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INCOME TAX (COMPANIES AND SUPERANNUATION FUNDS) BILL 1978

Date Introduced: 28 September 1978
House: House of Representatives
Presented by: Hon. J. Howard, M.P., Treasurer

Short Digest of Bill

Purpose

To impose income tax for 1978-79 on the 1977-78 incomes of companies, and the 1978-79 incomes of superannuation funds, at the rates declared by the Bill.

Background

Apart from one minor rate change and the different year, the practical effect of this Bill is the same as the Bill of the same name introduced after last year's Budget.

The only proposed rate change is for superannuation funds that are taxed in accordance with section 121DA of the Income Tax Assessment Act. These funds, which are broadly in the nature of accumulation trusts are taxed at the maximum personal rate. The tax on this group will thus be increased to 61.5% to reflect the 1.5% increase in personal tax rates for 1978-79.

Provisions

This Bill is to be read as one with the Income Tax Assessment Act 1936 (clause 4).

Rates of income tax declared by this Bill for the 1978-79 financial year are:

- 46% for companies generally (sub-clause 6(2)),
- 41% for friendly society dispensaries (sub-clause 6(4)),
- 50% for the rate of additional tax payable by a private company on the amount by which dividends paid fall short of sufficient distribution (paragraph 6(3)(b)),
- 50% for trustees of superannuation funds for which tax relief is provided (sub-clause 7(1)),

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. 46% for superannuation funds that do not invest a sufficient proportion of their assets in public securities to qualify for the "30/20" rule (sub-clause 7(2)),

. 61.5% for trusts qualifying as superannuation funds to which section 121DA of the Assessment Act applies (sub-clause 7(3)).

Clause 5 imposes the tax at these declared rates.

Clause 11 is a technical provision which will enable company tax to be collected in 1979-80 in instalments in accordance with Div. 1A of Part VI of the Income Tax Assessment Act.

Finance, Industries, Trade & Development Group

10 October 1978

LEGISLATIVE RESEARCH SERVICE