

2008

The Parliament of the  
Commonwealth of Australia

HOUSE OF REPRESENTATIVES

*Presented and read a first time*

**Tax Laws Amendment (2008 Measures  
No. 1) Bill 2008**

**No.     , 2008**

*(Treasury)*

**A Bill for an Act to amend the law relating to  
taxation, and for related purposes**



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1     **A Bill for an Act to amend the law relating to**  
2     **taxation, and for related purposes**

3     The Parliament of Australia enacts:

4     **1 Short title**

5                     This Act may be cited as the *Tax Laws Amendment (2008*  
6                     *Measures No. 1) Act 2008.*

7     **2 Commencement**

8                     (1) Each provision of this Act specified in column 1 of the table  
9                     commences, or is taken to have commenced, in accordance with  
10                    column 2 of the table. Any other statement in column 2 has effect  
11                    according to its terms.  
12

<b>Commencement information</b>		
<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provision(s)</b>	<b>Commencement</b>	<b>Date/Details</b>
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.	
2. Schedules 1 and 2	The day on which this Act receives the Royal Assent.	
3. Schedule 3, Part 1	The day on which this Act receives the Royal Assent.	
4. Schedule 3, Part 2	1 July 2012.	1 July 2012
5. Schedules 4 to 6	The day on which this Act receives the Royal Assent.	

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

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

### 7 **3 Schedule(s)**

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9 repealed as set out in the applicable items in the Schedule  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

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# Schedule 1—Political contributions and gifts

## *Income Tax Assessment Act 1936*

### **1 Subsections 78A(2), (3) and (4)**

Omit “fund, authority, institution or person” (wherever occurring),  
substitute “fund, authority or institution”.

## *Income Tax Assessment Act 1997*

### **2 Section 12-5 (table item headed “political parties”)**

Repeal the item, substitute:  
**political contributions and gifts**  
deductions for ..... 26-22

### **3 After section 26-20**

Insert:

#### **26-22 Political contributions and gifts**

*You cannot deduct political contributions or gifts*

- (1) You cannot deduct under this Act:
  - (a) a contribution (including a membership fee) or gift to a political party that is registered under Part XI of the *Commonwealth Electoral Act 1918* or under corresponding State or Territory legislation; or
  - (b) a contribution or gift to an individual when the individual is a candidate in an election for members of:
    - (i) an \*Australian legislature; or
    - (ii) a \*local governing body; or
  - (c) a contribution or gift to an individual who is a member of:
    - (i) an Australian legislature; or
    - (ii) a local governing body.

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*Exception for employees and office holders*

- (2) However, subsection (1) does not apply to a loss or outgoing incurred in gaining or producing assessable income from which an amount is required to be withheld under section 12-35 or 12-45 in Schedule 1 to the *Taxation Administration Act 1953*.

Note: These provisions of the *Taxation Administration Act 1953* require amounts to be withheld from income of employees and office holders.

*Starting and stopping being a candidate*

- (3) For the purposes of this section, an individual:
  - (a) starts being a candidate when the individual’s intention to be or to attempt to be a candidate for the election is publicly available; and
  - (b) stops being a candidate at the earlier of:
    - (i) the time when the result of the election is declared or otherwise publicly announced by an entity (an *electoral official*) authorised under the relevant electoral legislation; and
    - (ii) the time (if any) when the individual’s intention to no longer be a candidate for the election is publicly available.

*Starting being a member*

- (4) An individual who becomes a member as a result of an election (including an election that is later declared void) is taken to start being a member when the individual’s election as a member is declared or otherwise publicly announced by an electoral official.

**4 Subsection 30-5(1)**

Omit “a contribution or gift to a political party, independent candidate or member, or”.

**5 Subsection 30-5(1) (note 1)**

Omit “Note 1”, substitute “Note”.

**6 Subsection 30-5(1) (note 2)**

Repeal the note.



