining the distributable income of any year of income, under this Division or the Division for which this Division was substituted.

Loans to  
shareholders.

“108.—(1.) If amounts are paid or assets distributed by a private company to any of its shareholders by way of advances or loans, or payments are made by the company on behalf of, or for the individual benefit of, any of its shareholders, so much, if any, of the amount or value of those advances, loans or payments, as, in the opinion of the Commissioner, represents distributions of income shall, for all purposes of this Act, be deemed to be dividends paid by the company on the last day of the year of income of the company in which the payment or distribution is made.

“(2.) Where the amount or value of an advance, loan or payment is deemed, under the last preceding sub-section, to be a dividend paid by a company to a shareholder, and the company subsequently sets off the whole or a part of a dividend distributed by it in satisfaction in whole or in part of that advance, loan or payment, that dividend shall, to the extent to which it is so set off, be deemed not to be a dividend for any purpose of this Act.



“109. So much of a sum paid or credited by a private company to a person who is or has been a shareholder or director of the company or a relative of a shareholder or director, being, or purporting to be—

Payments to  
shareholders  
and directors.

- (a) remuneration for services rendered by that person ; or
- (b) an allowance, gratuity or compensation in consequence of the retirement of that person from an office or employment held by him in that company, or upon the termination of any such office or employment,

as exceeds an amount which, in the opinion of the Commissioner, is reasonable, shall not be an allowable deduction and shall, for all purposes of this Act, be deemed to be a dividend paid by the company on the last day of the year of income of the company in which the sum is paid or credited.”

(2.) For the purposes of the application of Division 7 of Part III. of the *Income Tax and Social Services Contribution Assessment Act 1936-1952* to a private company in relation to the year of income that ended on the thirtieth day of June, One thousand nine hundred and fifty-two, the Commissioner may, in his discretion and subject to such conditions as he determines, extend the prescribed period in relation to that year of income to such date as he determines, and, where such an extension is made, dividends paid by the company during the extended period shall, for all purposes of that Division, be deemed to have been paid during the period that would, but for the extension, have been the prescribed period.

18. Section one hundred and sixty of the Principal Act is amended—

Rebate in case  
of disposal of  
assets of a  
business of  
primary  
production.

- (a) by omitting from paragraph (a) of sub-section (1.) the words “, in the year of income,” ; and
- (b) by inserting in paragraph (b) of that sub-section, after the word “is”, the words “, in the year of income,”.

19. Section one hundred and sixty κ of the Principal Act is amended by omitting from the definition of “tax-paid dividend” in sub-section (5.) the words “this Act” and inserting in their stead the words “the *Income Tax and Social Services Contribution Assessment Act 1936-1951*, or of that Act as amended by an Act enacted before the *Income Tax and Social Services Contribution Assessment Act (No. 3) 1952*”.

Ascertainment  
of Australian  
tax on dividend.

20. Section two hundred and twenty-one YE of the Principal Act is amended by omitting from sub-section (2.) the words “section one hundred and three D” and inserting in their stead the words “section one hundred and five c”.

Provisional  
tax or advance  
payment to be  
credited  
against tax  
assessed.

21.—(1.) This section applies to live stock on hand on the first day of July, One thousand nine hundred and fifty-two, being live stock which constituted the whole or part of the assets of a business of primary production carried on in the Northern Territory of Australia on that date by a resident of that Territory.

Northern  
Territory  
transition  
provisions—  
live stock.

(2.) For the purposes of section twenty-eight of the *Income Tax and Social Services Contribution Assessment Act 1936-1952*, the value to be taken into account, at the beginning of the first taxable year, in respect of live stock to which this section applies shall be, at the option of the taxpayer, its cost price or its market selling value.

(3.) The option of a taxpayer under the last preceding sub-section shall be exercised by notice in writing with the Commissioner on or before the date of lodgment of the return of income of the taxpayer for the first taxable year or on or before such later date as the Commissioner determines.

(4.) If the taxpayer does not exercise his option within the time and in the manner specified in the last preceding sub-section, the value to be taken into account in accordance with sub-section (2.) of this section shall be the cost price.

(5.) Notwithstanding section thirty-three of the *Income Tax and Social Services Contribution Assessment Act 1936-1952*, a taxpayer who has exercised his option in pursuance of sub-section (2.) of this section may, in respect of all live stock on hand at the end of the first taxable year (including live stock other than live stock to which this section applies), exercise his option in accordance with section thirty-two of that Act.

(6.) Where a taxpayer, in pursuance of the last preceding sub-section, adopts cost price as the basis of valuation, the cost price of live stock to which this section applies shall be deemed to be the value at which that live stock was taken into account in accordance with sub-section (2.) of this section.

