



**Treasury Laws Amendment (2019
Petroleum Resource Rent Tax Reforms
No. 1) Act 2019**

No. 43, 2019

**An Act to amend the law relating to petroleum
resource rent tax, and for related purposes**

Note: An electronic version of this Act is available on the Federal Register of Legislation
(<https://www.legislation.gov.au/>)

Contents

1	Short title.....	1
2	Commencement.....	2
3	Schedules.....	2
Schedule 1—Reform of the petroleum resource rent tax		3
Part 1—Uplifts for general expenditure for new projects		3
<i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i>		3
<i>Petroleum Resource Rent Tax Assessment Act 1987</i>		3
Part 2—Standard uplift expenditure		5
<i>Petroleum Resource Rent Tax Assessment Act 1987</i>		5
Part 3—Other amendments		16
<i>Petroleum Resource Rent Tax Assessment Act 1987</i>		16
Schedule 2—Removing onshore projects from the petroleum resource rent tax		18
Part 1—Amendment of the Petroleum Resource Rent Tax Assessment Act 1987		18
<i>Petroleum Resource Rent Tax Assessment Act 1987</i>		18
Part 2—Amendments of other Acts		28
<i>Excise Tariff Act 1921</i>		28
<i>Income Tax Assessment Act 1997</i>		28
Part 3—Application, transitional and savings provisions		29
Division 1—Application of amendments to deductible expenditure and assessable receipts		29
Division 2—General application of amendments		30



Treasury Laws Amendment (2019 Petroleum Resource Rent Tax Reforms No. 1) Act 2019

No. 43, 2019

An Act to amend the law relating to petroleum resource rent tax, and for related purposes

[Assented to 5 April 2019]

The Parliament of Australia enacts:

1 Short title

This Act is the *Treasury Laws Amendment (2019 Petroleum
Resource Rent Tax Reforms No. 1) Act 2019*.

No. 43, 2019

*Treasury Laws Amendment (2019 Petroleum Resource Rent Tax
Reforms No. 1) Act 2019*

1

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
Provisions	Commencement	Date/Details
1. The whole of this Act	1 July 2019.	1 July 2019

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

- (2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

3 Schedules

Legislation 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—Reform of the petroleum resource rent tax

Part 1—Uplifts for general expenditure for new projects

Offshore Petroleum and Greenhouse Gas Storage Act 2006

1 Subsection 258(7) (note)

After “paragraph 34A(1)(a)”, insert “and subsection 34A(5)”.

Petroleum Resource Rent Tax Assessment Act 1987

2 Subsection 34A(4) (formula)

Repeal the formula, substitute:

Available excess × Uplift rate

3 Subsection 34A(4) (definition of *Augmented bond rate*)

Repeal the definition.

4 Subsection 34A(4)

Insert:

uplift rate:

(a) if:

- (i) the project is not a combined project; and
- (ii) the production licence in relation to the project is a post-June 2019 licence; and
- (iii) any person derived assessable petroleum receipts in relation to the project at any time after the licence was granted; and
- (iv) the assessable year is 10 or more years after the first financial year in which such assessable petroleum receipts were derived;

the ***uplift rate*** is the long-term bond rate in relation to the assessable year plus 1; or

- (b) if:
- (i) the project is a combined project; and
 - (ii) one or more post-June 2019 licences are, or have been, in force in relation to the project, or a pre-combination project in relation to the project; and
 - (iii) any person derived assessable petroleum receipts in relation to the project, or a pre-combination project in relation to the project, at any time after the first such licence was granted; and
 - (iv) the assessable year is 10 or more years after the first financial year in which such assessable petroleum receipts were derived;
- the ***uplift rate*** is the long-term bond rate in relation to the assessable year plus 1; or
- (c) if paragraphs (a) and (b) do not apply—the ***uplift rate*** is the long-term bond rate in relation to the assessable year plus 1.05.

5 Subsection 34A(5)

Insert:

post-June 2019 licence: a production licence is a ***post-June 2019 licence*** if the earlier of the following is on or after 1 July 2019:

- (a) if a notice was given under subsection 258(7) of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* in relation to the application for the licence—the date specified in the notice as the last date on which information was provided;
- (b) the day the production licence is granted.