1 **7 Subsection 30-15(2) (note 1)**

2 Omit “Note 1”, substitute “Note”.

3 **8 Subsection 30-15(2) (note 2)**

4 Repeal the note.

5 **9 Subdivision 30-DA**

6 Repeal the Subdivision.

7 **10 Subsection 30-315(2) (table item 87)**

8 Repeal the item.

9 **11 At the end of section 110-38**

10 Add:

11 (6) Expenditure does *not* form part of any element of the *cost base* to  
12 the extent that section 26-22 prevents it being deducted.

13 Note: Section 26-22 denies deductions for political contributions and gifts.

14 **12 After subsection 110-55(9E)**

15 Insert:

16 (9F) Expenditure does *not* form part of the *reduced cost base* to the  
17 extent that section 26-22 prevents it being deducted.

18 Note: Section 26-22 denies deductions for political contributions and gifts.

19 **13 Subsection 995-1(1) (definition of *independent candidate*)**

20 Repeal the definition.

21 **14 Subsection 995-1(1) (definition of *independent member*)**

22 Repeal the definition.

23 **15 Application**

24 The amendments made by this Schedule apply in relation to  
25 contributions or gifts made on or after 1 July 2008.

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# Schedule 2—Superannuation lump sum paid to a member having a terminal medical condition

## Part 1—Amendments

### *Income Tax Assessment Act 1997*

#### 1 Section 11-55 (table item headed “superannuation”)

After:  
roll-over superannuation benefits..... 306-5

insert:  
superannuation lump sum for recipient having terminal medical condition..... 303-10

#### 2 At the end of Division 303

Add:

#### 303-10 Superannuation lump sum member benefit paid to member having a terminal medical condition

- (1) This section applies to a \*superannuation member benefit that:
  - (a) is a \*superannuation lump sum; and
  - (b) is:
    - (i) paid from a \*complying superannuation plan; or
    - (ii) a \*superannuation guarantee payment, a \*small superannuation account payment, an \*unclaimed money payment, a \*superannuation co-contribution benefit payment or a \*superannuation annuity payment.
- (2) The lump sum is not assessable income and is not \*exempt income if a \*terminal medical condition exists in relation to you when you receive the lump sum or within 90 days after you receive it.

Note: For a lump sum you receive in the 2007-08 financial year, the period of 90 days may be extended until 30 June 2008: see section 303-10 of the *Income Tax (Transitional Provisions) Act 1997*.

#### 3 Subsection 995-1(1)

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Insert:

*terminal medical condition* has the meaning given by the regulations.

***Income Tax (Transitional Provisions) Act 1997***

**4 After Division 302**

Insert:

**Division 303—Superannuation benefits paid in special circumstances**

**Table of sections**

303-10 Superannuation lump sum paid to member having a terminal medical condition

**303-10 Superannuation lump sum member benefit paid to member having a terminal medical condition**

- (1) This section applies to a superannuation member benefit that you receive during the 2007-08 financial year and that:
  - (a) is a superannuation lump sum; and
  - (b) is:
    - (i) paid from a complying superannuation plan; or
    - (ii) a superannuation guarantee payment, a small superannuation account payment, an unclaimed money payment, a superannuation co-contribution benefit payment or a superannuation annuity payment.
  
- (2) The lump sum is not assessable income and is not exempt income if a terminal medical condition exists in relation to you at a time in the period:
  - (a) starting when you receive the lump sum; and
  - (b) ending at the later of:
    - (i) 90 days after you receive it; and
    - (ii) 30 June 2008.

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## **Part 2—Application**

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### **5 Application**

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The amendments made by this Schedule apply to payments made on or

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after 1 July 2007.

