

INCOME TAX ASSESSMENT ACT 1997

An Act about income tax and related matters

The Parliament of Australia enacts:

CHAPTER 1 — INTRODUCTION AND CORE PROVISIONS

PART 1-1 — PRELIMINARY

Division 1 — Preliminary

SECTION 1-1 Short title

1-1 This Act may be cited as the *Income Tax Assessment Act 1997*.

SECTION 1-2 Commencement

1-2 This Act commences on 1 July 1997.

SECTION 1-3 Differences in style not to affect meaning

1-3(1) This Act contains provisions of the *Income Tax Assessment Act 1936* in a rewritten form.

1-3(2) If:

- (a) that Act expressed an idea in a particular form of words; and
- (b) this Act appears to have expressed the same idea in a different form of words in order to use a clearer or simpler style;

the ideas are not to be taken to be different just because different forms of words were used.

Note: A public or private ruling about a provision of the *Income Tax Assessment Act 1936* is taken also to be a ruling about the corresponding provision of this Act, so far as the 2 provisions express the same ideas: see section 357-85 in Schedule 1 to the *Taxation Administration Act 1953*.

SECTION 1-4 Application

1-4 This Act extends to every external Territory referred to in the definition of *Australia*.

SECTION 1-7 Administration of this Act

1-7 The Commissioner has the general administration of this Act.

Note: An effect of this provision is that people who acquire information under this Act are subject to the confidentiality obligations and exceptions in Division 355 in Schedule 1 to the *Taxation Administration Act 1953*.

PART 1-2 — A GUIDE TO THIS ACT

Division 2 — How to use this Act

Subdivision 2-A — How to find your way around

SECTION 2-1 The design

2-1 This Act is designed to help you identify accurately and quickly the provisions that are relevant to your purpose in reading the income tax law.

The Act contains tables, diagrams and signposts to help you navigate your way.

You can start at Division 3 (What this Act is about) and follow the signposts as far into the Act as you need to go. You may also encounter signposts to several areas of the law that are relevant to you. Each one should be followed.

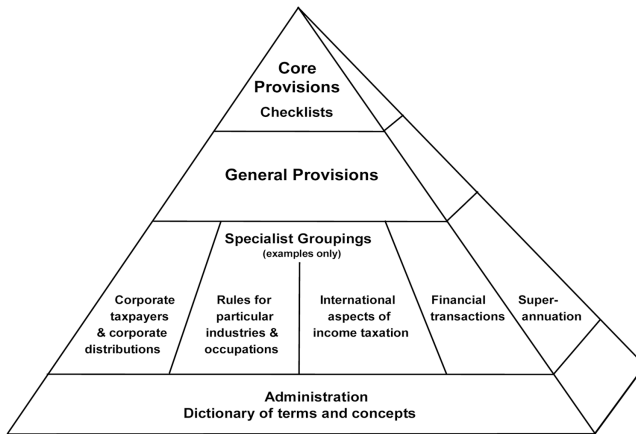
Sometimes they will lead down through several levels of detail. At each successive level, the rules are structured in a similar way. They will often be preceded by a Guide to the rules at that level. The rules themselves will usually deal first with the general or most common case and then with the more particular or special cases.

Subdivision 2-B — How the Act is arranged

SECTION 2-5 The pyramid

2-5 This Act is arranged in a way that reflects the principle of moving from the general case to the particular.

In this respect, the conceptual structure of the Act is something like a pyramid. The pyramid shape illustrates the way the income tax law is organised, moving down from the central or core provisions at the top of the pyramid, to general rules of wide application and then to the more specialised topics.



Note: The *Taxation Administration Act 1953* contains the provisions on collection and recovery of tax and provisions on administration.

Subdivision 2-C — How to identify defined terms and find the definitions

SECTION 2-10 When defined terms are identified

2-10(1) Many of the terms used in the income tax law are defined.

2-10(2) Most defined terms in this Act are identified by an asterisk appearing at the start of the term: as in “*business”. The footnote that goes with the asterisk contains a signpost to the Dictionary definitions starting at section 995-1.

SECTION 2-15 When terms are *not* identified

2-15(1) Once a defined term has been identified by an asterisk, later occurrences of the term in the same subsection are *not* usually asterisked.

Subdiv 2-C — How to identify defined terms and find the definitions

2-15(2) Terms are *not* asterisked in the non-operative material contained in this Act.

Note: The non-operative material is described in Subdivision 2-E.

2-15(3) The following basic terms used throughout the Act are *not* identified with an asterisk. They fall into 2 groups:

Key participants in the income tax system

Item	This term:	is defined in:
1.	Australian resident	section 995-1
2.	Commissioner	section 995-1
3.	company	section 995-1
4.	entity	section 960-100
4A.	foreign resident	section 995-1
5.	individual	section 995-1
6.	partnership	section 995-1
7.	person	section 995-1
8.	trustee	section 995-1
9.	you	section 4-5

Core concepts

Item	This term:	is defined in:
1.	amount	section 995-1
2.	assessable income	Division 6
3.	assessment	section 995-1
3A.	Australia	Subdivision 960-T
4.	deduct, deduction	Division 8
5.	income tax	section 995-1

Item	This term:	is defined in:
6.	income year	section 995-1
7.	taxable income	section 4-15
8.	this Act	section 995-1

SECTION 2-20 Identifying the defined term in a definition

2-20 Within a definition, the defined term is identified by *bold italics*.

Subdivision 2-D — The numbering system

SECTION 2-25 Purposes

2-25 Two main purposes of the numbering system in this Act are:

- To indicate the relationship between units at different levels.
For example, the number of Part 2-15 indicates that the Part is in Chapter 2. Similarly, the number of section 165-70 indicates that the section is in Division 165.
- To allow for future expansion of the Act. The main technique here is leaving gaps between numbers.

SECTION 2-30 Gaps in the numbering

2-30 There are gaps in the numbering system to allow for the insertion of new Divisions and sections.

Subdivision 2-E — Status of Guides and other non-operative material

SECTION 2-35 Non-operative material

2-35 In addition to the operative provisions themselves, this Act contains other material to help you identify accurately and quickly the provisions that are relevant to you and to help you understand them.

This other material falls into 2 main categories.

SECTION 2-40 Guides

2-40 The first is the “Guides”. A *Guide* consists of sections under a heading indicating that what follows is a Guide to a particular Subdivision, Division etc.

Guides form part of this Act but are kept separate from the operative provisions. In interpreting an operative provision, a Guide may only be considered for limited purposes. These are set out in section 950-150.

SECTION 2-45 Other material

2-45 The other category consists of material such as notes and examples. These also form part of the Act. They are distinguished by type size from the operative provisions, but are not kept separate from them.

Sec 2-20

Division 3 — What this Act is about

SECTION 3-5 Annual income tax

3-5(1) Income tax is payable for each year by each individual and company, and by some other entities.

Note 1: Individuals who are Australian residents, and some trustees, are also liable to pay Medicare levy for each year. See the *Medicare Levy Act 1986* and Part VIIB of the *Income Tax Assessment Act 1936*.

Note 2: Income tax is imposed by the *Income Tax Act 1986* and the other Acts referred to in the definition of *income tax* in section 995-1.

3-5(2) Most entities have to pay *instalments* of income tax before the income tax they *actually* have to pay can be worked out.

3-5(3) This Act answers these questions:

1. What instalments of income tax do you have to pay? When and how do you pay them?

See Schedule 1 to the *Taxation Administration Act 1953*.

2. How do you work out how much income tax you must pay?

See Division 4, starting at section 4-1.

3. What happens if your income tax is *more* than the instalments you have paid? When and how must you pay the rest?

See Division 5 of this Act and Part 4-15 in Schedule 1 to the *Taxation Administration Act 1953*.