Part 2—Standard uplift expenditure

Petroleum Resource Rent Tax Assessment Act 1987

6 Paragraphs 32(c) and (e)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

7 Section 34A (heading)

Omit “Class 2 augmented bond rate”, substitute “Class 2 uplifted”.

8 Subsection 34A(1)

Omit “class 2 augmented bond rate” (wherever occurring), substitute “class 2 uplifted”.

9 Subsection 34A(2)

Omit “class 2 augmented bond rate” (wherever occurring), substitute “class 2 uplifted”.

10 Subsection 34A(3)

Omit “class 2 augmented bond rate” (wherever occurring), substitute “class 2 uplifted”.

11 Paragraph 34A(4)(c)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

12 Subsection 34A(4)

Omit “an amount of class 2 augmented bond rate”, substitute “an amount of class 2 uplifted”.

13 Subsection 34A(4) (definition of *Available excess*)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

14 Paragraph 35(3)(c)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

15 Section 35A (heading)

Omit “Class 2 augmented bond rate”, substitute “Class 2 uplifted”.

16 Subsection 35A(1)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

17 Subsection 35A(1) (note)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

18 Subsection 35A(2)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

19 Subsection 35A(2) (note)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

20 Paragraphs 35C(5)(c) and (e)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

21 Paragraphs 35E(3)(c) and (e)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

22 Section 36A (note)

Omit “before the GDP factor or the augmented bond rate is applied to the amount under Schedule 1”, substitute “before the amount is further increased under Schedule 1”.

23 Subsection 36B(1) (note)

Omit “before the GDP factor or the augmented bond rate is applied to the amount under Schedule 1”, substitute “before the amount is further increased under Schedule 1”.

24 Subparagraph 48(1)(a)(i)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

25 Subparagraph 48(1)(a)(ia) (note)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

26 Paragraph 48A(5)(b)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

27 Paragraph 48A(5)(c) (note)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

28 Subparagraph 58K(1)(b)(iii)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

29 Subsection 58K(2) (heading)

Omit “*Class 2 augmented bond rate*”, substitute “*Class 2 uplifted*”.

30 Paragraph 58K(2)(a)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

31 Subparagraph 58M(1)(c)(iii)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

32 Subsection 58M(2) (heading)

Omit “*Class 2 augmented bond rate*”, substitute “*Class 2 uplifted*”.

33 Paragraph 58M(2)(a)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

34 Clause 1 of Schedule 1

Repeal the following definitions:

- (a) definition of *ABR expenditure year*;
- (b) definition of *augmented bond rate*.

35 Clause 1 of Schedule 1 (definition of *GDP expenditure year*)

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

36 Clause 1 of Schedule 1

Insert:

standard uplift expenditure year, in relation to a petroleum project, means the earlier of the following financial years and each financial year after that financial year:

- (a) the financial year in which the relevant pre-commencement day occurred;
- (b) the financial year that starts on 1 July 2019.

37 Part 2 of Schedule 1 (heading)

Omit “Class 2 augmented bond rate”, substitute “Class 2 uplifted”.

38 Clause 5 of Schedule 1 (paragraph (a) of the definition of *notional taxable profit*)

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

39 Paragraph 6(1)(a) of Schedule 1

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

40 Paragraph 6(1)(b) of Schedule 1

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

41 Paragraph 7(a) of Schedule 1

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

42 Paragraph 7(b) of Schedule 1

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

43 Subclause 8(3) of Schedule 1

Omit “an ABR expenditure”, substitute “a standard uplift expenditure”.

44 Paragraphs 8(3)(a) and (b) of Schedule 1

Repeal the paragraphs, substitute:

- (a) if the standard uplift expenditure year is the financial year immediately before the assessable year—multiply the incurred exploration expenditure amount in relation to the standard uplift expenditure year by:
 - (i) if the standard uplift expenditure year starts before 1 July 2019—the long-term bond rate in relation to the standard uplift expenditure year plus 1.15; or
-

- (ii) otherwise—the long-term bond rate in relation to the standard uplift expenditure year plus 1.05;
- (b) if the standard uplift expenditure year is an earlier financial year—work out, in relation to the standard uplift expenditure year and each later financial year ending before the assessable year, an amount in accordance with the formula:

Exploration expenditure amount × Uplift rate

where:

exploration expenditure amount means:

- (i) in making the calculation in relation to the standard uplift expenditure year—the incurred exploration expenditure amount in relation to the standard uplift expenditure year; or
- (ii) in making the calculation in relation to one of the later financial years—the amount calculated under this paragraph in relation to the immediately preceding financial year for the purpose of working out the available exploration expenditure amount for the standard uplift expenditure year.

uplift rate, for the financial year in relation to which the calculation is being made (the **calculation year**), means:

- (i) if both the standard uplift expenditure year and the calculation year start before 1 July 2019—the long-term bond rate in relation to the calculation year plus 1.15; or
- (ii) if the standard uplift expenditure year starts before 1 July 2019 and the calculation year starts on or after 1 July 2019—the long-term bond rate in relation to the calculation year plus 1.05; or
- (iii) if the standard uplift expenditure year starts on or after 1 July 2019 and the calculation year is 10 or more years after the standard uplift expenditure year—the GDP factor for the calculation year; or
- (iv) in any other case—the long-term bond rate in relation to the calculation year plus 1.05;

45 Paragraphs 8(3)(c) and (d) of Schedule 1

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

46 Subclause 8(4) of Schedule 1

Omit “ABR expenditure years is less”, substitute “standard uplift expenditure years is less”.

47 Paragraphs 8(4)(a) and (b) of Schedule 1

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

48 Paragraphs 8(4)(b) and (c) of Schedule 1

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

49 Subclause 8(5) of Schedule 1

Omit “ABR expenditure years exceeds”, substitute “standard uplift expenditure years exceeds”.

50 Paragraphs 8(5)(a) and (b) of Schedule 1

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

51 Paragraph 8(5)(c) of Schedule 1

Omit “ABR expenditure years that is not expenditure to which that class 2 augmented bond rate”, substitute “standard uplift expenditure years that is not expenditure to which that class 2 uplifted”.

52 Paragraph 8(6)(a) of Schedule 1

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

53 Paragraph 8(6)(b) of Schedule 1

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

54 Subclause 8(6) of Schedule 1

Omit “the class 2 augmented bond rate”, substitute “the class 2 uplifted”.

55 Subclause 8(6) of Schedule 1

Omit “for that ABR expenditure year” (wherever occurring), substitute “for that standard uplift expenditure year”.

56 Paragraph 8(7)(a) of Schedule 1

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

57 Paragraph 8(7)(b) of Schedule 1

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

58 Subparagraph 8(7)(c)(i) of Schedule 1

Omit “ABR expenditure” (wherever occurring), substitute “standard uplift expenditure”.

59 Subparagraph 8(7)(c)(ii) of Schedule 1

Omit “an ABR expenditure”, substitute “a standard uplift expenditure”.

60 Subparagraph 8(7)(c)(ii) of Schedule 1

Omit “later ABR expenditure”, substitute “later standard uplift expenditure”.

61 Paragraph 8(7)(d) of Schedule 1

Omit “class 2 augmented bond rate”, substitute “class 2 uplifted”.

62 Subparagraph 8(7)(d)(i) of Schedule 1

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

63 Subparagraph 8(7)(d)(ii) of Schedule 1

Omit “an ABR expenditure”, substitute “a standard uplift expenditure”.

64 Subparagraph 8(7)(d)(ii) of Schedule 1

Omit “that ABR expenditure” (wherever occurring), substitute “that standard uplift expenditure”.

65 Clause 24 of Schedule 1 (heading)

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

66 Paragraph 24(a) of Schedule 1

Omit “an ABR expenditure”, substitute “a standard uplift expenditure”.

67 Paragraph 24(c) of Schedule 1

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

68 Subparagraph 25(c)(i) of Schedule 1

Omit “an ABR expenditure”, substitute “a standard uplift expenditure”.

69 Clause 33 of Schedule 1

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

70 Paragraph 33(a) of Schedule 1

Omit “an ABR expenditure”, substitute “a standard uplift expenditure”.

71 Paragraph 33(c) of Schedule 1

Omit “ABR expenditure”, substitute “standard uplift expenditure”.