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# Schedule 3—Capital expenditure for the establishment of trees in carbon sink forests

## Part 1—Income years 2007-08 to 2011-12

### *Income Tax Assessment Act 1997*

#### **1 Section 12-5 (table item headed “capital allowances”)**

After:

telecommunications site access rights ..... Subdivision 40-B

insert:

trees in carbon sink forests ..... Subdivision 40-J

#### **2 Section 12-5 (after table item headed “travel expenses”)**

Insert:

**trees in carbon sink forests**  
*see capital allowances*

#### **3 Section 40-10 (at the end of the table)**

Add:

2.4 *Capital expenditure for establishing trees in carbon sink forests* Subdivision 40-J

You can deduct amounts for capital expenditure for the establishment of trees in carbon sink forests.

#### **4 Subsection 40-50(1)**

Omit “or 40-G (about capital expenditure of primary producers and other landholders)”, substitute “, 40-G (about capital expenditure of primary producers and other landholders) or 40-J (about capital expenditure for the establishment of trees in carbon sink forests)”.

#### **5 After subsection 40-630(2B)**

Insert:

1 *Exception: deduction available under Subdivision 40-J*

2 (2C) You cannot deduct an amount under this Subdivision for capital  
3 expenditure if any entity can deduct an amount for that expenditure  
4 for any income year under Subdivision 40-J.

5 **6 At the end of Division 40**

6 Add:

7 **Subdivision 40-J—Capital expenditure for the establishment of**  
8 **trees in carbon sink forests**

9 **Guide to Subdivision 40-J**

10 **40-1000 What this Subdivision is about**

11 You can deduct amounts for capital expenditure incurred for  
12 establishing trees that meet the requirements for constituting a  
13 carbon sink forest.

14 **Table of sections**

15 **Operative provisions**

16	40-1005	Deduction for expenditure for establishing trees in carbon sink forests
17	40-1010	Expenditure for establishing trees in carbon sink forests
18	40-1015	Carbon sequestration by trees
19	40-1020	Certain expenditure disregarded
20	40-1025	Non-arm's length transactions

21 **Operative provisions**

22 **40-1005 Deduction for expenditure for establishing trees in carbon**  
23 **sink forests**

- 24 (1) You can deduct an amount for an income year if:
- 25 (a) you incur capital expenditure that is covered under  
26 section 40-1010 in relation to particular trees established in  
27 the income year; and
- 28 (b) you satisfy a condition in subsection (5) for the trees when  
29 they are established.

- 1 (2) The amount of the deduction is the amount of the expenditure.
- 2 (3) You can deduct an amount for an income year if:
- 3 (a) you incur capital expenditure in the income year or an earlier
- 4 income year for establishing particular trees; and
- 5 (b) that expenditure is not covered under section 40-1010 in
- 6 relation to the trees, because some or all of the trees are
- 7 established after the end of the income year; and
- 8 (c) the trees established after the end of the income year are
- 9 established within 4 months after the end of the income year;
- 10 and
- 11 (d) you could deduct the amount for the income year under
- 12 subsection (1) in respect of the expenditure, assuming that,
- 13 for the purposes of paragraphs 40-1010(1)(a) and (2)(a), the
- 14 income year ended 4 months after it actually ended.
- 15 (4) If:
- 16 (a) you can deduct an amount for an income year under
- 17 subsection (3) in relation to particular trees; and
- 18 (b) you incur capital expenditure in the *next* income year for
- 19 establishing *other* trees;
- 20 in determining whether you can deduct an amount under
- 21 subsection (1) for the next income year in respect of the other trees,
- 22 for the purposes of paragraph 40-1010(2)(a), disregard the trees
- 23 mentioned in paragraph (a).
- 24 (5) The conditions are as follows:
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**Conditions for deduction for establishing trees in carbon sink forest**

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**Item Condition**

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|---|--|
| 1 | You own the trees and any holder of a lease, lesser interest or licence relating to the land occupied by the trees does not use the land for the primary and principal purpose of * carbon sequestration by the trees. |
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**Conditions for deduction for establishing trees in carbon sink forest**