4. What happens if your income tax is *less* than the instalments you have paid? How do you get a refund?

See Division 3A of Part IIB of the *Taxation Administration Act 1953*.

5. What are your *other* obligations as a taxpayer, besides paying instalments and the rest of your income tax?

See section 3-10.

6. Do you have any other obligations under the income tax law?

See section 3-15.

7. If a dispute between you and the Commissioner of Taxation cannot be settled by agreement, what procedures for objection, review and appeal are available?

See Part IVC (sections 14ZL to 14ZZS) of the *Taxation Administration Act 1953*.

SECTION 3-10 Your other obligations as a taxpayer

3-10(1) Besides paying instalments and the rest of your income tax, your main obligations as a taxpayer are:

- (a) to keep records and provide information as required by:

- the *Income Tax Assessment Act 1936*; and
- Division 900 (which sets out substantiation rules) of this Act; and

- (b) to lodge income tax returns as required by:

- the *Income Tax Assessment Act 1936*.

Tax file numbers

3-10(2) Under Part VA of the *Income Tax Assessment Act 1936*, a tax file number can be issued to you. You are not obliged to apply for a tax file number. However, if you do not quote one in certain situations:

- you may become liable for instalments of income tax that would not otherwise have been payable;
- the amount of certain of your instalments of income tax may be increased.

SECTION 3-15 Your obligations *other than* as a taxpayer

3-15 Your main obligations under the income tax law, other than as a taxpayer are:

- in certain situations, to deduct from money you owe to another person, and to remit to the Commissioner, instalments of income tax payable by that person.

See Part 4-5 (Collection of income tax instalments), starting at section 750-1.

PART 1-3 — CORE PROVISIONS**Division 4 — How to work out the income tax payable on your taxable income****SECTION 4-1 Who must pay income tax**

4-1 Income tax is payable by each individual and company, and by some other entities.

Note: The actual amount of income tax payable may be nil.

For a list of the entities that must pay income tax, see Division 9, starting at section 9-1.

SECTION 4-5 Meaning of *you*

4-5 If a provision of this Act uses the expression *you*, it applies to entities generally, unless its application is expressly limited.

Note 1: The expression *you* is not used in provisions that apply only to entities that are not individuals.

Note 2: For circumstances in which the identity of an entity that is a managed investment scheme for the purposes of the *Corporations Act 2001* is not affected by changes to the scheme, see Subdivision 960-E of the *Income Tax (Transitional Provisions) Act 1997*.

SECTION 4-10 How to work out how much income tax you must pay

4-10(1) You must pay income tax for each *financial year.

4-10(2) Your income tax is worked out by reference to your taxable income for the *income year*. The income year is the same as the *financial year, except in these cases:

- for a company, the income year is the *previous* financial year;
- if you have an accounting period that is not the same as the financial year, each such accounting period or, for a company, each previous accounting period is an income year.

Note 1: The Commissioner can allow you to adopt an accounting period ending on a day other than 30 June. See section 18 of the *Income Tax Assessment Act 1936*.

Note 2: An accounting period ends, and a new accounting period starts, when a partnership becomes, or ceases to be, a VCLP, an ESVCLP, an AFOF or a VCMP. See section 18A of the *Income Tax Assessment Act 1936*.

4-10(3) Work out your income tax for the *financial year as follows:

$$\text{Income tax} = (\text{Taxable income} \times \text{Rate}) - \text{Tax offsets}$$

Method statement

Step 1. Work out your taxable income for the income year.

To do this, see section 4-15.

Step 2. Work out your basic income tax liability on your taxable income using:

- the income tax rate or rates that apply to you for the income year; and
- any special provisions that apply to working out that liability.

See the *Income Tax Rates Act 1986* and section 4-25.

- Step 3.* Work out your tax offsets for the income year. A **tax offset** reduces the amount of income tax you have to pay.

For the list of tax offsets, see section 13-1.

Step 4. Subtract your *tax offsets from your basic income tax liability. The result is how much income tax you owe for the *financial year.

Note 1: Division 63 explains what happens if your tax offsets exceed your basic income tax liability. How the excess is treated depends on the type of tax offset.

Note 2: Section 4-11 of the *Income Tax (Transitional Provisions) Act 1997* (which is about the temporary budget repair levy) may increase the amount of income tax worked out under this section.

[CCH Note: S 4-10(3) was amended by No 16 of 2011, s 3 and Sch 1 item 1, by substituting “Note 1” for “Note” in the note at the end of the subsection. However, since Note 3 also appears at the end of s 4-10(3), “Note” has been renumbered as “Note 1” and “Note 3” has been renumbered to “Note 2”, in line with an editorial change made by the Federal Register of Legislation under the *Legislation Act 2003* to bring it into line with legislative drafting practice.]

Income tax worked out on another basis

4-10(4) For some entities, some or all of their income tax for the *financial year is worked out by reference to something other than taxable income for the income year.

See section 9-5.

SECTION 4-15 How to work out your taxable income

4-15(1) Work out your **taxable income** for the income year like this:

$$\text{Taxable income} = \text{Assessable income} - \text{Deductions}$$

Method statement

- Step 1.* Add up all your assessable income for the income year.

To find out about your assessable income, see Division 6.

Step 2. Add up your deductions for the income year.

To find out what you can deduct, see Division 8.

Step 3. Subtract your deductions from your assessable income (unless they exceed it). The result is your taxable income. (If the deductions equal or exceed the assessable income, you don’t have a taxable income.)

Note: If the deductions exceed the assessable income, you may have a tax loss which you may be able to utilise in that or a later income year: see Division 36.

4-15(2) There are cases where taxable income is worked out in a special way:

Item	For this case . . .	See:
1.	A company does not maintain continuity of ownership and control during the income year and does not satisfy the same business test	Subdivision 165-B
1A.	(Repealed by No 80 of 2007)	

Item	For this case . . .	See:
1B.	An entity is a *member of a *consolidated group at any time in the income year	Part 3-90
2.	A company becomes a PDF (pooled development fund) during the income year, and the PDF component for the income year is a nil amount	section 124ZTA of the <i>Income Tax Assessment Act 1936</i>
3.	A shipowner or charterer: <ul style="list-style-type: none">● has its principal place of business outside Australia; and● carries passengers, freight or mail shipped in Australia	section 129 of the <i>Income Tax Assessment Act 1936</i>
4.	An insurer who is a foreign resident enters into insurance contracts connected with Australia	sections 142 and 143 of the <i>Income Tax Assessment Act 1936</i>
5.	The Commissioner makes a default or special assessment of taxable income	sections 167 and 168 of the <i>Income Tax Assessment Act 1936</i>
6.	The Commissioner makes a determination of the amount of taxable income to prevent double taxation in certain treaty cases	section 24 of the <i>International Tax Agreements Act 1953</i>

Note: A life insurance company can have a taxable income of the complying superannuation class and/or a taxable income of the ordinary class for the purposes of working out its income tax for an income year: see Subdivision 320-D.

* * *

Division 5 — How to work out when to pay your income tax

Guide to Division 5

SECTION 5-1 What this Division is about

If your assessed income tax liability exceeds the credits available to you under the PAYG system, this Division explains *when* you must pay the excess to the Commissioner.

If your assessment is amended so that you must pay income tax, or pay more income tax than under the previous assessment, this Division explains:

- (a) *when* you must pay the additional tax; and
- (b) *when* any associated interest charges must be paid.

Note: For provisions about the collection and recovery of income tax and other tax-related liabilities, see Part 4-15 in Schedule 1 to the *Taxation Administration Act 1953*.

Subdivision 5-A — How to work out when to pay your income tax

SECTION 5-5 When income tax is payable

Scope

5-5(1) This section tells you when income tax you must pay for a *financial year is due and payable.

