



Tax Laws Amendment (2009 Budget Measures No. 1) Act 2009

No. 62, 2009

**An Act to amend the law relating to taxation and
superannuation, 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).....	2
Schedule 1—Exemption of income derived from foreign service		3
	<i>Income Tax Assessment Act 1936</i>	3
Schedule 2—Government Co-contribution for Low Income Earners		5
	<i>Superannuation (Government Co-contribution for Low Income Earners) Act 2003</i>	5
Schedule 3—Excess contributions tax		8
	<i>Income Tax Assessment Act 1997</i>	8
	<i>Income Tax (Transitional Provisions) Act 1997</i>	11



Tax Laws Amendment (2009 Budget Measures No. 1) Act 2009

No. 62, 2009

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

[Assented to 29 June 2009]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Tax Laws Amendment (2009 Budget Measures No. 1) Act 2009*.

2 Commencement

This Act commences on the day on which it 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Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.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—Exemption of income derived from foreign service

Income Tax Assessment Act 1936

1 After subsection 23AG(1)

Insert:

- (1AA) However, those foreign earnings are not exempt from tax under this section unless the continuous period of foreign service is directly attributable to any of the following:
- (a) the delivery of Australian official development assistance by the person's employer;
 - (b) the activities of the person's employer in operating a public fund covered by item 9.1.1 or 9.1.2 of the table in subsection 30-80(1) of the *Income Tax Assessment Act 1997* (international affairs deductible gift recipients);
 - (c) the activities of the person's employer, if the employer is exempt from income tax because of paragraph 50-50(c) or (d) of the *Income Tax Assessment Act 1997* (prescribed institutions located or pursuing objectives outside Australia);
 - (d) the person's deployment outside Australia as a member of a disciplined force by:
 - (i) the Commonwealth, a State or a Territory; or
 - (ii) an authority of the Commonwealth, a State or a Territory;
 - (e) an activity of a kind specified in the regulations.

2 Application

- (1) The amendment made by this Schedule applies to foreign earnings derived on or after 1 July 2009 from foreign service performed on or after 1 July 2009.
- (2) Subitem (3) applies to:
 - (a) foreign earnings derived before 1 July 2009 from foreign service performed before, on or after 1 July 2009; and

Schedule 1 Exemption of income derived from foreign service

- (b) foreign earnings derived on or after 1 July 2009 from foreign service performed before 1 July 2009.
- (3) Disregard the amendment made by this Schedule in determining whether the foreign earnings are exempt from tax under subsection 23AG(1) of the *Income Tax Assessment Act 1936*.

Schedule 2—Government Co-contribution for Low Income Earners

Superannuation (Government Co-contribution for Low Income Earners) Act 2003

1 Paragraph 9(1)(b)

Omit “the 2004-05 income year or a later income year”, substitute “the 2004-05 income year, the 2005-06 income year, the 2006-07 income year, the 2007-08 income year or the 2008-09 income year”.

2 Paragraph 9(1)(b)

Omit “year.”, substitute “year; and”.

3 At the end of subsection 9(1)

Add:

- (c) for the 2009-10 income year, the 2010-11 income year or the 2011-12 income year—an amount equal to the sum of the eligible personal superannuation contributions the person makes during the income year; and
- (d) for the 2012-13 income year or the 2013-14 income year—an amount equal to 125% of the sum of the eligible personal superannuation contributions the person makes during the income year; and
- (e) for the 2014-15 income year or a later income year—an amount equal to 150% of the sum of the eligible personal superannuation contributions the person makes during the income year.

4 Subsection 10(1A)

Omit “the 2004-05 income year or a later income year”, substitute “the 2004-05 income year, the 2005-06 income year, the 2006-07 income year, the 2007-08 income year or the 2008-09 income year”.

5 After subsection 10(1A)

Insert:

Schedule 2 Government Co-contribution for Low Income Earners

(1B) The amount of the Government co-contribution in respect of a person for the 2009-10 income year, the 2010-11 income year or the 2011-12 income year must not exceed the maximum amount worked out using the following table:

Maximum Government co-contribution		
Item	Person's total income for the income year	Maximum amount
1	the lower income threshold or less	\$1,000
2	more than the lower income threshold but less than the higher income threshold	\$1,000 reduced by 3.333 cents for each dollar by which the person's total income for the income year exceeds the lower income threshold

(1C) The amount of the Government co-contribution in respect of a person for the 2012-13 income year or the 2013-14 income year must not exceed the maximum amount worked out using the following table:

Maximum Government co-contribution		
Item	Person's total income for the income year	Maximum amount
1	the lower income threshold or less	\$1,250
2	more than the lower income threshold but less than the higher income threshold	\$1,250 reduced by 4.167 cents for each dollar by which the person's total income for the income year exceeds the lower income threshold

(1D) The amount of the Government co-contribution in respect of a person for the 2014-15 income year or a later income year must not exceed the maximum amount worked out using the following table:

Maximum Government co-contribution		
Item	Person's total income for the income year	Maximum amount
1	the lower income threshold or less	\$1,500
2	more than the lower income threshold but less than the higher income threshold	\$1,500 reduced by 5 cents for each dollar by which the person's total income for the income year exceeds the lower income threshold

6 Subsection 10(2)

Omit “Subsections (1) and (1A) has”, substitute “Subsections (1), (1A), (1B), (1C) and (1D) have”.

