


IT 339 - Members of the defence force - re-engagement bounties

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TAXATION RULING NO. IT 339

MEMBERS OF THE DEFENCE FORCE - RE-ENGAGEMENT BOUNTIES

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DEFENCE FORCES

23(t) (iii)

EXEMPT INCOME

IT REG 4AAA

RE-ENGAGEMENT BOUNTIES

FACTS

In December 1972 it was announced that members of the Defence Force who had completed a specified period of past service and who -

- (a) would be required to serve for a further period of at least three years under a current engagement; or
- (b) enter into a re-engagement for a further period of at least three years,

would be paid a "re-engagement bounty" of \$1,000.

2. Defence Force Regulations authorising payment of these re-engagement bounties were gazetted on 8 June 1973. Advice received from the Defence Department indicated that most of the servicemen who became entitled to the bounties in the 1972-73 year received payments before 30 June 1973.

RULING

3. The Government of the day decided that the bounties should be exempt from income tax. This decision was implemented by amending the Income Tax Assessment Act to include sub-paragraph 23(t) (iii), in association with Regulation 4AAA of the Income Tax Regulations.

4. The amendments apply to assessments for 1972-73 and subsequent income years. Accordingly, any \$1,000 re-engagement bounties disclosed in 1972-73 income tax returns should be excluded from assessable income and enquirers may be informed that the bounties are not taxable.

COMMISSIONER OF TAXATION