



## HOUSE OF REPRESENTATIVES

# Supplementary Order Paper

Tuesday, 3 November 1998

TAXATION (TAX CREDITS, TRADING STOCK, AND OTHER  
REMEDIAL MATTERS) BILL

### *Proposed Amendments*

Hon. MAX BRADFORD, in Committee, to move the following amendments:

#### PART 1—AMENDMENTS TO INCOME TAX ACT 1994

*Clause 3 (2):* To add to proposed new section CB 9 (2) (line 28, page 4) “or LH 19 (4)” after “section LH 19 (3)”.

*Clause 5 (1):* To omit from proposed new section CL 3 (1) (line 26, page 5) “section LH 20” and substitute “section LH 19”.

*Clause 7 (1):* To omit from proposed new section CM 19 (1) (line 11, page 8) “section LH 20” and substitute “section LH 19”.

*Clause 9A (1):* To omit “section DK 3” (line 28, page 9) and substitute “section DI 3”.

*Clause 30 (1): New section MJ 3:* To insert after subsection (2) (line 3, page 58) the following:

“(3) **Subsection (1)(b)** does not apply to an imputation credit attached to a dividend paid to the electing fund, directly or indirectly, on or after 1 April 1998 by a company that is wholly-owned by the electing fund to the extent that the imputation credit forms part of the credit balance in the wholly-owned company’s imputation credit account on 31 March 1998.

“(4) For the purpose of **subsection (3)**, the credit balance in the wholly-owned company’s imputation credit account must be reduced by the amount of each imputation credit received by the electing fund.

“(5) **Subsection (3)** only applies if the credit balance in the wholly-owned company’s imputation credit account is more than \$1 million on 31 March 1998.

*Clause 30 (1): New section MJ 6:* To insert after subsection (2) (line 22, page 62) the following:

“(3) **Subsection (1)(d)** does not apply to the extent that the amount of the credit balance that the electing fund (as an imputation credit account company) elects under section ME 7 to be a credit to the company’s policyholder credit account—

“(a) Is an imputation credit attached to a dividend paid to the electing fund, directly or indirectly, on or after 1 April 1998 by a company that is wholly-owned by the electing fund to the extent that the imputation credit forms part of the credit balance in the wholly-owned company’s imputation credit account on 31 March 1998; or

“(b) Is equal to the credit balance in the imputation credit account of a company that is wholly-owned by the electing fund on 31 March 1998.

“(4) For the purpose of **subsection (3)(a)**, the credit balance in the wholly-owned company’s imputation credit account must be reduced by the amount of each imputation credit received by the electing fund.

“(5) **Subsection (3)** only applies if the credit balance in the wholly-owned company’s imputation credit account is more than \$1 million on 31 March 1998.

*Clause 33 (2):* To omit from the definition of “First superannuation fund” (line 26, page 71) “, **section LB 1A**”.

*Clause 33 (4) (c) (i):* To omit from proposed paragraph (b) (x) of the definition of “trading stock” (line 35, page 74) “; and” and substitute “.”.

## PART 2—AMENDMENTS TO TAX ADMINISTRATION ACT 1994

*Clause 42 (2):* To omit “1 October 1998” (line 26, page 85) and substitute “1 April 1999”.

### EXPLANATORY NOTE

This Supplementary Order Paper amends the Taxation (Tax Credits, Trading Stock, and Other Remedial Matters) Bill. Clause 30 is amended so that life offices and superannuation funds cannot allocate imputation credits that arose from wholly-owned companies before 1 April 1998. This limitation only applies if the wholly-owned company has imputation credits of more than \$1 million on 31 March 1998. In addition, clause 42’s application date is changed from 1 October 1998 to 1 April 1999 and a number of minor cross-reference errors contained in the Bill are rectified.