7 Application

The amendments made by this Schedule apply to the 2009-10 income year and later income years.

Schedule 3—Excess contributions tax

Income Tax Assessment Act 1997

1 Subsection 292-20(2)

Repeal the subsection (not including the notes), substitute:

- (2) Your *concessional contributions cap* is:
- (a) for the 2007-2008 *financial year—\$50,000; or
 - (b) for the 2008-2009 financial year—\$50,000; or
 - (c) for the 2009-2010 financial year—\$25,000; or
 - (d) for the 2010-2011 financial year or a later financial year—the amount worked out by indexing annually the amount mentioned in paragraph (c).

2 Subsection 292-85(2)

Repeal the subsection, substitute:

- (2) Your *non-concessional contributions cap* is:
- (a) for the 2007-2008 *financial year—the amount that is 3 times your *concessional contributions cap for the year; and
 - (b) for the 2008-2009 financial year—the amount that is 3 times your concessional contributions cap for the year; and
 - (c) for the 2009-2010 financial year or a later financial year—the amount that is 6 times your concessional contributions cap for the year.

3 Paragraph 292-170(6)(b)

Omit “apart from this subsection”, substitute “disregarding this subsection and subsection (8)”.

4 At the end of section 292-170

Add:

- (8) Despite subsection (1), your *notional taxed contributions* for the *financial year in respect of the *defined benefit interest are equal to your *concessional contributions cap for the financial year if:

-
- (a) this Subdivision applies in relation to you because you have a defined benefit interest in a financial year; and
 - (b) disregarding this subsection, the notional taxed contributions for the financial year in respect of the defined benefit interest exceed your concessional contributions cap for the financial year; and
 - (c) either:
 - (i) you held the defined benefit interest in a *superannuation fund on 12 May 2009; or
 - (ii) all the requirements in subsection (9) are satisfied; and
 - (d) the conditions (if any) specified in the regulations are satisfied; and
 - (e) the financial year is the 2009-2010 financial year or a later financial year.
- (9) For the purposes of subparagraph (8)(c)(ii), the requirements are as follows:
- (a) you held a *defined benefit interest (the **original interest**) in a *superannuation fund (the **original fund**) on 12 May 2009;
 - (b) the defined benefit interest mentioned in paragraph (8)(a) (the **current interest**) is in a different superannuation fund (the **current fund**);
 - (c) the entire *value of the original interest:
 - (i) was transferred directly to the current interest after 12 May 2009; or
 - (ii) was transferred to another *superannuation interest after 12 May 2009, and was later transferred to the current interest (whether directly or through a series of transfers between superannuation interests);
 - (d) your rights to accrue future benefits under the current interest are equivalent to your rights to accrue future benefits under the original interest;
 - (e) either:
 - (i) the notional taxed contributions mentioned in paragraph (8)(b) do not exceed what they would have been if the transfer mentioned in paragraph (c) had not taken place; or
 - (ii) the conditions (if any) specified in the regulations are satisfied;
-

- (f) the conditions (if any) specified in the regulations are satisfied.

5 Paragraph 960-285(2)(a)

Repeal the paragraph, substitute:

(a) firstly:

- (i) if the amount is mentioned in item 9 in section 960-265 (concessional contributions cap)—multiplying the amount for the 2009-2010 financial year by its *indexation factor mentioned in subsection (3A); or
- (ii) otherwise—multiplying the amount for the 2007-2008 income year or financial year by its indexation factor mentioned in subsection (4); and

6 Subsection 960-285(3)

Omit “subsection (4)”, substitute “subsection (3A) or (4)”.

7 After subsection 960-285(3)

Insert:

Indexation factor

- (3A) For indexation of the amount on an annual basis in accordance with subparagraph (2)(a)(i), the *indexation factor* is:

*Index number mentioned in subsection (6) for the quarter ending on 31 December just before the start of the relevant income year or financial year

*Index number mentioned in subsection (6) for the quarter ending on 31 December 2008

8 Subsection 960-285(4) (heading)

Repeal the heading.

9 Subsection 960-285(4)

After “annual basis”, insert “in accordance with subparagraph (2)(a)(ii)”.

10 Subsection 960-285(5)

Omit “subsection (4)”, substitute “subsection (3A) or (4)”.

Income Tax (Transitional Provisions) Act 1997

11 Subsection 292-20(2)

Repeal the subsection, substitute:

- (2) Despite section 292-20 of the *Income Tax Assessment Act 1997*, your ***concessional contributions cap*** for that financial year is:
- (a) if the year is the 2007-2008 financial year—\$100,000; or
 - (b) if the year is the 2008-2009 financial year—\$100,000; or
 - (c) if the year is the 2009-2010 financial year—\$50,000; or
 - (d) if the year is the 2010-2011 financial year—\$50,000; or
 - (e) if the year is the 2011-2012 financial year—\$50,000.

Note: This amount is *not* indexed.

[*Minister's second reading speech made in—
House of Representatives on 27 May 2009
Senate on 15 June 2009*]