



Tax Laws Amendment (Temporary Budget Repair Levy) Act 2014

No. 48, 2014

**An Act to amend the law 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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No. 48, 2014

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

[Assented to 25 June 2014]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Tax Laws Amendment (Temporary Budget Repair Levy) Act 2014*.

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 this Act receives the Royal Assent.	25 June 2014
2. Schedules 1, 2 and 3	The later of: (a) the day this Act receives the Royal Assent; and (b) the day the <i>Income Tax Rates Amendment (Temporary Budget Repair Levy) Act 2014</i> receives the Royal Assent. However, the provision(s) do not commence at all if the event mentioned in paragraph (b) does not occur.	25 June 2014

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

- (2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be 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Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.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—Temporary budget repair levy

Income Tax Assessment Act 1997

1 At the end of subsection 4-10(3)

Add:

Note 3: 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.

Income Tax (Transitional Provisions) Act 1997

2 At the end of Division 4

Add:

4-11 Temporary budget repair levy

Temporary budget repair levy

- (1) You must pay extra income tax (*temporary budget repair levy*) for a financial year if:
 - (a) you are an individual; and
 - (b) your taxable income for the corresponding income year exceeds \$180,000; and
 - (c) the financial year is a temporary budget repair levy year.

Note: This section will also affect the income tax payable by some trustees who are taxed as if certain trust income were income of individuals. See sections 98 and 99 of the *Income Tax Assessment Act 1936*.

Amount of temporary budget repair levy

- (2) Your temporary budget repair levy is worked out by reference to your taxable income for the corresponding income year using the rate or rates that apply to you.

Note: See Part IV of the *Income Tax Rates Act 1986*.

Interaction with other provisions

- (3) For the purpose of working out your income tax for the financial year:
- (a) section 4-10 of the *Income Tax Assessment Act 1997* has effect as if it made you liable to pay the extra tax mentioned in subsection (1) of this section; and
 - (b) subsection 4-10(3) of that Act has effect as if step 4 of the method statement in that subsection were omitted and the following were substituted:

Step 3A. Subtract your tax offsets from your basic income tax liability.

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

Step 3B. Add the extra income tax you must pay as mentioned in subsection 4-11(1) of the *Income Tax (Transitional Provisions) Act 1997*.

Step 4. If an amount of your tax offset for foreign income tax under Division 770 remains after applying section 63-10, subtract the remaining amount from the result of step 3B. The result is how much income tax you owe for the financial year.

- (4) To avoid doubt, temporary budget repair levy is not included in your basic income tax liability.

Note: As a result, you cannot apply any tax offsets against temporary budget repair levy under Part 2-20 of the *Income Tax Assessment Act 1997* (apart from the foreign income tax offset applied under step 4 of the method statement in subsection (3)).

Meaning of temporary budget repair levy year

- (5) Each of the following is a **temporary budget repair levy year**:
- (a) the 2014-15 financial year;
 - (b) the 2015-16 financial year;
 - (c) the 2016-17 financial year.

Schedule 2—Consequential amendments for fringe benefits tax

Fringe Benefits Tax Assessment Act 1986

1 Subsection 65J(2A) (formula)

Repeal the formula, substitute:

$$\text{FBT rate} \times \left(\text{Gross tax} - \frac{\text{Aggregate non-rebatable amount}}{\text{Rebatable days in year}} \right) \times \frac{\text{Total days in year}}{\text{Rebatable days in year}}$$

2 After Part XIC

Insert:

Part XID—Temporary budget repair levy

135Y Temporary budget repair levy

Application

- (1) This section applies to the temporary budget repair levy years for FBT (within the meaning of section 6A of the *Fringe Benefits Tax Act 1986*).

Modification for aggregate non-exempt amount

- (2) The method statement in subsection 5B(1E) has effect as if:
 - (a) each reference in that method statement to \$17,000 was instead a reference to \$17,667; and
 - (b) the reference in that method statement to \$30,000 was instead a reference to \$31,177.

Modified rebate for certain not-for-profit employers

- (3) The method statement in subsection 65J(2B) has effect as if the reference in that method statement to \$30,000 was instead a reference to \$31,177.

Note: The FBT rate is increased by 2 percentage points in the temporary budget repair levy years for FBT: see section 6A of the *Fringe Benefits Tax Act 1986*.

3 Application

The amendment made by item 1 of this Schedule applies to assessments for the year of tax starting on 1 April 2015 and later years of tax.

Schedule 3—Amendment of the Taxation Administration Regulations 1976

1 Regulation 2 (at the end of the definition of *top rate*)

Add:

Note: This definition is modified by regulation 2A in the temporary budget repair levy years.

2 After regulation 2

Insert:

2A Temporary budget repair levy

- (1) This regulation applies to the temporary budget repair levy years.

Increase in highest rate

- (2) These regulations have effect as if the highest rate specified in each of the following was increased by 2 percentage points:

- (a) the table in Part I of Schedule 7 to the *Income Tax Rates Act 1986*;
(b) the table in Part II of that Schedule.

- (3) In this regulation:

temporary budget repair levy year has the same meaning as in section 4-11 of the *Income Tax (Transitional Provisions) Act 1997*.

3 Subregulation 36(2)

Omit “0.45”, substitute “the highest rate specified in the table in Part II of Schedule 7 to the *Income Tax Rates Act 1986*”.

4 Subregulation 36(3)

Omit “0.465”, substitute “the top rate”.

*[Minister's second reading speech made in—
House of Representatives on 13 May 2014
Senate on 16 June 2014]*

(103/14)
