INCOME TAX ASSESSMENT AMENDMENT (INCOME EQUALIZATION DEPOSITS) BILL 1984

Date Introduced: 2 May 1984
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P., Acting Treasurer

Short Digest of Bill

Purpose

To amend the Income Tax Assessment Act 1936 in order to alter the taxation treatment of income equalization deposits as a result of the revised scheme proposed by the Loan (Income Equalization Deposits) Amendment Bill 1984.

Background

Refer to Bills Digest for the Loan (Income Equalization Deposits) Amendment Bill 1984.

Outline

This Bill will terminate, with effect from September 1983, the income tax deduction allowed for deposits made under the Income Equalization Deposits (IED) Scheme. In addition, the Bill will treat pre 1 September 1983 drought bonds and income equalization deposits, on which a tax deduction has been allowed, and which are converted into deposits for the new IED scheme as part of the primary producer's assessable income in the year of income in which the conversion is made. If the application for conversion is made during the period 60 days after the commencement of the amending Act, the amount converted will be deemed to have become repayable on 1 September 1983. If the application for conversion is made after the expiration of that period, the amount converted will be deemed to have become repayable on the date on which the application is made.

The Bill also proposes to amend the secrecy provisions of the Income Tax Assessment Act 1936 in order to allow the Taxation Commissioner to provide relevant information about a depositor to the Reserve Bank and the Department of Primary Industry, for the purposes of the IED scheme.
Main Provisions

By clause 2, this Bill will come into operation on the day on which the Loan (Income Equalization Deposits) Amendment Act 1984 comes into operation.

Clause 3 amends section 16 of the Principal Act to change the secrecy provisions.

Clause 4 amends section 159GA of the Principal Act to allow for the conversion of a pre 1 September 1983 drought bond or an IED deposit to be included in the primary producer's assessable income.

Under clause 5, section 159GC of the Principal Act, is amended so that income tax deductions for deposits made under the IED scheme will no longer apply to deposits made on or after 1 September 1983.

Clause 6 amends section 159GD of the Principal Act to deal with partial conversion of drought bonds or deposits on which an income tax deduction has been allowed or is allowable. Where application is made for conversion of only a portion of a deposit or parcel of drought bonds, only the part to which the application relates will be converted to the new scheme. Consequently, only the equivalent part of the original investment will be deemed to have become repayable and included in the depositor's assessable income.

For further information, if required, contact:

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