72 Subparagraph 34(c)(i) of Schedule 1

Omit “an ABR expenditure”, substitute “a standard uplift expenditure”.

73 Clause 37 of Schedule 1

Repeal the clause, substitute:

36A Transfer years that start on or after 1 July 2019

- (1) This clause applies if the transfer year starts on or after 1 July 2019.
- (2) If the financial year in which the expenditure was incurred (the *expenditure year*) is the financial year immediately before the transfer year then, for the purposes of subsection 45D(2), the transfer is taken to be of the amount worked out by multiplying the amount actually transferred by the long-term bond rate in relation to the expenditure year plus 1.05.
- (3) If the financial year in which the expenditure was incurred (the *expenditure year*) is not the financial year immediately before the transfer year, the following provisions apply:
 - (a) work out, in relation to the expenditure year and each later financial year ending before the transfer year, an amount in accordance with the formula:

Transferred amount × Uplift rate

where:

transferred amount means:

- (i) in making the calculation in relation to the expenditure year—the amount of expenditure actually transferred; and
- (ii) in making the calculation in relation to a later financial year—the amount calculated under this paragraph in relation to the expenditure and the immediately preceding financial year.

uplift rate, for the financial year in relation to which the calculation is being made (the **calculation year**), means:

- (i) if the calculation year is 10 or more years after the expenditure year—the GDP factor for the calculation year; and
 - (ii) otherwise—the long-term bond rate in relation to the calculation year plus 1.05;
- (b) for the purposes of subsection 45D(2), the transfer is taken to be of the amount worked out under paragraph (a) in relation to the expenditure and the financial year immediately before the transfer year.

37 Transfer years that start before 1 July 2019—expenditure incurred in a standard uplift expenditure year

- (1) This clause applies if:
 - (a) the transfer year starts before 1 July 2019; and
 - (b) the financial year in which the expenditure was incurred (the **expenditure year**) is a standard uplift expenditure year in relation to the project.
- (2) If the expenditure year is the financial year immediately before the transfer year then, for the purposes of subsection 45D(2), the transfer is taken to be of the amount worked out by multiplying the amount actually transferred by the long-term bond rate in relation to the expenditure year plus 1.15.
- (3) If the expenditure year is not the financial year immediately before the transfer year, the following provisions apply:

Schedule 1 Reform of the petroleum resource rent tax

Part 2 Standard uplift expenditure

- (a) work out, in relation to the expenditure year and each later financial year ending before the transfer year, an amount in accordance with the formula:

Transferred amount × Uplift rate

where:

transferred amount means:

- (i) in making the calculation in relation to the expenditure year—the amount of expenditure actually transferred; and
- (ii) in making the calculation in relation to a later financial year—the amount calculated under this paragraph in relation to the expenditure and the immediately preceding financial year.

uplift rate, for the financial year in relation to which the calculation is being made (the **calculation year**), means the long-term bond rate in relation to the calculation year plus 1.15;

- (b) for the purposes of subsection 45D(2), the transfer is taken to be of the amount worked out under paragraph (a) in relation to the expenditure and the financial year immediately before the transfer year.

74 Clause 38 of Schedule 1 (heading)

Repeal the heading, substitute:

38 Transfer years that start before 1 July 2019—expenditure incurred in a GDP expenditure year

75 Clause 38 of Schedule 1

Omit “If the financial year in which the expenditure was incurred is a GDP expenditure year the following provisions apply:”, substitute:

If:

- (aa) the transfer year starts before 1 July 2019; and
- (ab) the financial year in which the expenditure was incurred (the **expenditure year**) is a GDP expenditure year in relation to the project;

the following provisions apply:

76 Paragraph 38(a) of Schedule 1

Omit “GDP expenditure year and”, substitute “expenditure year and”.

77 Paragraph 38(a) of Schedule 1 (subparagraph (i) of the definition of *Transferred amount*)

Omit “GDP expenditure year”, substitute “expenditure year”.

Part 3—Other amendments

Petroleum Resource Rent Tax Assessment Act 1987

78 Subsection 20(1)

Omit “within the qualifying period in relation to a production licence in relation to a petroleum project, the Resources Minister, whether on application, request or otherwise”, substitute “the Resources Minister, in relation to a production licence in relation to a petroleum project”.

