
No. , 1998

(Treasury)

A Bill for an Act to implement A New Tax System by reducing personal income tax rates and increasing family tax assistance, and for other purposes
Contents

1 Short title ............................................................................................................. 1
2 Commencement ........................................................................................................ 1
3 Schedule(s) ............................................................................................................. 2

Schedule 1—Amendment of the Income Tax Rates Act 1986 3
Schedule 2—Consequential amendments of other Acts 7
   *Income Tax Assessment Act 1936* 7
   *Income Tax Assessment Act 1997* 7
Schedule 3—Application 8
A Bill for an Act to implement A New Tax System by reducing personal income tax rates and increasing family tax assistance, and for other purposes

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the A New Tax System (Personal Income Tax Cuts) Act 1998.

2 Commencement

(1) This Act commences, or is taken to have commenced:
(a) after all the Acts listed in subsection (2) have received the Royal Assent; and
(b) on the day after the last day on which any of those Acts received the Royal Assent.

(2) These are the Acts that must have received the Royal Assent for this Act to commence:

(a) the *A New Tax System (Goods and Services Tax) Act 1998*;
(b) the *A New Tax System (Goods and Services Tax Administration) Act 1998*;
(c) the *A New Tax System (Goods and Services Tax Imposition—Excise) Act 1998*;
(d) the *A New Tax System (Goods and Services Tax Imposition—Customs) Act 1998*;
(e) the *A New Tax System (Goods and Services Tax Imposition—General) Act 1998*.

### 3 Schedule(s)

Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.
Schedule 1—Amendment of the Income Tax Rates Act 1986

1 Paragraph 20C(1)(b)
Omit “taxpayers’”, substitute “taxpayer’s”.

2 Subsection 20C(1)
After “Schedule 7”, insert “(as in force immediately before the commencement of the *A New Tax System (Personal Income Tax Cuts) Act 1998*)”.

3 Paragraph 20C(2)(a)

4 Paragraph 20C(2)(b)
Omit “taxpayers’”, substitute “taxpayer’s”.

5 Subsection 20C(2)
Omit “$1,000”, substitute “$2,000”.

6 Paragraph 20D(1)(b)
Omit “taxpayers’” (wherever occurring), substitute “taxpayer’s”.

7 Subsection 20D(1)
After “Schedule 7”, insert “(as in force immediately before the commencement of the *A New Tax System (Personal Income Tax Cuts) Act 1998*)”.

8 Paragraph 20D(2)(a)

9 Paragraph 20D(2)(b)
Omit “taxpayers’” (wherever occurring), substitute “taxpayer’s”.

10 Subsection 20D(2)
Omit “$2,500”, substitute “$5,000”.

11 Subsection 20E(2) (table)

Repeal the table, substitute:

<table>
<thead>
<tr>
<th>Tax rates for resident taxpayer</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Column 1</strong></td>
<td><strong>The rate is:</strong></td>
</tr>
<tr>
<td>For the part of the ordinary taxable income of the taxpayer that:</td>
<td></td>
</tr>
<tr>
<td>exceeds $20,000 but does not exceed the adjusted tax-free threshold</td>
<td>13%</td>
</tr>
<tr>
<td>exceeds the adjusted tax-free threshold but does not exceed $50,000</td>
<td>30%</td>
</tr>
<tr>
<td>exceeds $50,000 but does not exceed $75,000</td>
<td>40%</td>
</tr>
<tr>
<td>exceeds $75,000</td>
<td>47%</td>
</tr>
</tbody>
</table>

Note: The heading to section 20E is altered by omitting “$20,700” and substituting “$20,000”.

12 Subsection 20S(3)

Omit “$1,000” (wherever occurring), substitute “$2,000”.

13 After subsection 20T(3)

Omit “$2,500” (wherever occurring), substitute “$5,000”.