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**Item Condition**

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- 2 The trees occupy land you hold under a lease, or a \*quasi-ownership right granted by an \*exempt Australian government agency or an \*exempt foreign government agency, and:
- (a) the lease or quasi-ownership right enables you to use the land for the primary and principal purpose of \*carbon sequestration by the trees; and
  - (b) any holder of a lesser interest or licence relating to the land does not use the land for the primary and principal purpose of carbon sequestration by the trees.
- 
- 3 You:
- (a) hold a licence relating to the land occupied by the trees; and
  - (b) use the land for the primary and principal purpose of \*carbon sequestration by the trees, as a result of holding the licence.
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**40-1010 Expenditure for establishing trees in carbon sink forests**

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- 2 (1) Expenditure is covered under this section in relation to particular
- 3 trees if:
- 4 (a) the trees are established in an income year; and
  - 5 (b) you incur the expenditure in the income year or an earlier
  - 6 income year for establishing the trees; and
  - 7 (c) you are carrying on a \*business in the income year; and
  - 8 (d) your primary and principal purpose for establishing the trees
  - 9 is \*carbon sequestration by the trees (see section 40-1015);
  - 10 and
  - 11 (e) your purposes for establishing the trees do not include any of
  - 12 the following:
    - 13 (i) felling the trees;
    - 14 (ii) using the trees for \*commercial horticulture; and
  - 15 (f) you do not incur the expenditure under:
    - 16 (i) a \*managed investment scheme; or
    - 17 (ii) a \*forestry managed investment scheme; and
  - 18 (g) all of the conditions in subsection (2) are satisfied for the
  - 19 trees; and
  - 20 (h) you give the Commissioner, in accordance with
  - 21 subsection (4), a statement that:



- 1 (i) sets out all information necessary to determine whether  
2 all of the conditions in subsection (2) are satisfied for  
3 the trees; and  
4 (ii) is in the \*approved form.
- 5 (2) The conditions are as follows:  
6 (a) at the end of the income year, the trees occupy a continuous  
7 land area in Australia of 0.2 hectares or more;  
8 (b) at the time the trees are established, it is more likely than not  
9 that they will:  
10 (i) attain a crown cover of 20% or more; and  
11 (ii) reach a height of at least 2 metres;  
12 (c) on 1 January 1990, the area occupied by the trees was clear  
13 of other trees that:  
14 (i) attained, or were more likely than not to attain, a crown  
15 cover of 20% or more; and  
16 (ii) reached, or were more likely than not to reach, a height  
17 of at least 2 metres;  
18 (d) the establishment of the trees meets the requirements of the  
19 guidelines mentioned in subsection (3).
- 20 (3) The \*Climate Change Minister must, by legislative instrument,  
21 make guidelines about environmental and natural resource  
22 management in relation to the establishment of trees for the  
23 purposes of \*carbon sequestration.
- 24 (4) The statement mentioned in paragraph (1)(h) is to be given to the  
25 Commissioner no later than:  
26 (a) if you lodge your \*income tax return for the income year  
27 within 5 months after the end of the income year—the day  
28 you lodge that income tax return; or  
29 (b) otherwise—5 months after the end of the income year.
- 30 (5) However, expenditure is *not* covered under this section if the  
31 \*Climate Change Secretary gives the Commissioner a notice under  
32 subsection (6) in relation to the trees.
- 33 (6) The \*Climate Change Secretary must give the Commissioner a  
34 notice in writing under this subsection if the Climate Change  
35 Secretary is satisfied that one or more of the conditions in  
36 subsection (2) have not been satisfied for the trees.

1 (7) A person may apply to the \*AAT for review of a decision (as  
2 defined in the *Administrative Appeals Tribunal Act 1975*) of the  
3 \*Climate Change Secretary to give a notice under subsection (6).