79 Subsection 20(2)

Repeal the subsection.

80 Subsection 20(4)

Repeal the subsection, substitute:

- (4) The Minister may only issue a certificate under subsection (1) in respect of petroleum projects if:
 - (a) a person who is entitled to receive at least half of the receipts from the sale of petroleum or marketable petroleum commodities produced in relation to each of the projects applies, in writing, to the Minister for the certificate to be issued; or
 - (b) 2 or more persons who together are entitled to receive at least half of those receipts apply, in writing, to the Minister for the certificate to be issued.
- (4A) An application under subsection (4) may only be made within:
 - (a) the period of 90 days beginning on the day the most recent production licence in relation to any of the petroleum projects came into force; or
 - (b) if the Minister allows a longer period—that longer period.
- (4B) If the Minister does not make a decision on an application under subsection (4) before the later of the following times:
 - (a) the end of the period of 90 days after the application is made;
 - (b) if the Minister extends that period under subsection (4C)—the end of the extended period;

the Minister is taken, for the purposes of subsection (12), to have refused the application at that time.

- (4C) The Minister may, by written notice to the applicant or applicants, extend the period mentioned in subsection (4B) if the Minister is satisfied that it is necessary to do so to adequately consider the application.

81 Paragraph 20(9)(b)

Omit “or request” (wherever occurring).

82 Subsection 20(10)

Omit “or request”.

83 Paragraph 20(12)(b)

Omit “or request”.

Schedule 2—Removing onshore projects from the petroleum resource rent tax

Part 1—Amendment of the Petroleum Resource Rent Tax Assessment Act 1987

Petroleum Resource Rent Tax Assessment Act 1987

1 Section 2 (definition of *access authority*)

Repeal the definition (including the note), substitute:

access authority means a petroleum access authority within the meaning of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

2 Section 2 (definition of *acquisition*)

Repeal the definition, substitute:

acquisition has the meaning given by section 195-1 of the GST Act.

3 Section 2 (paragraph (c) of the definition of *applicable commencement date*)

Repeal the paragraph, substitute:

(c) if the project is the North West Shelf project—1 July 2012.

4 Section 2 (note to the definition of *assessment*)

Repeal the note.

5 Section 2 (definition of *block*)

Repeal the definition, substitute:

block has the same meaning as in the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

6 Section 2

Repeal the following definitions:

- (a) definition of *consolidated group*;
- (b) definition of *created*.

7 Section 2 (definition of eligible real expenditure)

Omit “acquired exploration expenditure,”.

8 Section 2 (definition of excluded fee)

Repeal the definition, substitute:

excluded fee means an amount of a kind referred to in paragraph 113(1)(c), subsection 115(5), paragraph 118(1)(c), subsection 178(4) or paragraph 181(1)(c) of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

9 Section 2 (definition of exploration permit)

Repeal the definition (including the note), substitute:

exploration permit means a petroleum exploration permit within the meaning of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

10 Section 2 (definition of exploration permit area)

Repeal the definition, substitute:

exploration permit area means a petroleum exploration permit area within the meaning of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

11 Section 2 (definition of head company)

Repeal the definition, substitute:

head company, of a designated company group, has the meaning given by section 2BA.

12 Section 2 (definition of holder of a registered interest)

Repeal the definition, substitute:

holder of a registered interest, in relation to a production licence, means a person holding an interest in the production licence, being an interest created by a dealing in relation to which an entry has

been made under subsection 494(3) of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

13 Section 2 (definition of *infrastructure licence*)

Repeal the definition (including the note), substitute:

infrastructure licence has the meaning given by section 7 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

14 Section 2

Repeal the following definitions:

- (a) definition of *MEC group*;
- (b) definition of *member*;
- (c) definition of *onshore area*;
- (d) definition of *onshore petroleum project*.

15 Section 2 (definition of *pipeline licence*)

Repeal the definition (including the note), substitute:

pipeline licence has the same meaning as in the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

16 Section 2 (definition of *post-30 June 2008 petroleum project*)

Omit “an onshore petroleum project and”.

17 Section 2 (paragraph (b) of the definition of *production licence*)

Omit “reservoirs; or”, substitute “reservoirs.”.

