

EXPOSURE DRAFT

2016-2017-2018-2019

The Parliament of the
Commonwealth of Australia

HOUSE OF REPRESENTATIVES

EXPOSURE DRAFT

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

No. , 2019

(Treasury)

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

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1 **A Bill for an Act to amend the law relating to**
2 **petroleum resource rent tax, and for related**
3 **purposes**

4 The Parliament of Australia enacts:

5 **1 Short title**

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

8 **2 Commencement**

9 (1) Each provision of this Act specified in column 1 of the table
10 commences, or is taken to have commenced, in accordance with

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1 column 2 of the table. Any other statement in column 2 has effect
2 according to its terms.

3

Commencement information

Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this Act	1 July 2019.	1 July 2019

4

Note: This table relates only to the provisions of this Act as originally enacted.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.

5

6

7

(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.

8

9

3 Schedules

10

Legislation that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

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2

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

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Reform of the petroleum resource rent tax **Schedule 1**
Uplifts for general expenditure for new projects **Part 1**

1 **Schedule 1—Reform of the petroleum**
2 **resource rent tax**

3 **Part 1—Uplifts for general expenditure for new**
4 **projects**

5 *Offshore Petroleum and Greenhouse Gas Storage Act 2006*

6 **1 Subsection 258(7) (note)**

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

8 *Petroleum Resource Rent Tax Assessment Act 1987*

9 **2 Subsection 34A(4) (formula)**

10 Repeal the formula, substitute:

11 Available excess × Uplift rate

12 **3 Subsection 34A(4) (definition of *Augmented bond rate*)**

13 Repeal the definition.

14 **4 Subsection 34A(4)**

15 Insert:

16 *uplift rate:*

17 (a) if:

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

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Schedule 1 Reform of the petroleum resource rent tax

Part 1 Uplifts for general expenditure for new projects

- 1 the *uplift rate* is the long-term bond rate in relation to the
2 assessable year plus 1; or
3 (b) if:
4 (i) the project is a combined project; and
5 (ii) one or more post-June 2019 licences are, or have been,
6 in force in relation to the project, or a pre-combination
7 project in relation to the project; and
8 (iii) any person derived assessable petroleum receipts in
9 relation to the project, or a pre-combination project in
10 relation to the project, at any time after the first such
11 licence was granted; and
12 (iv) the assessable year is 10 or more years after the first
13 financial year in which such assessable petroleum
14 receipts were derived;
15 the *uplift rate* is the long-term bond rate in relation to the
16 assessable year plus 1; or
17 (c) if paragraphs (a) and (b) do not apply—the *uplift rate* is the
18 long-term bond rate in relation to the assessable year plus
19 1.05.

5 Subsection 34A(5)

20
21 Insert:

- 22 *post-June 2019 licence*: a production licence is a *post-June 2019*
23 *licence* if the earlier of the following is on or after 1 July 2019:
24 (a) if a notice was given under subsection 258(7) of the *Offshore*
25 *Petroleum and Greenhouse Gas Storage Act 2006* in relation
26 to the application for the licence—the date specified in the
27 notice as the last date on which information was provided;
28 (b) the day the production licence is granted.

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Reform of the petroleum resource rent tax **Schedule 1**
Standard uplift expenditure **Part 2**

1 **Part 2—Standard uplift expenditure**

2 *Petroleum Resource Rent Tax Assessment Act 1987*

3 **6 Paragraphs 32(c) and (e)**

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

5 **7 Section 34A (heading)**

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

7 **8 Subsection 34A(1)**

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

10 **9 Subsection 34A(2)**

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

13 **10 Subsection 34A(3)**

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

16 **11 Paragraph 34A(4)(c)**

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

18 **12 Subsection 34A(4)**

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

21 **13 Subsection 34A(4) (definition of *Available excess*)**

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

23 **14 Paragraph 35(3)(c)**

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

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Schedule 1 Reform of the petroleum resource rent tax

Part 2 Standard uplift expenditure

1 **15 Section 35A (heading)**

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

3 **16 Subsection 35A(1)**

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

5 **17 Subsection 35A(1) (note)**

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

7 **18 Subsection 35A(2)**

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

9 **19 Subsection 35A(2) (note)**

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

11 **20 Paragraphs 35C(5)(c) and (e)**

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

13 **21 Paragraphs 35E(3)(c) and (e)**

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

15 **22 Section 36A (note)**

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

19 **23 Subsection 36B(1) (note)**

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

23 **24 Subparagraph 48(1)(a)(i)**

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

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

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

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Reform of the petroleum resource rent tax **Schedule 1**
Standard uplift expenditure **Part 2**

1 **26 Paragraph 48A(5)(b)**

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

3 **27 Paragraph 48A(5)(c) (note)**

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

5 **28 Subparagraph 58K(1)(b)(iii)**

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

7 **29 Subsection 58K(2) (heading)**

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

9 **30 Paragraph 58K(2)(a)**

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

11 **31 Subparagraph 58M(1)(c)(iii)**

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

13 **32 Subsection 58M(2) (heading)**

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

15 **33 Paragraph 58M(2)(a)**

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

17 **34 Clause 1 of Schedule 1**

18 Repeal the following definitions:

19 (a) definition of *ABR expenditure year*;

20 (b) definition of *augmented bond rate*.

