Date Introduced: 30 May 1984
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P., Minister Assisting the Treasurer

Short Digest of Bill

Purpose

To declare and impose the rate of tax payable on the taxable income of "ineligible approved deposit funds".

Background

This Bill complements the new set of rules for the taxation of superannuation, termination of employment and kindred payments proposed by the Income Tax Assessment Amendment Bill (No. 3) 1984. (For an explanation of the new rules, refer to the digest for that Bill.

"Approved deposit funds" will be established by the Income Tax Assessment Amendment Bill (No. 3) 1984 to receive on deposit amounts of eligible termination payments. Such amounts will not be subject to the new tax. They can be kept in the fund, or paid to a superannuation fund for the taxpayer's benefit or used to purchase an annuity. When they are paid to the taxpayer they will be eligible for the new tax.

A variety of institutions (e.g., banks, life insurance companies, trade unions, friendly societies) will be able to establish approved deposit funds. If a fund is maintained by an approved institution as an indefinitely continuing fund for approved purposes and under approved rules, then the investment income of the fund will be exempt from tax. However, if the fund does not comply with the rules, income will be taxed at 46 per cent.

Main Provisions

By clause 2, this Bill will come into operation on the date of commencement of the Income Tax Assessment Amendment Bill (No. 3) 1984.
Clause 4 amends the Income Tax (Companies, Corporate Unit Trusts and Superannuation Funds) Act 1983 to provide that the rate of tax payable, by trustees of ineligible approved deposit funds, is 46 per cent.

For further information, if required, contact:

11 September 1984

Economics and Commerce Group
LEGISLATIVE RESEARCH SERVICE