



Tax Laws Amendment (2005 Measures No. 6) Act 2006

No. 13, 2006

**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/>)

Contents

1	Short title.....	1
2	Commencement.....	2
3	Schedule(s).....	3
Schedule 1—Consolidation: available fraction for loss utilisation purposes		4
	<i>Income Tax Assessment Act 1997</i>	4
Schedule 2—Extension of mutuality principle		5
	<i>Income Tax Assessment Act 1997</i>	5
Schedule 3—Child care tax offset		6
	<i>Income Tax Assessment Act 1997</i>	6
Schedule 4—Medical expenses offset		7
	<i>Income Tax Assessment Act 1936</i>	7
Schedule 5—Specific gift recipients		9
	<i>Income Tax Assessment Act 1997</i>	9



Tax Laws Amendment (2005 Measures No. 6) Act 2006

No. 13, 2006

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

[Assented to 29 March 2006]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Tax Laws Amendment (2005
Measures No. 6) Act 2006*.

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 on which this Act receives the Royal Assent.	29 March 2006
2. Schedule 1	The day on which this Act receives the Royal Assent.	29 March 2006
3. Schedule 2	The day on which this Act receives the Royal Assent.	29 March 2006
4. Schedule 3	The later of: (a) the start of the day on which this Act receives the Royal Assent; and (b) immediately after the commencement of the <i>Family and Community Services Legislation Amendment (Welfare to Work) Act 2005</i> . However, the provision(s) do not commence at all if the event mentioned in paragraph (b) does not occur.	29 March 2006
5. Schedule 4	The day on which this Act receives the Royal Assent.	29 March 2006
6. Schedule 5	The day on which this Act receives the Royal Assent.	29 March 2006

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

- (2) Column 3 of the table contains additional information that is not part of this Act. Information in this column may be added to or 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—Consolidation: available fraction for loss utilisation purposes

Income Tax Assessment Act 1997

1 Subsection 707-320(4)

Repeal the subsection, substitute:

- (4) For a *bundle of losses:
- (a) subject to paragraph (b)—the *available fraction* is worked out to 3 decimal places, rounding up if the fourth decimal place is 5 or more; or
 - (b) if the available fraction worked out under paragraph (a) is 0.000 and, if it were worked out to more decimal places, it would include one or more non-zero digits—the *available fraction* is worked out to the number of decimal places that includes the first or only such digit, rounding up if the next decimal place is 5 or more.

Examples: For 0.000328, the available fraction is 0.0003. For 0.000086, the available fraction is 0.00009.

(4A) Subsections (1) and (2) have effect subject to subsection (4).

2 Application

The amendment made by this Schedule applies on and after 1 July 2002.

Schedule 2—Extension of mutuality principle

Income Tax Assessment Act 1997

1 Section 11-55 (after table item headed “mining”)

Insert:

mutual receipts

amounts that would be mutual receipts but for prohibition
on distributions to members..... 59-35

2 At the end of subsection 25-75(1) (before the note)

Add:

- ; or (e) for the purpose of producing amounts to which section 59-35 applies (amounts that would be mutual receipts but for prohibition on distributions to members); or
- (f) in carrying on a *business for the purpose of producing amounts to which section 59-35 applies.

3 At the end of Division 59

Add:

59-35 Amounts that would be mutual receipts but for prohibition on distributions to members

An amount of *ordinary income of an entity is not assessable income and not *exempt income if:

- (a) the amount would be a mutual receipt, but for the entity’s constituent document preventing the entity from making any *distribution, whether in money, property or otherwise, to its members; and
- (b) apart from this section, the amount would be assessable income only because of section 6-5.

4 Application

The amendments made by this Schedule apply in relation to income years commencing on or after 1 July 2000.

Schedule 3—Child care tax offset

Income Tax Assessment Act 1997

1 Subsection 61-470(3)

Omit “20”, substitute “24”.

2 At the end of section 61-470

Add:

- (4) The 50 hour limit is taken, for the purposes of paragraph (2)(c), to apply to your entitlement for child care benefit for the week if it would have applied but for the fact that you failed to meet the requirements of paragraph 17A(1)(b) of the *A New Tax System (Family Assistance) Act 1999* in relation to the week.

