



**Tax and Superannuation Laws
Amendment (2014 Measures No. 3) Act
2014**

No. 69, 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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Tax and Superannuation Laws Amendment (2014 Measures No. 3) Act 2014

No. 69, 2014

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

[Assented to 30 June 2014]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Tax and Superannuation Laws
Amendment (2014 Measures No. 3) Act 2014*.

2 Commencement

This Act commences on the day after this Act receives the Royal Assent.

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Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.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

Part 1—Amendments

Income Tax Assessment Act 1997

1 At the end of subsection 40-80(1)

Add:

- ; and (d) in a case where the asset is a *mining, quarrying or prospecting right—you acquired the asset from an *Australian government agency or a *government entity; and
- (e) in a case where the asset is *mining, quarrying or prospecting information:
 - (i) you acquired the asset from an Australian government agency or a government entity; or
 - (ii) the asset is a geophysical or geological data package you acquired from an entity to which subsection (1AA) applies; or
 - (iii) you created the asset, or contributed to the cost of its creation; or
 - (iv) you caused the asset to be created, or contributed to the cost of it being created, by an entity to which subsection (1AA) applies.

2 After subsection 40-80(1)

Insert:

- (1AA) This subsection applies to an entity if, at the time of the acquisition referred to in subparagraph (1)(e)(ii) or the creation referred to in subparagraph (1)(e)(iv), the entity predominantly carries on a *business of providing *mining, quarrying or prospecting information to other entities that:
- (a) carry on *mining and quarrying operations; or
 - (b) it would be reasonable to conclude propose to carry on such operations; or

- (c) carry on a business of, or a business that included, *exploration or prospecting for *minerals or quarry materials obtainable by such operations.
- (1AB) If an amount is included in the second element of the *cost of a *depreciating asset, subsection (1) applies in relation to that amount only if:
- (a) your first use of the asset, after the inclusion of the amount in the second element, is for *exploration or prospecting for *minerals, or quarry materials, obtainable by *mining and quarrying operations; and
 - (b) at the time of that first use:
 - (i) you satisfy paragraph (1)(b) as if that first use was your first use of the asset; and
 - (ii) you satisfy paragraph (1)(c) as if the time of that first use was the asset's *start time; and
 - (c) if the amount relates to a *mining, quarrying or prospecting right—after the inclusion of the amount in the second element, you satisfy paragraph (1)(d) in relation to the right; and
 - (d) if the amount relates to *mining, quarrying or prospecting information—after the inclusion of the amount in the second element, you satisfy paragraph (1)(e) in relation to the information.
- (1AC) If subsection (1) does not apply to a *depreciating asset:
- (a) the fact that subsection (1) does not apply to the asset does not prevent the application of subsection (1AB) to an amount included in the second element of the *cost of the asset; but
 - (b) subsection (1) only affects the asset's decline in value to the extent that the asset's cost consists of that amount.

3 Subsection 40-95(10)

Repeal the subsection, substitute:

Exceptions: mining, quarrying or prospecting rights and mining, quarrying or prospecting information

- (10) Subject to subsection (12), the *effective life* of:
- (a) a *mining, quarrying or prospecting right; or

(b) *mining, quarrying or prospecting information;
is the period you work out yourself by estimating the period (in years, including fractions of years) set out in column 2 of this table:

Effective life of certain mining, quarrying or prospecting rights and mining, quarrying or prospecting information

| Item | Column 1 For this asset: | Column 2 Estimate the period until the end of: |
|-------------|---|--|
| 1 | A *mining, quarrying or prospecting right, or *mining, quarrying or prospecting information, relating to *mining and quarrying operations (except obtaining *petroleum or quarry materials) | The life of the mine or proposed mine to which the right or information relates or, if there is more than one, the life of the mine that has the longest estimated life |
| 2 | A *mining, quarrying or prospecting right, or *mining, quarrying or prospecting information, relating to *mining and quarrying operations to obtain *petroleum | The life of the petroleum field or proposed petroleum field to which the right or information relates or, if there is more than one, the life of the petroleum field that has the longest estimated life |
| 3 | A *mining, quarrying or prospecting right, or *mining, quarrying or prospecting information, relating to *mining and quarrying operations to obtain quarry materials | The life of the quarry or proposed quarry to which the right or information relates or, if there is more than one, the life of the quarry that has the longest estimated life |

(10A) However, if the only reason that subsection 40-80(1) does not apply to the *mining, quarrying or prospecting right, or *mining, quarrying or prospecting information, is that the right or information does not meet the requirements of paragraph 40-80(1)(d) or (e), the ***effective life*** of the right or information is the shorter of:

- (a) the period that would, apart from this subsection, be the effective life of the information or right under subsection (10); and
- (b) 15 years.

