



HOUSE OF REPRESENTATIVES

INCOME TAX (PARTNERSHIPS AND TRUSTS) BILL 1967

NOTES FOR THE MINISTER'S SECOND READING SPEECH.

This Bill will declare the rates of income tax for the financial year 1967-68 on income of certain superannuation funds, trust estates and members of partnerships.

These are special rates which have been declared in relation to the 1965-66 and 1966-67 financial years. No change is proposed for the current financial year. Honourable members will, no doubt, recall that the special rates are imposed for the purposes of legislation which, following the Government's consideration of the report of the Ligertwood Committee on Taxation, was enacted in 1964 with a view to placing a curb on tax avoidance practices to which the Committee drew attention.

A rate of 50 per cent is declared by the Bill for income of a trust estate, other than a deceased estate, to which no beneficiary is presently entitled and which is not taxed as if it were the income of one individual.

A rate of 50 per cent is also declared for the taxable income of a superannuation fund that is not exempt from tax. This rate does not, however, apply to the investment income of a fund that is subject to tax only because of the fund's failure to comply with the "30/20" rule concerning investments in public securities. The rates on this income are proposed by the Income Tax Bill 1967 and also remain unchanged from those that applied last year.

As to income from a share in a partnership over which a person lacks, or is deemed to lack, real and effective control and disposal, the Bill will impose a rate of further tax sufficient to bring the aggregate rate on the income up to 50 per cent. If a taxpayer's average personal rate of tax is 50 per cent or more, no further tax is imposed under this Bill. -

I commend the Bill to the House.