(7.) Where, by reason of the adoption by a taxpayer of an accounting period, the first day of July, One thousand nine hundred and fifty-two, is not the beginning of a year of income, the period commencing on that date and ending on the last day of the year of income of the taxpayer which is current on that date shall, for the purposes of this section and of subdivision B of Division 2 of Part III. of the *Income Tax and Social Services Contribution Assessment Act 1936-1952*, be deemed to be a year of income.

(8.) In this section, "the first taxable year" means the year of income that began on the first day of July, One thousand nine hundred and fifty-two.

Northern  
Territory  
transition  
provisions—  
depreciation.

22.—(1.) This section applies to property in respect of which depreciation is allowable to a taxpayer, being a resident of the Northern Territory of Australia, under section fifty-four of the *Income Tax and Social Services Contribution Assessment Act 1936-1952*, being property which, on the first day of July, One thousand nine hundred and fifty-two, was owned by the taxpayer and used by him for the purposes of primary production, mining or fisheries in that Territory, or installed ready for use for any of those purposes.

(2.) For the purposes of the provisions of the *Income Tax and Social Services Contribution Assessment Act 1936-1952* relating to depreciation, the cost of a unit of property to which this section applies shall be deemed to be the amount that would have been the depreciated value, ascertained in accordance with section sixty-two of that Act, of that unit on the first day of July, One thousand nine hundred and fifty-two, if the unit had, during the whole of the period from the date of its acquisition by the taxpayer to that day, been used by him wholly for the purpose of producing assessable income and depreciation had been allowed to him, during that period, by way of a percentage of the depreciated value of the unit at the beginning of each year of income.

(3.) For the purposes of section fifty-seven AB of the *Income Tax and Social Services Contribution Assessment Act 1936-1952*, property to which this section applies—

- (a) shall be deemed to have been first used for the purpose of producing assessable income on the first day of July, One thousand nine hundred and fifty-two; and
- (b) in the case of a unit of property being a structural improvement, shall be deemed to have been completed on that date.

23.—(1.) This section applies where a taxpayer who derives assessable income from mining upon a mining property in the Northern Territory of Australia has, while a resident of that Territory, incurred expenditure of a capital nature—

Northern  
Territory  
transition  
provisions—  
mining.

- (a) before the first day of July, One thousand nine hundred and fifty-two—
  - (i) on necessary plant, being plant which has been used on or after that date in the mining operations carried on by the taxpayer upon that property for the purpose of gaining or producing assessable income; or
  - (ii) on development of that mining property; or
- (b) during the period that—
  - (i) commenced on the first day of the year of income that began on the first day of July, One thousand nine hundred and fifty-one; and
  - (ii) ended on the thirtieth day of June, One thousand nine hundred and fifty-two,  
on housing and welfare associated with that mining property.

(2.) So much of the expenditure referred to in the last preceding sub-section as was not included, for the purposes of section one hundred and twenty-two of the Principal Act, in the residual capital expenditure

as at the first day of July, One thousand nine hundred and fifty-two, but would have been so included if—

(a) the operations carried on by the taxpayer on the mining property at all times up to and including the thirtieth day of June, One thousand nine hundred and fifty-two, had been for the purpose of gaining or producing assessable income and he had been assessed for income tax on income derived up to and including that date ; and

(b) the taxpayer had, in relation to the year of income in which the expenditure was incurred and each subsequent year of income made an election in accordance with sub-section (4.) of section one hundred and twenty-two of the *Income Tax Assessment Act 1936–1947* or of that Act as amended,

shall, for the purpose of ascertaining the residual capital expenditure under section one hundred and twenty-two of the *Income Tax and Social Services Contribution Assessment Act 1936–1952* as at the first day of July, One thousand nine hundred and fifty-two, or as at any subsequent time, be taken into account under sub-section (5.) of that section as if it were an amount of expenditure referred to in paragraph (b) of that sub-section.

(3.) For the purposes of this section—

(a) expenditure specified in sub-section (1.) of this section shall be deemed to be expenditure in respect of which a deduction would not have been allowable from the income of the year in which it was incurred if that income had been assessable income ; and

(b) the expression “ housing and welfare ” has the same meaning as it has for the purposes of section one hundred and twenty-two of the Principal Act.

Application of amendments.

**24.**—(1.) The amendments effected by sections seven, ten and eighteen of this Act apply to assessments in respect of income of the year of income that commenced on the first day of July, One thousand nine hundred and fifty, and in respect of income of all subsequent years.

(2.) The amendments effected by paragraphs (a), (b) and (c) of section four, by paragraphs (b) and (c) of section six, and by sections seventeen and twenty, of this Act apply to assessments in respect of income of the year of income that commenced on the first day of July, One thousand nine hundred and fifty-one, and in respect of income of all subsequent years.

(3.) The amendments effected by section five, by paragraph (a) of section six, by section eight, and by sections eleven to sixteen (inclusive), of this Act apply to assessments in respect of income of the year of income that commenced on the first day of July, One thousand nine hundred and fifty-two, and in respect of income of all subsequent years.