Note: The Commissioner may defer the time at which the income tax is due and payable: see section 255-10 in Schedule 1 to the *Taxation Administration Act 1953*.

5-5(2) The income tax is only due and payable if the Commissioner makes an *assessment of your income tax for the year.

5-5(3) However, if the Commissioner does make an *assessment of your income tax for the year, the tax may be taken to have been due and payable at a time before your assessment was made.

Note: This is to ensure that general interest charge begins to accrue from the same date for all like entities. General interest charge on unpaid income tax is calculated from when the tax is due and payable, not from when the assessment is made: see section 5-15.

Original assessments — self-assessment entities

5-5(4) If you are a *self-assessment entity, the income tax is due and payable on the first day of the sixth month after the end of the income year.

Example:

If your income year is the same as the financial year, your income tax would be due and payable on 1 December.

Original assessments — other entities

5-5(5) If you are *not* a *self-assessment entity, the income tax is due and payable 21 days after the day (the **return day**) on or before which you are required to lodge your *income tax return with the Commissioner.

Note: For rules about income tax returns and when they are due, see Part IV of the *Income Tax Assessment Act 1936*.

5-5(6) However, if you lodge your return *on or before* the return day and the Commissioner gives you a notice of *assessment (other than an amended assessment) *after* the return day, the income tax is due and payable 21 days after the Commissioner gives you the notice.

Amended assessments

5-5(7) If the Commissioner amends your *assessment, any extra income tax resulting from the amendment is due and payable 21 days after the day on which the Commissioner gives you notice of the amended assessment.

Note: Shortfall interest charge may be payable, on any amount of extra income tax payable as a result of the amended assessment, for each day in the period that:

- (a) starts at the time income tax was due and payable on your original assessment; and
- (b) ends the day before the day on which the Commissioner gives you notice of the amended assessment.

SECTION 5-10 When shortfall interest charge is payable

5-10 An amount of *shortfall interest charge that you are liable to pay is due and payable 21 days after the day on which the Commissioner gives you notice of the charge.

Note: Shortfall interest charge is imposed if the Commissioner amends an assessment and the amended assessment results in an increase in some tax payable. For provisions about liability for shortfall interest charge, see Division 280 in Schedule 1 to the *Taxation Administration Act 1953*.

SECTION 5-15 General interest charge payable on unpaid income tax or shortfall interest charge

5-15 If an amount of income tax or *shortfall interest charge that you are liable to pay remains unpaid after the time by which it is due to be paid, you are liable to pay the *general interest charge on the unpaid amount for each day in the period that:

- (a) starts at the beginning of the day on which the amount was due to be paid; and
- (b) finishes at the end of the last day on which, at the end of the day, any of the following remains unpaid:
 - (i) the income tax or shortfall interest charge;
 - (ii) general interest charge on any of the income tax or shortfall interest charge.

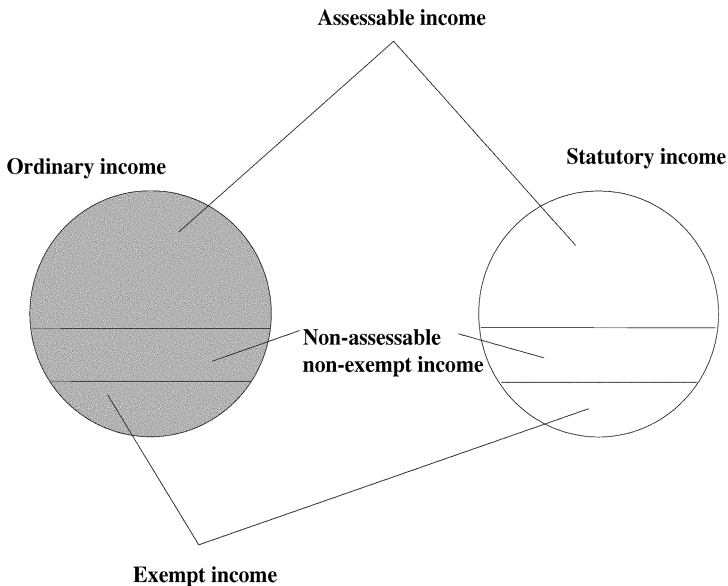
Note 1: The general interest charge is worked out under Part IIA of the *Taxation Administration Act 1953*.

Note 2: Shortfall interest charge is worked out under Division 280 in Schedule 1 to that Act.

Division 6 — Assessable income and exempt income

Guide to Division 6

SECTION 6-1 Diagram showing relationships among concepts in this Division



6-1(1) Assessable income consists of ordinary income and statutory income.

Sec 5-15

6-1(2) Some ordinary income, and some statutory income, is exempt income.

6-1(3) Exempt income is not assessable income.

6-1(4) Some ordinary income, and some statutory income, is neither assessable income nor exempt income.

For the effect of the GST in working out assessable income, see Division 17.

6-1(5) An amount of ordinary income or statutory income can have only one status (that is, assessable income, exempt income or non-assessable non-exempt income) in the hands of a particular entity.

Operative provisions

SECTION 6-5 Income according to ordinary concepts (*ordinary income*)

6-5(1) Your *assessable income* includes income according to ordinary concepts, which is called *ordinary income*.

Note: Some of the provisions about assessable income listed in section 10-5 may affect the treatment of ordinary income.

6-5(2) If you are an Australian resident, your assessable income includes the *ordinary income you *derived directly or indirectly from all sources, whether in or out of Australia, during the income year.

6-5(3) If you are a foreign resident, your assessable income includes:

- (a) the *ordinary income you *derived directly or indirectly from all *Australian sources during the income year; and
- (b) other *ordinary income that a provision includes in your assessable income for the income year on some basis other than having an *Australian source.

6-5(4) In working out whether you have *derived* an amount of *ordinary income, and (if so) when you *derived* it, you are taken to have received the amount as soon as it is applied or dealt with in any way on your behalf or as you direct.

SECTION 6-10 Other assessable income (*statutory income*)

6-10(1) Your *assessable income* also includes some amounts that are *not* *ordinary income.

Note: These are included by provisions about assessable income. For a summary list of these provisions, see section 10-5.

6-10(2) Amounts that are *not* *ordinary income, but are included in your assessable income by provisions about assessable income, are called *statutory income*.

Note 1: Although an amount is statutory income because it has been included in assessable income under a provision of this Act, it may be made exempt income or non-assessable non-exempt income under another provision: see sections 6-20 and 6-23.

Note 2: Many provisions in the summary list in section 10-5 contain rules about ordinary income. These rules do not change its character as ordinary income.

6-10(3) If an amount would be *statutory income apart from the fact that you have not received it, it becomes statutory income as soon as it is applied or dealt with in any way on your behalf or as you direct.

6-10(4) If you are an Australian resident, your assessable income includes your *statutory income from all sources, whether in or out of Australia.

6-10(5) If you are a foreign resident, your assessable income includes:

- (a) your ^{*}statutory income from all ^{*}Australian sources; and
- (b) other ^{*}statutory income that a provision includes in your assessable income on some basis other than having an ^{*}Australian source.

SECTION 6-15 What is *not* assessable income

6-15(1) If an amount is *not* ^{*}ordinary income, and is *not* ^{*}statutory income, it is not *assessable income* (so you do not have to pay income tax on it).

6-15(2) If an amount is ^{*}exempt income, it is not *assessable income*.

Note: If an amount is exempt income, there are other consequences besides it being exempt from income tax. For example:

- the amount may be taken into account in working out the amount of a tax loss (see section 36-10);
- you cannot deduct as a general deduction a loss or outgoing incurred in deriving the amount (see Division 8);
- capital gains and losses on assets used solely to produce exempt income are disregarded (see section 118-12).