14 Clause 1 of Part I of Schedule 7 (table)

Repeal the table, substitute:

<table>
<thead>
<tr>
<th>Tax rates for resident taxpayer</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Column 1</strong></td>
<td><strong>The rate is:</strong></td>
</tr>
<tr>
<td>For the part of the ordinary taxable income of the taxpayer that:</td>
<td></td>
</tr>
<tr>
<td>exceeds $6,000 but does not exceed $20,000</td>
<td>17%</td>
</tr>
<tr>
<td>exceeds $20,000 but does not exceed $50,000</td>
<td>30%</td>
</tr>
<tr>
<td>exceeds $50,000 but does not exceed $75,000</td>
<td>40%</td>
</tr>
<tr>
<td>exceeds $75,000</td>
<td>47%</td>
</tr>
</tbody>
</table>
15 Clause 1 of Part II of Schedule 7 (table)

Repeal the table, substitute:

<table>
<thead>
<tr>
<th>Tax rates for non-resident taxpayer</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the part of the ordinary taxable income of the taxpayer that:</td>
<td>The rate is:</td>
</tr>
<tr>
<td>does not exceed $20,000</td>
<td>29%</td>
</tr>
<tr>
<td>exceeds $20,000 but does not exceed $50,000</td>
<td>30%</td>
</tr>
<tr>
<td>exceeds $50,000 but does not exceed $75,000</td>
<td>40%</td>
</tr>
<tr>
<td>exceeds $75,000</td>
<td>47%</td>
</tr>
</tbody>
</table>

16 Amendment of listed provisions

Each of the following provisions is amended by omitting “$5,400” and substituting “$6,000”:

- Paragraphs 12A(3)(b) and (4)(b)
- Subsection 12A(6) (definitions of adjusted tax-free threshold and tax-free threshold increase)
- Subsections 20(1) and (2)
- Subsection 20C(2)
- Subsection 20D(2)
- Subsection 20E(3) (definitions of adjusted tax-free threshold and tax-free threshold increase)
- Subsection 20F(3) (definition of tax-free threshold increase)
- Subsection 20G(5) (definitions of tax-free threshold and tax-free threshold increase)
- Section 20H (definition of tax-free threshold increase)
- Subsection 20U(1) (definitions of section 20C tax-free threshold increase and section 20D tax-free threshold increase)
- Subparagraph 2(b)(ii) of Division 2 of Part I of Schedule 8
- Paragraph 2(b) of Part I of Schedule 10

17 Amendment of listed provisions
Schedule 1  Amendment of the Income Tax Rates Act 1986

Each of the following provisions is amended by omitting “$20,700” (wherever occurring) and substituting “$20,000”:

1 Subsection 20E(1)
2 Subparagraph 2(b)(ii) of Division 2 of Part I of Schedule 8
3 Paragraph 2(b) of Part I of Schedule 10
Schedule 2—Consequential amendments of other Acts

Income Tax Assessment Act 1936

1 Amendment of listed provisions

Each of the following provisions is amended by omitting “$5,400” (wherever occurring) and substituting “$6,000”:

Subsection 23AF(17E) (definition of tax free threshold increase)
Subsection 23AG(5B) (definition of tax free threshold increase)
Paragraph 221YDA(1)(g)
Subparagraph 221YDA(2)(a)(iv)

Income Tax Assessment Act 1997

2 Paragraph 388-55(2)(a)

Omit “$20,700”, substitute “$20,000”.

3 Paragraphs 388-60(1)(a) and (b)

Omit “34%”, substitute “30%”.
Schedule 3—Application

1 Application

(1) Subject to subitem (2), the amendments made by this Act (except items 1, 2, 4, 6, 7 and 9 of Schedule 1) apply to assessments for the 2000-2001 income year and later income years.

(2) The amendments of paragraph 221YDA(1)(g) and subparagraph 221YDA(2)(a)(iv) of the *Income Tax Assessment Act 1936* made by item 1 of Schedule 2 to this Act apply for the purposes of working out amounts of provisional tax (including instalments) payable for the 2000-2001 income year and later income years.