Short Digest of Bill

Purpose

To remove from the Income Tax Assessment Act 1936 the deduction currently allowed for the removal of timber from landholdings.

Background

Section 75 of the ITAA 1936 provides an outright deduction for expenditure incurred by a primary producer for a number of purposes. One of these is the "destruction and removal of timber, scrub or undergrowth indigenous to the land". Section 75A provides that certain expenditures can be averaged over ten income years and an appropriate deduction sought in respect of each of those ten years. This section also applies to "the destruction and removal of timber, scrub or undergrowth indigenous to the land". This Bill would eliminate these primary producer deductions with respect to the removal of timber from land. Since the present deductions encourage the removal of timber from farms they do not sit well beside deductions allowed for soil conservation measures (an allowable deduction under s.75, and the subject of a separate deduction under s.75D which was inserted in 1980).

Provisions

Clause 2 provides that the proposed Act would operate from 1 July 1983.

Clause 3 removes the word "timber" from the appropriate deduction in section 75 of the Principal Act.

Clause 4 removes the word "timber" from the appropriate deduction in section 75A of the Principal Act.

For further information, if required, contact:

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Law & Government Group
LEGISLATIVE RESEARCH SERVICE