6-15(3) If an amount is ^{*}non-assessable non-exempt income, it is not *assessable income*.

Note 1: You cannot deduct as a general deduction a loss or outgoing incurred in deriving an amount of non-assessable non-exempt income (see Division 8).

Note 2: Capital gains and losses on assets used to produce *some* types of non-assessable non-exempt income are disregarded (see section 118-12).

SECTION 6-20 Exempt income

6-20(1) An amount of ^{*}ordinary income or ^{*}statutory income is *exempt income* if it is made exempt from income tax by a provision of this Act or another ^{*}Commonwealth law.

For summary lists of provisions about exempt income, see sections 11-5 and 11-15.

6-20(2) ^{*}Ordinary income is also *exempt income* to the extent that this Act excludes it (expressly or by implication) from being assessable income.

6-20(3) By contrast, an amount of ^{*}statutory income is *exempt income* only if it is made exempt from income tax by a provision of this Act outside this Division or another ^{*}Commonwealth law.

6-20(4) If an amount of ^{*}ordinary income or ^{*}statutory income is ^{*}non-assessable non-exempt income, it is not *exempt income*.

Note: An amount of non-assessable non-exempt income is not taken into account in working out the amount of a tax loss.

SECTION 6-23 Non-assessable non-exempt income

6-23 An amount of ^{*}ordinary income or ^{*}statutory income is *non-assessable non-exempt income* if a provision of this Act or of another ^{*}Commonwealth law states that it is not assessable income and is not ^{*}exempt income.

Note: Capital gains and losses on assets used to produce *some* types of non-assessable non-exempt income are disregarded (see section 118-12).

For a summary list of provisions about non-assessable non-exempt income, see Subdivision 11-B.

SECTION 6-25 Relationships among various rules about ordinary income

6-25(1) Sometimes more than one rule includes an amount in your assessable income:

- the same amount may be *ordinary income and may also be included in your assessable income by one or more provisions about assessable income; or
- the same amount may be included in your assessable income by more than one provision about assessable income.

For a summary list of the provisions about assessable income, see section 10-5.

However, the amount is included only once in your assessable income for an income year, and is then not included in your assessable income for any other income year.

6-25(2) Unless the contrary intention appears, the provisions of this Act (outside this Part) prevail over the rules about *ordinary income.

Note: This Act contains some specific provisions about how far the rules about ordinary income prevail over the other provisions of this Act.

Division 8 — Deductions**SECTION 8-1 General deductions**

8-1(1) You can *deduct* from your assessable income any loss or outgoing to the extent that:

- (a) it is incurred in gaining or producing your assessable income; or
- (b) it is necessarily incurred in carrying on a *business for the purpose of gaining or producing your assessable income.

Note: Division 35 prevents losses from non-commercial business activities that may contribute to a tax loss being offset against other assessable income.

8-1(2) However, you cannot deduct a loss or outgoing under this section to the extent that:

- (a) it is a loss or outgoing of capital, or of a capital nature; or
- (b) it is a loss or outgoing of a private or domestic nature; or
- (c) it is incurred in relation to gaining or producing your *exempt income or your *non-assessable non-exempt income; or
- (d) a provision of this Act prevents you from deducting it.

For a summary list of provisions about deductions, see section 12-5.

8-1(3) A loss or outgoing that you can deduct under this section is called a *general deduction*.

For the effect of the GST in working out deductions, see Division 27.

Note: If you receive an amount as insurance, indemnity or other recoupment of a loss or outgoing that you can deduct under this section, the amount may be included in your assessable income: see Subdivision 20-A.

SECTION 8-5 Specific deductions

8-5(1) You can also *deduct* from your assessable income an amount that a provision of this Act (outside this Division) allows you to deduct.

8-5(2) Some provisions of this Act prevent you from deducting an amount that you could otherwise deduct, or limit the amount you can deduct.

8-5(3) An amount that you can deduct under a provision of this Act (outside this Division) is called a *specific deduction*.

Note: If you receive an amount as insurance, indemnity or other recoupment of a deductible expense, the amount may be included in your assessable income: see Subdivision 20-A.

For a summary list of provisions about deductions, see section 12-5.

SECTION 8-10 No double deductions

8-10 If 2 or more provisions of this Act allow you deductions in respect of the same amount (whether for the same income year or different income years), you can deduct only under the provision that is most appropriate.

**PART 1-4 — CHECKLISTS OF WHAT IS COVERED BY
CONCEPTS USED IN THE CORE PROVISIONS**

Division 9 — Entities that must pay income tax

SECTION 9-1A Effect of this Division

9-1A This Division is a *Guide.

SECTION 9-1 List of entities

9-1 Income tax is payable by the entities listed in the table.

Provisions of the *Income Tax Assessment Act 1997* are identified in normal text. The other provisions, **in bold**, are provisions of the *Income Tax Assessment Act 1936*.

Item	Income tax is payable by this kind of entity:	because of this provision:
1	An individual	section 4-1
2	A company, that is: <ul style="list-style-type: none">● a body corporate; or● an unincorporated body (except a partnership)	section 4-1
3	A company that was a member of a wholly-owned group if a former subsidiary in the group is treated as having disposed of leased plant and does not pay all of the income tax resulting from that treatment	section 45-25
4	A superannuation provider in relation to a complying superannuation fund	sections 295-5 and 295-605

Item	Income tax is payable by this kind of entity:	because of this provision:
5	A superannuation provider in relation to a non-complying superannuation fund	sections 295-5 and 295-605
6	A superannuation provider in relation to a complying approved deposit fund	section 295-5
7	A superannuation provider in relation to a non-complying approved deposit fund	section 295-5
8	The trustee of a pooled superannuation trust	section 295-5
8A	(Repealed by No 70 of 2015)	
9	A corporate limited partnership	section 94J
10	A mutual insurance association (as described in section 121)	section 121
11	A trustee (except one covered by another item in this table), but only in respect of some kinds of income of the trust	sections 98, 99, 99A and 102
12	(Repealed by No 53 of 2016)	
13	The trustee of a public trading trust	section 102S

* * *

Division 10 — Particular kinds of assessable income

SECTION 10-1 Effect of this Division

10-1 This Division is a ^{*}Guide.

SECTION 10-5 List of provisions about assessable income

10-5 The provisions set out in the table:

- include in your assessable income amounts that are *not* ^{*}ordinary income; and
- vary or replace the rules that would otherwise apply for certain kinds of ^{*}ordinary income.

Provisions of the *Income Tax Assessment Act 1997* are identified in normal text. The other provisions, **in bold**, are provisions of the *Income Tax Assessment Act 1936*.

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Division 11 — Particular kinds of non-assessable income
Subdivision 11-A — Lists of classes of exempt income

SECTION 11-1A Effect of this Subdivision

11-1A This Subdivision is a *Guide.

SECTION 11-1 Overview

11-1 Ordinary income or statutory income which is exempt from income tax can be divided into 2 main classes:

- (a) ordinary or statutory income of entities that are exempt, no matter what kind of ordinary or statutory income they have (see table in section 11-5);
- (b) ordinary or statutory income of a kind that is exempt (see table in section 11-15).
- (c) (Repealed by No 12 of 2012)

SECTION 11-5 Entities that are exempt, no matter what kind of ordinary or statutory income they have

11-5 Provisions of the *Income Tax Assessment Act 1997* are identified in normal text. The other provisions, **in bold**, are provisions of the *Income Tax Assessment Act 1936*.

Note: Special rules apply to entities that cease to be exempt. See Schedule 2D to the *Income Tax Assessment Act 1936*.

