**Purpose**

To introduce a technical amendment to the *Income Tax (Companies and Superannuation Funds) Act* 1977 in order to make it clear that it is not that Act which imposes the branch profits tax.

**Background and Related Legislation**

On 4 November 1977, the Minister Assisting the Treasurer, Hon. R.I. Viner, announced the Government's intention to introduce a branch profits tax on non-resident companies operating in Australia. The *Income Tax Assessment Amendment Bill, (No. 2) 1978* and the *Income Tax (Non-Resident Companies) Bill 1978* are intended to formally impose that tax (see relevant Bills Digests).

However, the introduction of the branch profits tax necessitated technical amendments to the *Income Tax (Companies and Superannuation Funds) Act* 1977 and the *Income Tax (Rates) Act* 1976. The present Bill technically amends the former Act, whilst the *Income Tax (Rates) Amendment Bill 1978* (see Bills Digest) technically amends the latter Act.

**Provisions**

Clause 3 amends Section 5 of the Principal Act by inserting "128T" after "128B" in sub-section (2).

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**Finance, Industries, Trade and Development Group**

**LEGISLATIVE RESEARCH SERVICE**

30 June 1978