4 (8) The Commissioner may give the \*Climate Change Secretary a copy  
5 of the statement mentioned in paragraph (1)(h), for the purposes of  
6 subsections (5), (6) and (7).

7 **40-1015 Carbon sequestration by trees**

8 *Carbon sequestration* by trees means the process by which trees  
9 absorb carbon dioxide from the atmosphere.

10 **40-1020 Certain expenditure disregarded**

11 In working out a deduction under this Subdivision in relation to the  
12 establishment of trees, disregard expenditure incurred:

- 13 (a) in draining swamp or low-lying land; or  
14 (b) in clearing land.

15 **40-1025 Non-arm's length transactions**

16 If an entity incurred capital expenditure under an \*arrangement  
17 and:

- 18 (a) there is at least one other party to the arrangement with  
19 whom the entity did not deal at \*arm's length; and  
20 (b) apart from this section, the amount of the expenditure would  
21 be more than the \*market value of what it was for;  
22 the amount of expenditure taken into account under this  
23 Subdivision is that market value.

24 **7 After subsection 70-120(5)**

25 Insert:

26 *No deduction for carbon sink forests*

27 (5A) You cannot deduct under this section so much of an amount you  
28 paid or incurred as is attributable to the establishment of trees for  
29 which any entity has deducted, or can deduct, an amount for any  
30 income year under Subdivision 40-J.

31 **8 Subsection 995-1(1)**

1                   Insert:

2                                 *carbon sequestration* has the meaning given by section 40-1015.

3         **9 Subsection 995-1(1)**

4                   Insert:

5                                 *Climate Change Minister* means the Minister administering the  
6                                 *National Greenhouse and Energy Reporting Act 2007*.

7         **10 Subsection 995-1(1)**

8                   Insert:

9                                 *Climate Change Secretary* means the Secretary of the Department  
10                                 that administers the *National Greenhouse and Energy Reporting*  
11                                 *Act 2007*.

12         **11 Application**

13                   The amendments made by this Part of this Schedule apply to the  
14                   2007-08 income year and later income years.

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## Part 2—Income year 2012-13 and later income years

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### *Income Tax Assessment Act 1997*

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#### 12 Subsections 40-1005(1), (2), (3) and (4)

5

Repeal the subsections, substitute:

6

(1) You can deduct an amount for an income year if:

7

(a) you or another entity incurred capital expenditure that is covered under section 40-1010 in relation to particular trees; and

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(b) you satisfy a condition in subsection (5) for the trees for at least part of the income year; and

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12

(c) you are carrying on a \*business in the income year; and

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(d) you use the land occupied by the trees for the primary and principal purpose of \*carbon sequestration by the trees (see section 40-1015); and

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(e) your purposes in using the land occupied by the trees do not include any of the following:

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18

(i) felling the trees;

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(ii) using the trees for \*commercial horticulture; and

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(f) you do not use the land in connection with:

21

(i) a \*managed investment scheme; or

22

(ii) a \*forestry managed investment scheme.

23

(2) The amount of the deduction is worked out under this formula:

24

$$\text{Establishment expenditure} \times \frac{\text{Write-off days in income year}}{365} \times \text{Write-off rate}$$

25

where:

26

***establishment expenditure*** is the amount of expenditure mentioned in subsection (1).

27

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***write-off days in income year*** is the number of days in the income year:

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(a) that occur within the period:

- 1 (i) starting on the first day of the income year in which the  
2 trees are established; and  
3 (ii) ending 14 years and 105 days after that day; and  
4 (b) on which you use the land occupied by the trees for the  
5 primary and principal purpose of \*carbon sequestration by the  
6 trees; and  
7 (c) on which you satisfy a condition in subsection (5) for the  
8 trees.

9 *write-off rate* is 7%.

- 10 (3) You cannot deduct more in total than the amount of capital  
11 expenditure incurred for establishing the trees up to the time at  
12 which they are established.