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[finance] (Repealed by No 101 of 2004)

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<i>Social Security and Veterans' Affairs Legislation Amendment (One-off Payments and Other 2007 Budget Measures) Act 2007</i> , payments under a scheme determined under item 1 of Schedule 2 to the	52-10
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<i>Social Security and Veterans' Entitlements Legislation Amendment (One-off Payments to Increase Assistance for Older Australians and Carers and Other Measures) Act 2006</i> , payments under the scheme determined under Schedule 4 to the	52-10
<i>Social Security Legislation Amendment (One-off Payments for Carers) Act 2005</i> , payments under the scheme determined under Schedule 2 to the	52-10
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training and learning bonus under the <i>Social Security Act 1991</i>	52-10
travelling expenses for Australian participants in British nuclear tests or in the British Commonwealth Occupation Force	Subdivision 52-CB
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approved deposit fund, continuously complying fixed interest, income from 25 May 1988 deposits	295-390 of the <i>Income Tax (Transitional Provisions) Act 1997</i>
approved deposit fund, income from a grant of financial assistance under Part 23 of the <i>Superannuation Industry (Supervision) Act 1993</i>	295-405 (table item 1)
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United Nations	
United Nations Service, income from	23AB
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eligible venture capital investments by ESVCLPs, income derived from	51-52
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Note: The following provisions of the *Income Tax Assessment Act 1936* give rise to *notional* exempt income and *not* exempt income. For this reason the provisions do not appear in the lists of kinds of exempt income.

The provisions are: paragraphs 384(1)(b) and 385(1)(b), subsection 402(2) and section 403.

Subdivision 11-B — Particular kinds of non-assessable non-exempt income

SECTION 11-50 Effect of this Subdivision

11-50 This Subdivision is a *Guide.

SECTION 11-55 List of non-assessable non-exempt income provisions

11-55 The provisions set out in the list make amounts non-assessable non-exempt income.

Provisions of the *Income Tax Assessment Act 1997* are identified in normal text. The other provisions, **in bold**, are provisions of the *Income Tax Assessment Act 1936*.

alienated personal services income

associate, non-deductible payment or obligation to	85-20(3)
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entitlements to a share of net income that is personal services income already assessable to an individual	86-35(2)
payments by personal services entity or associate of personal services income already assessable to an individual	86-35(1)
personal services entity, amounts of personal services income assessable to an individual	86-30
bonds	
see <i>securities</i>	
capital gains tax	
small business retirement exemption, payments made directly or indirectly to CGT concession stakeholder so company or trust complies with section 152-325	152-310
demutualisation of friendly society health or life insurers	
amounts related to issue, or transfer from lost policy holders trust, of demutualisation assets	316-255
payments received directly, or from lost policy holders trust, in exchange for cancellation or variation of interests under the demutualisation	316-255
demutualisation of private health insurers	
market value of shares and rights at time of issue	315-310
payments received in exchange for cancellation or variation of interests under the demutualisation	315-310
[disasters] (Repealed by No 31 of 2011)	
dividends	
demerger dividends	44(4)
later dividend set off against amount taken to be dividend	109ZC(3), 109ZCA(4)
employment	
early retirement scheme payment, tax free amount of	83-170
employment termination payment	82-10, 82-65, 82-70
foreign termination payment	83-235, 83-240
genuine redundancy payment, tax free amount of	83-170
unused long service leave payment, pre-16/8/78 period	83-80
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financial arrangements	
gains related to non-assessable non-exempt income	230-30
firearms surrender arrangements	
compensation under	59-10
[first home saver accounts] (Repealed by No 70 of 2015)	

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attributed controlled foreign company income, amounts paid out of .	23AI
attributed foreign investment fund income, amounts paid out of	23AK
certain forex realisation gains	775-25
branch profits of Australian companies	23AH
distributions of conduit foreign income	802-20
income derived by foreign residents in exclusive economic zone or on or above continental shelf	768-110
foreign equity distributions on participation interests	768-5
income derived by temporary residents	768-910
interest paid by temporary residents	768-980
managed investment trust withholding tax, amount subject to	840-815
Seasonal Labour Mobility Program withholding tax, amount subject to	840-915
superannuation fund, foreign, interest and dividend income of	128B(3)(jb)
withholding tax, dividend royalty or interest subject to	128D

GST

GST payable on a taxable supply	17-5(a)
increasing adjustments	17-5(b) and (c)

investment manager regime

IMR concessions	842-215
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life insurance companies	Subdivision 320-B
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mining

withholding tax, payments to Indigenous persons and distributing bodies subject to	59-15
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mutual receipts

amounts that would be mutual receipts but for prohibition on distributions to members	59-35
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National Rental Affordability Scheme

payments made, and non-cash benefits provided, by a State or Territory governmental body in relation to participation in the National Rental Affordability Scheme	380-35
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native title benefits

native title benefits	59-50
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non-cash benefits

fringe benefits	23L(1)
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notional sale and loan

arrangement payments a notional seller receives or is entitled to receive	240-40
luxury car leases, lease payments that the lessor receives or is entitled to receive	242-40

deemed loan treatment for financial benefits provided for tax preferred use of asset	250-160
offshore banking units	
assessable OB income other than eligible fraction	121EG
related entities	
amounts from, where deduction reduced for	26-35(4)
repayable amounts	
previously assessable amounts	59-30
rights to acquire shares or units	
market value of at time of issue	59-40
[securities] (Repealed by No 47 of 2016)	
small business assets	
income arising from CGT event, company or trust owned asset continuously for 15 years	152-110(2)
[social security or like payments] (Repealed by No 145 of 2010)	
superannuation	
benefits generally	Divisions 301 to 306
commutation of income stream, under 25 years	303-5
death benefits	302-60, 302-65, 302-70, 302-140
departing Australia superannuation benefits	301-175
foreign superannuation funds, lump sum benefits	305-60, 305-65, 305-70
KiwiSaver schemes, contributions to complying superannuation funds from	312-10
KiwiSaver schemes, superannuation benefits paid from complying superannuation funds to	312-15
member benefits	301-10, 301-15, 301-30, 301-225
release authorities, payments from	303-15 303-20
roll-over superannuation benefits	306-5
superannuation lump sum for recipient having terminal medical condition	303-10
unclaimed money payment	306-20
[tax bonus] (Repealed by No 32 of 2014)	
tax loss transfers	
consideration received by loss company from income company, generally	170-25(1)
consideration received by loss company from income company, net capital loss	170-125(1)
temporary residents	
<i>see foreign aspects of income taxation</i>	

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windfall amounts	
business franchise fees, refund of when invalid	59-20
State tax on Commonwealth place, refund of when invalid	59-25
withholding taxes	
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[CCH Note: Cyclone Larry and Cyclone Monica
No 80 of 2006, s 3 and Sch 2, contained the following provisions.

“Schedule 2 — Non-assessable, non-exempt income relating to Cyclone Larry

1 Certain Commonwealth payments relating to Cyclone Larry are non-assessable, non-exempt income

(1) Each of the following payments that you receive from the Commonwealth in your 2005-06 or 2006-07 income year is not assessable income and is not exempt income:

(a) a payment associated with what is known as the Cyclone Larry Business Assistance Fund and made because your business was adversely affected by Cyclone Larry;

(b) a payment known as fuel excise relief and connected with your use of fuel to generate electricity for your

business while supply of electricity through the grid to your business was disrupted as a result of Cyclone Larry.

(c) a payment associated with what is known as the Cyclone Larry Business Assistance Fund, or with what is known as the Cyclones Monica and Larry Business Assistance Fund, and made because your business was adversely affected by flooding due to the combined impacts of Cyclones Monica and Larry.

Note: This item does not deal with payments of income support to farmers and small business owners affected by Cyclone Larry or Cyclone Monica that are rebatable benefits under section 160AAA of the *Income Tax Assessment Act 1936*.