18 Section 2 (paragraph (c) of the definition of *production licence*)

Repeal the paragraph.

19 Section 2 (note to the definition of *production licence*)

Repeal the note.

20 Section 2 (definition of *production licence area*)

Repeal the definition, substitute:

production licence area means a petroleum production licence area within the meaning of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* and, in relation to a Greater Sunrise project, includes the Western Greater Sunrise area.

21 Section 2 (definition of *production licence notice*)

Repeal the definition, substitute:

production licence notice, in relation to a petroleum project, means a notice issued under subsection 258(7) of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* in relation to the project.

22 Section 2 (definition of *provisional head company*)

Repeal the definition.

23 Section 2 (definition of *registered holder*)

Repeal the definition, substitute:

registered holder has the same meaning as in the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

24 Section 2 (definition of *retention lease*)

Repeal the definition (including the note), substitute:

retention lease means a petroleum retention lease within the meaning of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

25 Section 2 (definition of *retention lease area*)

Repeal the definition, substitute:

retention lease area means a petroleum retention lease area within the meaning of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

26 Section 2 (definition of *starting base amount*)

Repeal the definition, substitute:

starting base amount, in relation to a person's interest in a petroleum project, means the amount (if any) assessed as the starting base amount in relation to the person's interest under clause 23 of Schedule 2 as in force before 1 July 2019.

27 Section 2

Repeal the following definitions:

- (a) definition of *starting base asset*;
- (b) definition of *subsidiary member*;
- (c) definition of *value*.

28 Sections 2AA, 2AB and 2AC

Repeal the sections.

29 Paragraph 20(1)(c)

Repeal the paragraph.

30 Paragraph 20(1)(d)

Omit "to the extent (if any) that the projects are not onshore petroleum projects—".

31 Subsection 20(1A)

Repeal the subsection, substitute:

- (1A) Despite subsection (1), the Minister cannot specify, under that subsection, a production licence relating to the North West Shelf project.

32 Paragraph 24(1)(a)

Omit "(other than project natural gas (within the meaning of the regulations) to which paragraph (f) applies)".

33 Paragraph 24(1)(e)

Omit "regulations; and", substitute "regulations."

34 Paragraph 24(1)(f)

Repeal the paragraph.

35 Subsection 24(2) (definition of *non-arm's length transaction*)

Repeal the definition.

36 Subsection 29A(1) (example)

Repeal the example, substitute:

Example: Excess electricity that is produced as part of the petroleum project is sold.

37 Subsection 31(1)

Omit "(1)".

38 Subsection 31(1)(h)

Omit "an onshore petroleum project or".

39 Subsection 31(2)

Repeal the subsection.

40 Section 31AA

Repeal the section, substitute:

31AA Eligible real expenditure—North West Shelf project

Despite section 45, this Division applies in relation to the North West Shelf project as if eligible real expenditure could be incurred in relation to the project at any time, including a time before 1 July 2012.

41 Paragraph 32(fb)

Repeal the paragraph.

42 Subsection 34A(5) (definition of *class 2 general project expenditure*)

Omit "acquired exploration expenditure or".

43 Subparagraph 35C(3)(c)(i)

Omit “, or a State or Territory,”.

44 Section 35D

Repeal the section.

45 Paragraph 35E(1)(a)

Repeal the paragraph, substitute:

- (a) in relation to the starting base financial year for the project—
the person’s starting base amount in relation to the interest;
or

46 Subsection 35E(1) (note)

Repeal the note.

47 Paragraph 35E(3)(h)

Repeal the paragraph.

48 Subsection 35E(4)

Omit all the words after “are references”, substitute “to the earliest financial year, after 30 June 2012, in which a production licence relating to the project is in existence”.

49 Subsections 37(2A), (2B) and (2C)

Repeal the subsections.

50 Subsection 44(2) (note)

Repeal the note.

51 Subsection 45(1)

Omit “an onshore petroleum project,”.

52 Subsection 45(2)

Repeal the subsection.

53 Subsection 45(4)

Omit “the starting base day under subsection (5) for the person’s interest in the project”, substitute “1 July 2012”.

54 Subsections 45(5) and (6)

Repeal the subsections.

55 Subsection 45(7)

Omit “(2),”.

