INCOME TAX (MINING WITHHOLDING TAX) BILL 1979

Date Introduced: 3 May 1979
House: House of Representatives

Short Digest of Bill

Purpose

To set the rate of tax payable in respect of mining payments made in relation to the use of Aboriginal land for mining and exploration purposes.

Provisions and Background

Clause 6 sets the rate of income tax imposed by this Bill at 6.4%. This is equivalent to the standard rate of income tax of 32% applied to 20% of the gross revenues to be taxed. The creation of a liability for the tax and the provision for a system of collection is made in an accompanying Bill, Income Tax Assessment Amendment Bill (No. 2) 1979. (See digest for that Bill)

The main reasons behind the decision to tax less than 100% of monies received is that some proportion of payments to be made will be capital in nature and therefore would not be subject to income tax. An example of such a payment is where individuals will be compensated when moved from their homes. Whether money paid is defined as capital or income is sometimes difficult to determine. Making revenues received by Aboriginal groups from mining operations taxable at the standard rate of income tax applied to 100% of gross revenues would have presented constant problems of definition.

Additional reasons for taxing less than 100% of monies received are that some of the payments are to be made firstly to municipal bodies and secondly to trust funds both of which are not subject to income tax.