(2) A term used in this item and in the *Income Tax Assessment Act 1997* has the same meaning in this item as it has in that Act.”]

Division 12 — Particular kinds of deductions

SECTION 12-1 Effect of this Division

12-1 This Division is a *Guide.

SECTION 12-5 List of provisions about deductions

12-5 The provisions set out in the table contain rules about specific types of deduction.
Provisions of the *Income Tax Assessment Act 1997* are identified in normal text. The other provisions, **in bold**, are provisions of the *Income Tax Assessment Act 1936*.

accrued leave transfer payments	26-10
advance expenditure	
generally	82KZL to 82KZO
avoidance arrangements	82KJ
when deductible	82KZM to 82KZN
[averaging of incomes] (Omitted by No 46 of 1998)	

bad debts

deduction reduced because of forgiveness of debt if debtor and creditor are companies under common ownership and agree on the reduction	245-90
general	25-35, 63F
companies	Subdivisions 165-C, 166-C and 175-C
debt/equity swaps	63E, 63F, 709-220
deduction of a debt that used to be owed to a member of a consolidated group or MEC group by an entity that used to be a member of the group	Subdivisions 709-D and 719-I
money lenders, listed country branches, no deduction for	63D
see also <i>losses</i>	

balancing adjustment

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banks

foreign banks, Australian branches of	160ZZVA to 160ZZZJ
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boats

deferral of deductions	26-47
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borrowing expenses	25-25
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bribes to foreign public officials	26-52
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bribes to public officials	26-53
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buildings

income producing buildings, capital allowances	Division 43
see also <i>heritage conservation work</i>	

capital allowances

generally	Division 40
balancing adjustments	40-285(2), 40-370
business related costs	40-880
electricity and telephone lines	40-645
environmental protection activities	40-755
exploration or prospecting	40-80(1), 40-730
in-house software	40-335, 40-455
intellectual property	Subdivisions 40-B and 40-I
IRUs	Subdivision 40-B
landcare operations	40-630
low-value and software development pools	Subdivision 40-E
mining and quarrying	Subdivision 40-H and Subdivision 40-I
new business investment, additional deduction	Division 41

Petroleum Resource Rent Tax	40-750
project pools	40-830, 40-832
reducing deductions	40-25, 40-27, 40-290 and 40-291
spectrum licences	Subdivision 40-B
tax preferred use of asset	Division 250
telecommunications site access rights	Subdivision 40-B
trees in carbon sink forests	Subdivision 40-J
water facilities, horticultural plants, fodder storage assets and fencing assets	Subdivision 40-F
capital gains	
no deduction for an amount that would otherwise be deductible only because a net capital gain is included in assessable income	51AAA
small business retirement exemption, no deduction for payments made directly or indirectly to CGT concession stakeholder so company or trust complies with section 152-325	152-310
see also <i>foreign residents</i>	
capital loss	
net capital loss, no deduction for	102-10
net capital loss, transfer within company group	Subdivision 170-B
car disposal	
see <i>capital allowances</i>	
car expenses	
generally	Division 28
“cents per kilometre” method	Subdivision 28-C
“log book” method	Subdivisions 28-F and 28-G
substantiation of car expenses	Division 900
see also <i>transport expenses</i>	
car expenses of employee	
employee’s car expenses where car provided by employer can be used for private purposes, no deduction for	51AF
carried interests	
carried interests, no deduction for	118-21
car parking	
employee’s car parking expenses, no deduction for	51AGA
children’s income	
generally	102AA to 102AH
taxable income of a child, deductions taken into consideration in calculating	102AD
[clean energy] (Repealed by No 83 of 2014)	
club fees	
club fees, no deduction for	26-45
see also <i>subscriptions to associations</i>	
Commonwealth places windfall tax	26-17

companies, co-operative and mutual	
generally	117 to 121
distributions of assessable income	120
companies, private	
excessive payments to shareholders directors and associates, reduced deduction	109
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assets in relation to Division 230 financial arrangement	701-61(4)
controlled foreign companies	
generally	316 to 468
bad debts	399A
decline in value of depreciating assets	398
finance share dividends	394
taxes paid	393
convertible notes	
<i>see interest</i>	
copyrights	
expenditure in obtaining registration	Subdivisions 40-B and 40-I
currency exchange gains and losses	
<i>see foreign exchange</i>	
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<i>see timber</i>	
debt interests	
certain returns in respect of debt interests	25-85
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expenditure in obtaining or extending registration	Subdivisions 40-B and 40-I
disposal of depreciating assets	
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dividends	
dividends including LIC capital gain component	115-280
franking credits, companies and foreign residents	207-95(2), 207-95(3), 220-405(3)
franking credits, pooled development funds (PDFs)	124ZM
non-share equity interests, no deduction for return in respect of	26-26
unfranked non-portfolio dividends	46FA

education expenses

Higher Education Contribution Scheme, no deduction unless provided as fringe benefit	26-20
limit on deduction	82A
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election expenses

Federal and State Parliament election expenses	25-60, 25-70
local government election expenses, limited deduction for	25-65, 25-70

electricity connections

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embezzlement

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employees

pensions, gratuities or retiring allowances for ex-employees	25-50
Seasonal Labour Mobility Program, delayed deduction for salary, wages etc. paid to employees under program until Seasonal Labour Mobility Program withholding tax payable has been paid	26-25A
see also <i>shares</i>	

entertainment

expenditure, no deduction for some	Division 32
meal entertainment, calculation of deductible amount	51AEA to 51AEC

environment

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excess non-concessional contributions tax

no deduction	26-75
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exploration and prospecting

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family

no deduction for maintaining spouse or child	26-40
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[family tax benefit] (Repealed by No 56 of 2010)

farm management deposits

see *primary production*

[film income] (Repealed by No 164 of 2007)

film licensed investment companies (FLICs)

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financial arrangements

losses from	230-15(2) and (3)
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losses	775-30
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foreign financial entities' Australian permanent establishments

generally	Part IIIB
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thin capitalisation	Subdivision 820-FB
transfer of losses	Subdivisions 170-A and 170-B
[foreign income] (Repealed by No 143 of 2007)	
[foreign investment funds (FIFs)] (Repealed by No 114 of 2010)	
[foreign life assurance policies] (Repealed by No 114 of 2010)	
[foreign residents] (Repealed by No 79 of 2007)	
[foreign tax credits] (Repealed by No 143 of 2007)	
forestry managed investment schemes	
payments under scheme	394-10(1)
franchise fees windfall tax	26-15
freight	
freight for shipped goods	135A
fringe benefits	
contributions for private component, no deduction for	51AJ
employee's car expenses where car provided by employer can be used for private purposes, no deduction for	51AF
employee's car parking expenses, no deduction for	51AGA
expense payment fringe benefits, reduced deduction	51AH
general insurance companies and companies that self insure	
claims paid	321-25 and 321-95
increase in value of outstanding claims liability	321-15 and 321-85
increase in value of unearned premium reserve	321-55
gifts	
general	Division 30
limit on deduction	26-55
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[grape vines] (Repealed by No 129 of 2004)	
[GST — acquiring or upgrading plant to meet GST obligations etc] (Repealed by No 77 of 2001)	
horticultural plants	
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higher education assistance	26-20
hybrid mismatch rules	
disallowing of deductions	Division 832
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[insurance and annuity business] (Repealed by No 101 of 2004)	

insurance with non-residents

generally	141 to 148
insurance premiums, no deduction unless arrangement to pay tax	145
reinsurance, no deduction for resident carrying on insurance business in Australia for reinsurance premiums paid to a non-resident	148

intellectual property

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interest

convertible notes, interest on, generally	82L to 82T
foreign residents, debt creation involving, generally	159GZY to 159GZZF
foreign residents, delayed deduction for interest paid to until withholding tax payable has been paid	26-25
life assurance premiums, interest etc. on loans to finance, no deduction for	26-85
superannuation contributions, interest etc. on loans to finance, no deduction for	26-80
underpayment or late payment of tax, interest for	25-5

international agreements

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international profit shifting