13 **13 Paragraph 40-1010(1)(b)**

14 After “you incur”, insert “or another entity incurs”.

15 **14 Paragraph 40-1010(1)(c)**

16 Omit “you are”, substitute “the entity incurring the expenditure (the  
17 *establishing entity*) is”.

18 **15 Paragraph 40-1010(1)(d)**

19 Omit “your”, substitute “the establishing entity’s”.

20 **16 Paragraph 40-1010(1)(e)**

21 Omit “your”, substitute “the establishing entity’s”.

22 **17 Paragraph 40-1010(1)(f)**

23 Omit “you do”, substitute “the establishing entity does”.

24 **18 Paragraph 40-1010(1)(h)**

25 Omit “you give”, substitute “the establishing entity gives”.

26 **19 Paragraph 40-1010(4)(a)**

27 Repeal the paragraph, substitute:

- 28 (a) if the establishing entity lodges its \*income tax return for the  
29 income year within 5 months after the end of the income  
30 year—the day the establishing entity lodges that income tax  
31 return; or

1 **20 At the end of Subdivision 40-J**

2 Add:

3 **40-1030 Extra deduction for destruction of trees in carbon sink**  
4 **forest**

5 (1) You can deduct the amount worked out under subsection (2) for an  
6 income year if:

7 (a) you or another entity incurred capital expenditure that is  
8 covered under section 40-1010 in relation to particular trees;  
9 and

10 (b) you use the land occupied by the trees for the primary and  
11 principal purpose of \*carbon sequestration by the trees; and

12 (c) the trees are destroyed during the income year; and

13 (d) you satisfy a condition in subsection 40-1005(5) for the trees  
14 just before they are destroyed.

15 (2) Work out the amount of the deduction as follows:

16 *Method statement*

17 Step 1. Work out the total of the amounts you could have  
18 deducted under this Subdivision in relation to the trees  
19 for the period:

20 (a) starting on the first day of the income year in  
21 which the trees are established; and

22 (b) ending when the trees were destroyed;

23 assuming that, during that period, you satisfied a  
24 condition in the table in subsection 40-1005(5).

25 Step 2. Subtract from the expenditure that is covered under  
26 section 40-1010 in relation to the trees:

27 (a) the result from step 1; and

28 (b) any amount you received (under an insurance  
29 policy or otherwise) for the destruction.

30 The remaining amount (if positive) is your deduction  
31 under subsection (1).

- 1 (3) This deduction is in addition to any deduction for the income year  
2 under section 40-1005.

3 **40-1035 Getting information if you acquire a carbon sink forest**

- 4 (1) This section applies if:  
5 (a) you or another entity incurred capital expenditure; and  
6 (b) the expenditure is covered under section 40-1010 in relation  
7 to particular trees; and  
8 (c) you begin to satisfy a condition in the table in subsection  
9 40-1005(5) for the trees.
- 10 (2) You may give the last entity (if any) that satisfied a condition  
11 mentioned in subsection 40-1005(5) for the trees a written notice  
12 requiring the entity to give you any or all of the following  
13 information:  
14 (a) the amount of the expenditure covered under section 40-1010  
15 in relation to the trees;  
16 (b) the income year in which the trees were established.
- 17 (3) The notice must:  
18 (a) be given within 60 days of your beginning to satisfy the  
19 condition mentioned in paragraph (1)(c); and  
20 (b) specify a period of at least 60 days within which the  
21 information must be given; and  
22 (c) set out the effect of subsection (4).

23 Note: Subsections (5), (6) and (7) explain how this subsection operates if the  
24 entity to which the notice is to be given is a partnership.

25 *Requirement to comply with notice*

- 26 (4) The entity to whom the notice is given must not intentionally  
27 refuse or fail to comply with the notice.