4 Paragraph 40-95(11)(a)

After “right”, insert “or *mining, quarrying or prospecting information”.

5 At the end of section 40-95

Add:

- (12) The *effective life* of a *mining, quarrying or prospecting right, or *mining, quarrying or prospecting information, is 15 years if the right or information does not relate to:
- (a) a mine or proposed mine; or
 - (b) a petroleum field or proposed petroleum field; or
 - (c) a quarry or proposed quarry.

6 At the end of subsection 40-105(4)

Add:

; (c) *mining, quarrying or prospecting information.

7 At the end of subsection 40-110(3A)

Add “or *mining, quarrying or prospecting information”.

8 Subsection 40-110(3B)

Repeal the subsection, substitute:

- (3B) You may choose to recalculate the *effective life of a *mining, quarrying or prospecting right, or *mining, quarrying or prospecting information, from a later income year if the effective life you have been using is no longer accurate:
- (a) because of changed circumstances relating to an existing or proposed mine, petroleum field or quarry to which that right or information relates; or
 - (b) because that right or information now relates to an existing or proposed mine, petroleum field or quarry; or
 - (c) because that right or information no longer relates to an existing or proposed mine, petroleum field or quarry.

9 Paragraph 40-110(4)(b)

Repeal the paragraph, substitute:

- (b) if the *depreciating asset is a *mining, quarrying or prospecting right or *mining, quarrying or prospecting information:
- (i) subsections 40-95(10) and (11) (if the right or information relates to an existing or proposed mine, petroleum field or quarry); or
 - (ii) subsection 40-95(12) (if the right or information no longer relates to an existing or proposed mine, petroleum field or quarry).

10 Subsection 40-180(1)

Omit “item 3 or 4”, substitute “item 3, 4 or 14”.

11 Subsection 40-180(2) (at the end of the table)

Add:

- | | | |
|----|---|---|
| 14 | A *balancing adjustment event happens to a *depreciating asset you *hold because of subsection 40-295(1B) | What would, apart from subsection 40-285(3), be the asset’s *adjustable value on the day the *balancing adjustment event occurs |
|----|---|---|

12 Subsection 40-285(4)

Omit “item 3 or 4”, substitute “item 3, 4 or 14”.

13 Subsection 40-285(4) (note)

Omit “because you still hold an asset you expected not to use”, substitute “even though you still hold the asset in question”.

14 After subsection 40-295(1)

Insert:

- (1A) A *balancing adjustment event* occurs for a *depreciating asset you *hold that is a *mining, quarrying or prospecting right, or *mining, quarrying or prospecting information, if:
- (a) the only reason that subsection 40-80(1) does not apply to the right or information is that the right or information does not meet the requirements of paragraph 40-80(1)(d) or (e); and

Schedule 1 Capital allowances
Part 1 Amendments

- (b) you have neither budgeted nor planned for further expenditure that:
 - (i) will relate to the tenement to which the right or information relates; and
 - (ii) will exceed the minimum expenditure required to maintain the tenement; and
 - (c) you choose to apply this subsection to the right or information.
- (1B) A **balancing adjustment event** occurs for a *depreciating asset you *hold that is a *mining, quarrying or prospecting right, or *mining, quarrying or prospecting information, if:
- (a) since the last time you commenced to hold the right or information, a *balancing adjustment event occurred, because of subsection (1A), to the right or information; and
 - (b) paragraph (1A)(b) no longer applies.

15 Subsection 40-300(2) (at the end of the table)

Add:

| | | |
|----|--|---|
| 13 | The *balancing adjustment event occurs under subsection 40-295(1A) | Zero |
| 14 | The *balancing adjustment event occurs under subsection 40-295(1B) | What would, apart from subsection 40-285(3), be the asset's *adjustable value on the day the *balancing adjustment event occurs |

Part 2—Application of amendments

16 Application of amendments

- (1) The amendments made by this Schedule apply to any mining, quarrying or prospecting right, and any mining, quarrying or prospecting information, that an entity starts to hold after 7.30 pm Australian Eastern Standard Time on 14 May 2013.
- (2) However, the amendments made by this Schedule do not apply to a right or information referred to in subitem (1) if:
 - (a) the entity starts to hold the right or information through exercising a right (an ***acquisition right***) to acquire the right or information; and
 - (b) the entity has held the acquisition right continuously since immediately before the time referred to in that subitem; and
 - (c) the terms and conditions for exercising the acquisition right (including the consideration given or to be given for the acquisition right) were agreed before that time.

*[Minister's second reading speech made in—
House of Representatives on 29 May 2014
Senate on 16 June 2014]*

(115/14)