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see *shares*

IRUs

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lease document expenses	25-20
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lease, authority, licence, permit or quota

expenditure to terminate	25-110
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leases

finance leases and arrangements, use of property if end-user an exempt public body or use outside Australia to produce exempt income	159GE to 159GO
leases of assets being put to tax preferred use	Division 250
leveraged arrangements, property used: <ul style="list-style-type: none">• other than to produce assessable income; or• by a non-resident outside Australia; or• by a previous owner	51AD
payment for failure to comply with lease obligation to repair premises	25-15

leases of luxury cars

accrual amounts	242-35
adjustment amounts (lessee)	242-70

adjustment amounts (lessor)	242-65
lease payments not deductible	242-55
payments to acquire car not deductible	242-85
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accrued leave transfer payments	26-10
no deduction for leave payments until paid	26-10
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no deduction for	26-50
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losses	
foreign exchange	775-30
profit-making undertaking or scheme	25-40
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traditional securities, loss on disposal or redemption of	70B
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managed investment trusts	
losses from carried interests	275-200(4)
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by employee or agent	25-47
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National Disability Insurance Scheme expenditure	26-97
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non-cash business benefits	51AK
non-cash consideration, money value deemed to have been paid or given	21
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no deductions allowable under Division 36	102AAZC

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arrangement payments, no deduction for	240-55
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deemed loan treatment for financial benefits provided for tax	
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overseas debtors repayment levy

limit on deduction	82A
payment made to reduce a liability to overseas debtors repayment levy under the <i>Student Loans (Overseas Debtors Repayment Levy) Act 2015</i> , no deduction unless provided as fringe benefit	26-20

partnerships

foreign hybrid loss exposure adjustment	830-50
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[plant and articles] (Repealed by No 77 of 2001)

political contributions and gifts

denial of certain deductions	26-22
deductions for individuals	Subdivision 30-DA

pooled development funds (PDFs) **124ZM to 124ZZD**

[pooled software] (Repealed by No 77 of 2001)

prepaid expenditure

see *advance expenditure*

primary production

farm management deposits	Division 393
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see also *capital allowances* and *timber*

property

arrangements relating to assets being put to tax preferred use	Division 250
arrangements relating to use of property if end-user an exempt public body or use outside Australia to produce exempt income	159GE to 159GO
leveraged arrangements, property used:	
• other than to produce assessable income; or	
• by a non-resident outside Australia; or	
• by a previous owner	51AD
sale of property, profit or loss	82(2)
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qualifying securities

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premises used to produce mutual receipts	25-75
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no deduction for	26-19
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[regional headquarters (RHQs)] (Repealed by No 47 of 2016)

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reinsurance

see *insurance with non-residents*

related entities (including relatives)

reduction of deduction for payment or liability to	26-35, 65(1B) and (1C)
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repairs

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repair covenants, payment for non-compliance with covenant to	
repair under lease	25-15

[research & development] (Repealed by No 93 of 2011)

roads

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royalties

royalty, no deduction for royalty paid to a foreign resident until the withholding tax payable has been paid	26-25
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[small-medium enterprises (SMEs)] (Repealed by No 23 of 2018)**Software**

see *capital allowances*

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see *capital allowances*

State or Territory bodies (STBs)

body ceasing to be STB, some deductions not allowed	24AW to 24AYA
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superannuation and related business

generally	Part 3-30
asset disposals	295-85
death or disability benefits, deduction for future service element	295-470
death or disability cover, premiums for	295-465
financial assistance levy	295-490(1) (table item 3)

superannuation contributions surcharge

no deduction	26-60
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superannuation — deductibility of contributions

generally	Division 290
contributions for employees etc.	Subdivision 290-B

contributions to non-complying funds	sections 290-10 and 290-75
first home super saver scheme re-contribution	section 290-168
limit on deduction	26-55
no deduction under any other provision of the Act	section 290-10
personal contributions	Subdivision 290-C
[superannuation — employer contributions] (Repealed by No 15 of 2007)	
superannuation guarantee charge	
no deduction for	26-95
late contribution offset, no deduction for	290-95
superannuation supervisory levy	
late lodgment amount, no deduction for	26-90
tax agent's fees	
<i>see tax related expenses</i>	
tax avoidance schemes	
companies, use of tax losses or deductions to avoid tax	Division 175
diverted assessable income	121F to 121L
dividend stripping	177E
gifts	78A
imputation, manipulation of	207-150(2), 207-150(3)
prepaid outgoings to avoid tax	82KJ
recouped expenditure	82KH to 82KL
tax avoidance scheme, no deduction allowable where deduction the result of	177A to 177G
trading stock	70-20, 52A
tax exempt entities	
treatment of losses and outgoings on becoming taxable	Schedule 2D
tax losses	
bad debts, companies	165-120
change of ownership or control of a company	
generally	Division 165
for earlier income years	Subdivision 165-A
for income year of the change	Subdivision 165-B
designated infrastructure project entities	Division 415
earlier income years	Division 36
life insurance companies	Subdivision 320-D
pooled development funds	Subdivision 195-A
transfer between companies in same wholly-owned group	Subdivision 170-A
tax preferred asset financing	
generally	Division 250
denial of capital allowance deductions in relation to asset being put to tax preferred use	250-145

reduction in capital allowance deductions in relation to asset being put to tax preferred use	250-150
tax related expenses	25-5
telecommunications site access rights	
<i>see capital allowances</i>	
telephone lines	
<i>see primary production</i>	
[termination payments surcharge] (Repealed by No 23 of 2018)	
theft	
by employee or agent	25-45
thin capitalisation	
disallowing of deductions	Division 820
timber	
death of owner of land carrying trees, deduction of the part of land cost attributable to trees	70-120
disposal of land carrying trees, deduction of the part of land cost attributable to trees	70-120
felling trees, deduction of cost of land attributable to trees felled or of cost of right to fell trees	70-120
<i>see also capital allowances</i>	
trade support loan	
limit on deduction	82A
payment made to reduce a debt to the Commonwealth under the <i>Trade Support Loans Act 2014</i> , no deduction unless provided as fringe benefit	26-20
trading ships	
<i>see capital allowances</i>	
trading stock	
Commissioner may determine whether consideration paid for chose in action is reasonable	52A
excess of opening stock over closing value	70-35(3)
expenditure deemed not to be of a capital nature	70-25
prepayments, when stock becomes trading stock on hand	70-15
<i>see also tax avoidance schemes and timber</i>	
traditional securities	
<i>see securities</i>	
training guarantee	
training guarantee charge, no deduction for	51(7)
transfer pricing	
arm's length principle for cross-border conditions between entities ..	Subdivision 815-B
arm's length principle for permanent establishments	Subdivision 815-C
transport expenses	
incurred in travel between workplaces	25-100
travel expenses	
accompanying relatives, no deduction for some travel expenses	26-30

travel related to the use of residential premises as residential accommodation	26-31
see also <i>substantiation</i>	
trees in carbon sink forests	
see <i>capital allowances</i>	
trusts	
trust income, deductions considered in calculating	95 to 102
see also <i>foreign residents, non-resident trust estates</i> and <i>public trading trusts</i>	
uniforms	
non-compulsory uniforms	Division 34
United Medical Protection Limited support payments	25-105
uranium mining	
see <i>mining</i>	
VET student loans	
limit on deduction	82A
payment made to reduce a debt to the Commonwealth under Part 3A of the <i>VET Student Loans Act 2016</i> (VETSL debts), no deduction unless provided as fringe benefit	26-20
water facilities	
improvements	26-100
see also <i>capital allowances</i>	
work expenses	
see <i>substantiation</i>	
work in progress	
payment of a work in progress amount	25-95

[CCH Note: S 12-5 will be amended by No 116 of 2018 s 3 and Sch 1 item 27, by inserting “see also *VET student loans*” at the end of the table item headed “education expenses”, effective 1 July 2019.]

