



Tax Laws Amendment (2006 Measures No. 5) Act 2006

No. 110, 2006

**An Act to amend the laws relating to taxation, and
for related purposes**

Note: An electronic version of this Act is available in ComLaw (<http://www.comlaw.gov.au/>)

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An Act to amend the laws relating to taxation, and for related purposes

[Assented to 23 October 2006]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Tax Laws Amendment (2006 Measures No. 5) Act 2006*.

2 Commencement

- (1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
1. Sections 1 to 3 and anything in this Act not elsewhere covered by this table	The day on which this Act receives the Royal Assent.	23 October 2006
2. Schedule 1	1 April 2007.	1 April 2007
3. Schedules 2 and 3	The day on which this Act receives the Royal Assent.	23 October 2006

Note: This table relates only to the provisions of this Act as originally passed by both Houses of the Parliament and assented to. It will not be expanded to deal with provisions inserted in this Act after assent.

- (2) Column 3 of the table contains additional information that is not part of this Act. Information in this column may be added to or edited in any published version of this Act.

3 Schedule(s)

Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Fringe benefits tax amendments

Fringe Benefits Tax Assessment Act 1986

1 Paragraph 58P(1)(e)

Omit “\$100”, substitute “\$300”.

2 Paragraphs 62(1)(a) and (b)

Omit “\$500”, substitute “\$1,000”.

3 Subsection 135P(1)

Omit “\$1,000”, substitute “\$2,000”.

4 Subsection 135P(1) (examples 1 and 2)

Repeal the examples, substitute:

Example 1: On 31 May 2007, Sylvia waives a debt of \$2,545 that her employee Angela owes her, thus providing Angela with a debt waiver fringe benefit with a taxable value of \$2,545 for the year of tax ending on 31 March 2008. Angela has a reportable fringe benefits amount for the year of income ending on 30 June 2008 in respect of her employment by Sylvia.

Example 2: On 1 March 2008, Angela’s employer Neil waives a debt of \$1,900 Angela owes him, providing Angela with a debt waiver fringe benefit with a taxable value of \$1,900 for the year of tax ending on 31 March 2008. However, he does not provide any other fringe benefits for that year of tax in respect of her employment, so Angela does not have a reportable fringe benefits amount for the year of income ending on 30 June 2008 in respect of her employment by Neil.

5 Subsection 135Q(2)

Omit “\$1,000”, substitute “\$2,000”.

6 After subsection 140(2)

Insert:

- (2A) In applying subsection (2), if the shortest practicable surface route between the tested location and the location mentioned in that subsection includes a route by water, the distance between those locations is taken to be the amount worked out using the following formula:

Schedule 1 Fringe benefits tax amendments

$$\left(\begin{array}{l} \text{Total kilometres} \\ \text{of the surface route} \\ \text{that are by water} \end{array} \times 2 \right) + \begin{array}{l} \text{Total kilometres} \\ \text{of the surface route} \\ \text{that are by land} \end{array}$$

7 Application

The amendments made by this Schedule apply in relation to the FBT year starting on 1 April 2007 and later FBT years.

Schedule 2—GST car and pharmaceutical concessions

A New Tax System (Goods and Services Tax) Act 1999

1 After subsection 38-50(4)

Insert:

- (4A) A supply of a drug, medicine or other pharmaceutical item is ***GST-free*** if the supply is on prescription and:
- (a) it is supplied as a pharmaceutical benefit (within the meaning of section 5 of the *Military Rehabilitation and Compensation Act 2004*); and
 - (b) it is supplied in accordance with a determination made under paragraph 286(1)(c) of that Act.

2 Subparagraph 38-505(1)(b)(iii)

Omit “; and”, substitute “; or”.

3 At the end of paragraph 38-505(1)(b)

Add:

- (iv) is receiving a Special Rate Disability Pension under Part 6 of Chapter 4 of the *Military Rehabilitation and Compensation Act 2004*, or satisfies the eligibility criteria in section 199 of that Act; and

4 Application

The amendments made by this Schedule apply to net amounts for tax periods starting, or that started, on or after 1 July 2004.

Schedule 3—Removing part-year tax-free threshold for taxpayers who have ceased to be full-time students

Income Tax Rates Act 1986

1 Subsection 16(1)

Omit “(1)”.

2 Subsection 16(1) (definition of *partial threshold allowance month*)

Repeal the definition.

3 Subsection 16(1) (definition of *related deductions*)

Repeal the definition.

4 Subsection 16(1) (definition of *salary or wages*)

Repeal the definition (including the note).

5 Subsection 16(1) (definition of *study period*)

Repeal the definition.

6 Subsection 16(2)

Repeal the subsection.

7 Sections 17 and 19

Repeal the sections.

8 Subsection 20(1)

Repeal the subsection, substitute:

- (1) If there are one or more part-year residency periods in relation to a person in relation to a year of income, this Act applies in relation to the person and the year of income as if the reference in the table in Part I of Schedule 7 to \$6,000 were a reference to the amount calculated in accordance with the following formula:

Number of months in the year of income
\$500 × during which there is a part-year residency period
in relation to the person and the year of income

9 Application

The amendments made by this Schedule apply to assessments for the 2006-2007 year of income and later years of income.

*[Minister's second reading speech made in—
House of Representatives on 17 August 2006
Senate on 13 September 2006]*

(108/06)