56 Subsection 45(8) (heading)

Omit “*onshore petroleum projects or*”.

57 Subsection 45(8)

Omit “an onshore petroleum project, or the North West Shelf project,”, substitute “the North West Shelf project”.

58 Subparagraph 48(1)(a)(ib)

Omit “, and the look-back approach is not the valuation approach for vendor’s interest in the project under Part 2 of Schedule 2”.

59 Paragraph 48(3)(c)

Omit “an onshore petroleum project, or”.

60 Paragraph 48A(5)(ca)

Repeal the paragraph, substitute:

- (ca) if section 35E did not apply immediately before the transfer time—to have incurred starting base expenditure, in relation to the project, of the transfer percentage of the starting base amount in relation to the vendor’s interest; and

61 Paragraph 48A(11)(c)

Omit “an onshore petroleum project, or”.

62 Subparagraph 58K(1)(b)(v)

Repeal the subparagraph.

63 Subparagraph 58K(1)(b)(vii)

Omit “under Division 1 of Part 3 of Schedule 2, an amount is the starting base amount that the person has”, substitute “the person has a starting base amount”.

64 Subparagraph 58M(1)(c)(v)

Repeal the subparagraph.

65 Subparagraph 58M(1)(c)(vii)

Omit “under Division 1 of Part 3 of Schedule 2, an amount is the starting base amount that the person has”, substitute “the person has a starting base amount”.

66 Division 8 of Part V

Repeal the Division.

67 Section 61 (note)

Repeal the note.

68 Subsection 67(2) (note)

Repeal the note.

69 Subsection 93(1)

Omit “58P,”.

70 Paragraph 97(1A)(b)

Omit “35D(3) and (4),”.

71 Subsection 97(1AA)

Omit “24(1)(d), (e) or (f)”, substitute “24(1)(d) or (e)”.

72 Subsection 109(5)

Repeal the subsection.

73 Clause 4C of Schedule 1 (heading)

Omit “onshore or”.

74 Clause 4C of Schedule 1

Omit all the words after “1 July 2012,”, substitute “in relation to the North West Shelf project are not transferable under section 45A, 45B or 45C”.

75 Clause 5 of Schedule 1 (paragraph (a) of the definition of *notional taxable profit*)

Omit “acquired exploration expenditure,”.

76 Clause 9 of Schedule 1 (paragraph (a) of the definition of *notional taxable profit*)

Omit “acquired exploration expenditure,”.

77 Schedule 2

Repeal the Schedule.

Part 2—Amendments of other Acts

Excise Tariff Act 1921

78 Subsection 3(1) (definition of *Resource Rent Tax area*)

Omit all the words after “for the purposes of”, substitute:

the *Petroleum Resource Rent Tax Assessment Act 1987*, is:

- (a) the exploration permit area of an exploration permit other than one of the North West Shelf exploration permits; or
- (b) the retention lease area of a retention lease that is related to an exploration permit other than one of the North West Shelf exploration permits; or
- (c) the production licence area of a production licence that is related to an exploration permit other than one of the North West Shelf exploration permits.

Income Tax Assessment Act 1997

79 Subsection 703-50(1) (note 1)

Omit “Note 1”, substitute “Note”.

80 Subsection 703-50(1) (note 3)

Repeal the note.

81 Subsection 719-50(1) (note 1)

Omit “Note 1”, substitute “Note”.

82 Subsection 719-50(1) (note 3)

Repeal the note.

83 Subsection 721-10(2) (table items 95, 100, 105 and 110)

Repeal the items.

84 Subsections 721-10(5) and (6)

Repeal the subsections.