Division 13 — Tax offsets

SECTION 13-1A Effect of this Division

13-1A This Division is a *Guide.

SECTION 13-1 List of tax offsets

13-1 The provisions set out in the list allow you a tax offset.
Provisions of the *Income Tax Assessment Act 1997* are identified in normal text. The other provisions, in **bold**, are provisions of the *Income Tax Assessment Act 1936*.

- Aboriginal study assistance**
see *social security* and *other benefit payments*
- annual leave**
see *leave payments*

Sec 13-1A

annuity
 see superannuation

approved deposit funds (ADFs)
 see dividends

attribution managed investment trusts
 non-resident beneficiary 276-110

averaging
 see primary production

bonuses
 see life assurance

child
 child care Subdivision 61-IA
 first child Subdivision 61-I
 increased tax payable under Part III Division 6AA, unreasonable **102AH**
 trust income **100(2)**

[child/housekeeper] (Repealed by No 70 of 2015)

corporate unit trusts
 see dividends

Cyclone Larry or Cyclone Monica income support payment
 see social security and other benefit payments

defence force
 members serving overseas **79B**

dependants
 invalid relative, invalid spouse or carer in receipt of carer benefit Subdivision 61-A
 see also medical expenses

dividends
 general 207-20(2), 207-45, 207-110(2)(c), 210-170(1)

early stage venture capital limited partnerships
 contributions to ESVCLPs Subdivision 61-P

[education expenses] (Repealed by No 50 of 2012)

[drought relief] (Repealed by No 179 of 1997)

employment termination
 employment termination payments 82-10, 82-70
 see leave payments, superannuation and sections 82-10A and 82-10C of the Income Tax (Transitional Provisions) Act 1997

[entrepreneurs' tax offset] (Repealed by No 23 of 2012)

Equine Workers Hardship Wage Supplement Payment
 see social security and other benefit payments

[exceptional circumstances relief] (Repealed by No 13 of 2014)

exploration for minerals
 junior minerals exploration incentive Subdivision 418-B

[farm help income support] (Repealed by No 13 of 2014)

[farm household support] (Repealed by No 97 of 2008)

film	.....	Division 376
[films] (Repealed by No 143 of 2007)		
foreign income tax		
foreign income tax paid, tax offset for	.....	Division 770
franking deficit tax		
liabilities to pay	.....	205-70
franked dividends		
<i>see dividends</i>		
hardship		
<i>see child</i>		
[housekeeper] (Repealed by No 70 of 2015)		
housing		
National Rental Affordability Scheme	.....	Division 380
imputation		
<i>see dividends and franking deficit tax</i>		
[infrastructure] (Repealed by No 4 of 2018)		
innovation companies		
certain shares issued to early stage investors	.....	Subdivision 360-A
inter-corporate dividends		
<i>see dividends</i>		
interest		
tax paid on by company	.....	127
interim income support payment		
<i>see social security and other benefit payments</i>		
invalid relative		
<i>see dependants</i>		
[land transport facilities borrowings] (Repealed by No 41 of 2011)		
leave payments		
unused annual leave payment	.....	83-15
unused long service leave payment	.....	83-85
<i>see employment termination</i>		
legal disability		
<i>see trusts</i>		
life assurance		
bonus, receipt of	.....	160AAB
life insurance company		
subsidiary joining consolidated group	.....	713-545(5)
long service leave		
<i>see leave payments</i>		
[losses] (Repealed by No 96 of 2014)		

low income earner

aged or pensioner beneficiary, trustee liable to be assessed for beneficiary's share of net income of trust estate	160AAAB
aged person or pensioner	160AAAA
general	Subdivision 61-D
tax offset for 2021-22 income year and earlier income years	159N

lump sum income arrears

receipt of	159ZRA, 159ZRB, Subdivision 61-L
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[mature age workers] (Repealed by No 20 of 2015)

medical expenses

payment of	159P
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non-resident beneficiary

see trusts

non-resident trust estate

see trusts

overseas defence force service

see defence force

[overseas tax] (Repealed by No 143 of 2007)

[parent/parent-in-law] (Repealed by No 70 of 2015)

partnerships

see dividends, housing and small business entities

pension

see social security and other benefit payments

pooled superannuation trusts (PSTs)

see dividends

primary production

averaging of income, trustees	156
averaging of tax liability, individuals	392-35(2)
farm household allowance	
<i>see social security and other benefit payments</i>	
interim income support payments	
<i>see social security and other benefit payments</i>	

private health insurance Subdivision 61-G

public trading trust

see dividends

public unit trust

see dividends

R&D Division 355

[rebatable ETP annuity] (Repealed by No 15 of 2007)

[research and development] (Repealed by No 93 of 2011)

residents of isolated areas

see zone

[restart income support] (Repealed by No 144 of 2000)

[savings and investment income] (Repealed by No 60 of 1999)

[shipping income] (Repealed by No 143 of 2007)

sickness benefits*see social security and other benefit payments***small business**

small business income Subdivision 328-F

[small business entities] (Repealed by No 23 of 2012)**social security and other benefit payments**

Aboriginal study assistance scheme	160AAA(3)
children, assistance for isolated	160AAA(3)
Cyclone Larry or Cyclone Monica income support payment	160AAA(3)
Disaster income support allowance for special category visa (subclass 444) holders	160AAA(3)
Equine Workers Hardship Wage Supplement Payment	160AAA(3)
farm household allowance under the <i>Farm Household Support Act 2014</i>	
..... <i>see unemployment, sickness and other benefit payments under the Social Security Act 1991</i>	
interim income support payment	160AAA(3)
pension, social security pension and veteran's pension	160AAAA
textile, clothing and footwear allowance	160AAA(3)
unemployment, sickness and other benefit payments under the <i>Social Security Act 1991</i>	160AAA(3)

[sole parent] (Repealed by No 83 of 1999)**[spouse]** (Repealed by No 70 of 2015)**superannuation**

generally	Divisions 301 and 302
associated earnings on non-concessional contributions	Subdivision 292-B
spouse contributions	Subdivision 290-D
death benefits	302-75, 302-85, 302-145
excess concessional contributions	291-15(b)
first home super saver scheme	313-25
member benefits	301-20, 301-25, 301-35, 301-40, 301-95, 301-100, 301-105, 301-115
TFN quoted to superannuation or RSA provider after no-TFN contributions tax paid	295-675

[superannuation funds] (Repealed by No 15 of 2007)**[tax credit]** (Repealed by No 143 of 2007)**termination payments***see employment termination, leave payments and superannuation***trustee***see dividends, low income earner and trusts***trusts**

beneficiary in a foreign trust	98B
non-resident beneficiary	98A(2)(a)
trust income of beneficiary with legal disability	100(2)
trust income (modifications for special disability trusts)	95AB(5)
<i>see also dividends, housing and small business entities</i>	

United Nations forces
 salary, wages and allowances from service as a member of **23AB(7)**

unemployment benefits
 see social security and other benefit payments

unit trusts
 see dividends

[water] (Repealed by No 84 of 2013)

winding-up of non-resident trust estates
 see trusts

withholding payments
 made by companies to Australian seafarers Subdivision 61-N

zone
 residents of isolated areas **79A**

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