3 Application

The amendments made by this Schedule apply in relation to assessments for income years that start on or after 1 July 2007.

Schedule 4—Medical expenses offset

Income Tax Assessment Act 1936

1 Subsection 159P(1)

After “himself”, insert “or herself”.

2 Subsection 159P(4)

Insert:

ineligible medical expenses means payments:

- (a) to a legally qualified medical practitioner, nurse or chemist, or a public or private hospital, in respect of a cosmetic operation that is not a professional service for which a medicare benefit is payable under Part II of the *Health Insurance Act 1973*; or
- (b) to a legally qualified dentist for:
 - (i) dental services; or
 - (ii) treatment;that is solely cosmetic.

3 Subsection 159P(4) (at the end of paragraphs (a) to (f) of the definition of *medical expenses*)

Add “or”.

4 Subsection 159P(4) (at the end of subparagraph (g)(ii) of the definition of *medical expenses*)

Add “or”.

5 Subsection 159P(4) (paragraph (i) of the definition of *medical expenses*)

Repeal the paragraph, substitute:

- (i) for the maintenance of a dog used for the guidance or assistance of, but not social therapy for, a person with a disability, being a dog that the Commissioner is satisfied is properly trained in the guidance or assistance of persons with disabilities;

but does not include ineligible medical expenses.

6 Subsection 159P(4)

Insert:

professional service has the meaning given by subsection 3(1) of the *Health Insurance Act 1973*.

7 Subsection 159P(5)

Omit “paragraph (a) of the definition of *medical expenses*”, substitute “the definitions of *ineligible medical expenses* and *medical expenses*”.

8 Subsection 159P(6)

Omit “paragraph (b) of the definition of *medical expenses*”, substitute “the definitions of *ineligible medical expenses* and *medical expenses*”.

9 Application

The amendments made by this Schedule apply to assessments for the 2005-06 year of income and later years of income.

Schedule 5—Specific gift recipients

Income Tax Assessment Act 1997

1 Subsection 30-25(2) (at the end of the table)

Add:

2.2.33	International Specialised Skills Institute Incorporated	the gift must be made after 11 August 2005
2.2.34	Yachad Accelerated Learning Project Limited	the gift must be made after 29 June 2005 and before 1 July 2006

2 Subsection 30-50(2) (table item 5.2.24)

Omit “25 April 2005”, substitute “1 July 2005”.

3 Subsection 30-50(2) (at the end of the table)

Add:

5.2.26	C E W Bean Foundation	the gift must be made after 14 November 2005 and before 15 November 2007
5.2.27	The Vietnam War Memorial of Victoria Incorporated	the gift must be made after 31 December 2004 and before 1 January 2006

4 Subsection 30-80(2) (at the end of the table)

Add:

9.2.15	Australian Red Cross Society—US 2005 Hurricane Relief Appeal	the gift must be made after 31 August 2005 and before 1 September 2006
9.2.16	The Salvation Army Hurricane Katrina Relief Appeal	the gift must be made after 1 September 2005 and before 2 September 2006
9.2.17	Xanana Vocational Education Trust	the gift must be made after 20 July 2005 and before 21 July 2007

5 Section 30-315 (after table item 25B)

Insert:

25C Australian Red Cross Society—US 2005 Hurricane Relief Appeal item 9.2.15

6 Section 30-315 (after table item 30)

Insert:

30AA C E W Bean Foundation item 5.2.26

7 Section 30-315 (after table item 63A)

Insert:

63B International Specialised Skills Institute Incorporated item 2.2.33

8 Section 30-315 (after table item 105A)

Insert:

105B Salvation Army Hurricane Katrina Relief Appeal item 9.2.16

9 Section 30-315 (after table item 121B)

Insert:

121C Vietnam War Memorial of Victoria Incorporated item 5.2.27

10 Section 30-315 (after table item 127)

Insert:

127A Xanana Vocational Education Trust item 9.2.17

127B Yachad Accelerated Learning Project Limited item 2.2.34

*[Minister's second reading speech made in—
House of Representatives on 7 December 2005
Senate on 28 February 2006]*

(198/05)