Part 3—Application, transitional and savings provisions

Division 1—Application of amendments to deductible expenditure and assessable receipts

85 Application—deductible expenditure and assessable receipts

- (1) The object of this item is:
 - (a) to provide for petroleum resource rent tax to cease to apply to onshore petroleum projects as of 1 July 2019; and
 - (b) to prevent expenditure incurred in relation to onshore petroleum projects reducing taxable profit in relation to other kinds of projects and financial years starting on or after 1 July 2019.
- (2) The amendments made by this Schedule apply to the following:
 - (a) an amount of deductible expenditure incurred, or taken to be incurred, in the financial year starting on 1 July 2019 or any later financial year;
 - (b) an amount of assessable receipts derived, or taken to be derived, in the financial year starting on 1 July 2019 or any later financial year.
- (3) The amendments made by this Schedule also apply to the following:
 - (a) a transfer of expenditure under Division 3A of Part V of the *Petroleum Resource Rent Tax Assessment Act 1987* in relation to the financial year starting on 1 July 2019 or any later financial year, regardless of the financial year in which the expenditure was incurred or taken to be incurred;
 - (b) a transaction of a kind described in section 48 or 48A of the *Petroleum Resource Rent Tax Assessment Act 1987* that is entered into on or after 1 July 2019, regardless of the financial year in which any expenditure referred to in those sections was incurred or taken to be incurred.

Division 2—General application of amendments

86 Object

The object of this Division is to ensure that, despite the repeals and amendments made by this Schedule, the full legal and administrative consequences of:

- (a) any act done or omitted to be done; or
- (b) any state of affairs existing; or
- (c) any period ending;

before 1 July 2019 can continue to arise and be carried out, directly or indirectly through an indefinite number of steps, even if some or all of those steps are taken on or after that day.

87 Making and amending assessments, and doing other things, in relation to past matters

Even though an Act is amended by this Schedule, the amendment is disregarded for the purpose of doing any of the following under any Act or legislative instrument:

- (a) making or amending an assessment (including under a provision that is itself repealed or amended);
- (b) exercising any right or power, performing any obligation or duty or doing any other thing (including under a provision that is itself repealed or amended);

in relation to any act done or omitted to be done, any state of affairs existing, or any period ending, before 1 July 2019.

88 Saving of provisions about effect of assessments

If a provision or part of a provision that is repealed or amended by this Schedule deals with the effect of an assessment, the repeal or amendment is disregarded in relation to assessments made on, before or after 1 July 2019 in relation to any act done or omitted to be done, any state of affairs existing, or any period ending, before 1 July 2019.

89 Repeals disregarded for the purposes of dependent provisions

If the operation of a provision (the *subject provision*) of any Act or legislative instrument depends to any extent on a provision of an Act that is repealed by this Schedule, the repeal is disregarded so far as it affects the operation of the subject provision.

90 Division does not limit operation of section 7 of the Acts Interpretation Act 1901

This Division does not limit the operation of section 7 of the *Acts Interpretation Act 1901*.

91 Annual returns for the financial year starting 1 July 2018

A person is not required to furnish to the Commissioner a return, under section 59 of the *Petroleum Resource Rent Tax Assessment Act 1987*, in relation to an onshore petroleum project in relation to the year of tax that starts on 1 July 2018 if both of the following apply:

- (a) the person does not have a taxable profit in relation to the project in relation to that year of tax;
- (b) sections 45A and 45B of that Act do not require the person to transfer any transferable exploration expenditure in relation to that year of tax (whether or not the expenditure was incurred in relation to, or is required to be transferred to, an onshore petroleum project).

Note: However, the Commissioner may require the person to furnish a return under section 60 of the *Petroleum Resource Rent Tax Assessment Act 1987* in relation to the project in relation to the year of tax, or make an assessment of the person's taxable profit in relation to the year of tax under subsection 63(1) of that Act.

92 Tax-related liabilities incurred in relation to periods ending before 1 July 2019

The repeal of Division 8 of Part V of the *Petroleum Resource Rent Tax Assessment Act 1987* and the amendments of Division 721 of the *Income Tax Assessment Act 1997* made by this Schedule do not apply in relation to the following liabilities that become due and payable on or after 1 July 2019:

- (a) general interest charge mentioned in item 40 of the table in subsection 721-10(2) of the *Income Tax Assessment Act 1997*;

Schedule 2 Removing onshore projects from the petroleum resource rent tax
Part 3 Application, transitional and savings provisions

- (b) an administrative penalty mentioned in item 65 of that table;
 - (c) shortfall interest charge mentioned in item 100 of that table;
- to the extent that the period to which the liability relates, as mentioned in the table, ends before 1 July 2019.
-

*[Minister's second reading speech made in—
House of Representatives on 13 February 2019
Senate on 3 April 2019]*

(18/19)