28 Penalty: 10 penalty units.

29 *Giving the notice to a partnership*

- 30 (5) If the entity to whom the notice is given is a partnership:  
31 (a) you may give it to the partnership by giving it to any of the  
32 partners (this does not limit how else you can give it); and

1 (b) the obligation to comply with the notice is imposed on each  
2 of the partners (not on the partnership), but may be  
3 discharged by any of them.

4 (6) A partner must not intentionally refuse or fail to comply with that  
5 obligation.

6 Penalty: 10 penalty units.

7 (7) Subsection (6) does not apply if another partner has already  
8 complied with that obligation.

9 Note: A defendant bears an evidential burden in relation to the matters in  
10 subsection (7), see subsection 13.3(3) of the *Criminal Code*.

11 *Limits on giving a notice*

12 (8) Only one notice can be given in relation to the same trees.

## 13 **21 Application**

14 The amendments made by this Part of this Schedule apply to the  
15 2012-13 income year and later income years.



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# Schedule 4—Tax offset for Equine Workers Hardship Wage Supplement Payments

## *Income Tax Assessment Act 1936*

### **1 Subsection 160AAA(1) (at the end of the definition of *rebtable benefit*)**

Add:  
; or (g) known as the Equine Workers Hardship Wage Supplement  
Payment.

## *Income Tax Assessment Act 1997*

### **2 Section 13-1 (after table item headed “entrepreneurs’ tax offset”)**

Insert:  
**Equine Workers Hardship Wage Supplement Payment**  
*see social security and other benefit payments*

### **3 Section 13-1 (table item headed “social security and other benefit payments”)**

After:  
Cyclone Larry or Cyclone Monica income support  
payment ..... **160AAA(3)**

insert:  
Equine Workers Hardship Wage Supplement Payment ..... **160AAA(3)**

## **4 Application**

The amendments made by this Schedule apply in relation to Equine  
Workers Hardship Wage Supplement Payments received in the 2007-08  
income year and later income years.

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# Schedule 5—Tobacco industry exit grants

## *Income Tax Assessment Act 1997*

### **1 Section 11-10 (table item headed “sugar industry exit grants”)**

Repeal the item.

### **2 Section 11-15 (before table item headed “copyright collecting societies”)**

Insert:

#### **agricultural industry exit grants**

sugar industry exit grants.....	53-10
tobacco industry exit grants.....	53-10

### **3 Section 53-10 (after table item 4B)**

Insert:

4C	<b>Tobacco industry exit grant</b>	The program known as the Tobacco Growers Adjustment Assistance Programme 2006	As a condition of receiving the grant, you entered into an undertaking not to become the owner or operator of any agricultural *enterprise within 5 years after receiving the grant
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### **4 At the end of subsection 118-37(1)**

Add:

; (g) a tobacco industry exit grant that you receive under the program known as the Tobacco Growers Adjustment Assistance Programme 2006 if, as a condition of receiving the grant, you entered into an undertaking not to become the owner or operator of any agricultural \*enterprise within 5 years after receiving the grant.

### **5 Application of amendments**

The amendments made by this Schedule apply to tobacco industry exit grants received in the 2006-07 income year and later income years.

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## **Schedule 6—Farm management deposits**

### ***Income Tax Assessment Act 1936***

#### **1 Paragraphs 393-37(3)(b) and (c) in Schedule 2G**

Repeal the paragraphs, substitute:

- (b) at the time of the withdrawal, that owner is eligible for the issue of an exceptional circumstances certificate (within the meaning of subsection 8A(2) of the *Farm Household Support Act 1992*) that relates to a primary production business of that owner;
- (c) by the end of 3 months after the end of the year of income in which the withdrawal is made, such an exceptional circumstances certificate is issued in respect of that owner;
- (d) a declaration of exceptional circumstances (as referred to in paragraph 8(c) of the *Rural Adjustment Act 1992*) was not in force in relation to that primary production business when the deposit was made.

#### **2 Application**

The amendment made by this Schedule applies to assessments for the 2002-03 year of income and later years of income.