21 **35 Clause 1 of Schedule 1 (definition of *GDP expenditure***
22 ***year*)**

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

24 **36 Clause 1 of Schedule 1**

25 Insert:

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Reform of the petroleum resource rent tax **Schedule 1**
Standard uplift expenditure **Part 2**

- 1 (i) if the standard uplift expenditure year starts before
2 1 July 2019—the long-term bond rate in relation to the
3 standard uplift expenditure year plus 1.15; or
4 (ii) otherwise—the long-term bond rate in relation to the
5 standard uplift expenditure year plus 1.05;
6 (b) if the standard uplift expenditure year is an earlier financial
7 year—work out, in relation to the standard uplift expenditure
8 year and each later financial year ending before the
9 assessable year, an amount in accordance with the formula:

10 Exploration expenditure amount \times Uplift rate

11 where:

12 **exploration expenditure amount** means:

- 13 (i) in making the calculation in relation to the standard
14 uplift expenditure year—the incurred exploration
15 expenditure amount in relation to the standard uplift
16 expenditure year; or
17 (ii) in making the calculation in relation to one of the later
18 financial years—the amount calculated under this
19 paragraph in relation to the immediately preceding
20 financial year for the purpose of working out the
21 available exploration expenditure amount for the
22 standard uplift expenditure year.

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

- 25 (i) if both the standard uplift expenditure year and the
26 calculation year start before 1 July 2019—the long-term
27 bond rate in relation to the calculation year plus 1.15; or
28 (ii) if the standard uplift expenditure year starts before
29 1 July 2019 and the calculation year starts on or after
30 1 July 2019—the long-term bond rate in relation to the
31 calculation year plus 1.05; or
32 (iii) if the standard uplift expenditure year starts on or after
33 1 July 2019 and the calculation year is 10 or more years
34 after the standard uplift expenditure year—the GDP
35 factor for the calculation year; or
36 (iv) in any other case—the long-term bond rate in relation to
37 the calculation year plus 1.05;

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Schedule 1 Reform of the petroleum resource rent tax

Part 2 Standard uplift expenditure

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

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

3 **46 Subclause 8(4) of Schedule 1**

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

6 **47 Paragraphs 8(4)(a) and (b) of Schedule 1**

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

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

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

10 **49 Subclause 8(5) of Schedule 1**

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

13 **50 Paragraphs 8(5)(a) and (b) of Schedule 1**

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

15 **51 Paragraph 8(5)(c) of Schedule 1**

16 Omit “ABR expenditure years that is not expenditure to which that class
17 2 augmented bond rate”, substitute “standard uplift expenditure years
18 that is not expenditure to which that class 2 uplifted”.

19 **52 Paragraph 8(6)(a) of Schedule 1**

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

21 **53 Paragraph 8(6)(b) of Schedule 1**

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

23 **54 Subclause 8(6) of Schedule 1**

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

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Reform of the petroleum resource rent tax **Schedule 1**
Standard uplift expenditure **Part 2**

1 **55 Subclause 8(6) of Schedule 1**

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

4 **56 Paragraph 8(7)(a) of Schedule 1**

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

6 **57 Paragraph 8(7)(b) of Schedule 1**

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

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

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

11 **59 Subparagraph 8(7)(c)(ii) of Schedule 1**

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

13 **60 Subparagraph 8(7)(c)(ii) of Schedule 1**

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

16 **61 Paragraph 8(7)(d) of Schedule 1**

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

18 **62 Subparagraph 8(7)(d)(i) of Schedule 1**

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

20 **63 Subparagraph 8(7)(d)(ii) of Schedule 1**

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

22 **64 Subparagraph 8(7)(d)(ii) of Schedule 1**

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

25 **65 Clause 24 of Schedule 1 (at the end of the heading)**

26 Add “or standard uplift expenditure”.

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Schedule 1 Reform of the petroleum resource rent tax

Part 2 Standard uplift expenditure

1 **66 Paragraph 24(a) of Schedule 1**

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

3 **67 Paragraph 24(c) of Schedule 1**

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

5 **68 Subparagraph 25(c)(i) of Schedule 1**

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

7 **69 Clause 33 of Schedule 1 (at the end of the heading)**

8 Add “or standard uplift expenditure”.

9 **70 Paragraph 33(a) of Schedule 1**

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

11 **71 Paragraph 33(c) of Schedule 1**

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

13 **72 Subparagraph 34(c)(i) of Schedule 1**

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

15 **73 Clause 37 of Schedule 1 (heading)**

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

18 **74 Paragraph 37(1)(a) of Schedule 1**

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

20 **75 Subclause 37(1) of Schedule 1**

21 Omit all the words after “transferred”, substitute:

22 by:

23 (c) if the transfer year starts before 1 July 2019—the long-term
24 bond rate in relation to the standard uplift expenditure year
25 plus 1.15; or

26 (d) otherwise—the long-term bond rate in relation to the
27 standard uplift expenditure year plus 1.05.

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Reform of the petroleum resource rent tax **Schedule 1**
Standard uplift expenditure **Part 2**

76 Subclause 37(2) of Schedule 1

Repeal the subclause, substitute:

(2) If the financial year in which the expenditure was incurred:

(a) is a standard uplift expenditure year in relation to the project;
but

(b) is not the financial year immediately before the transfer year;
the following provisions apply:

(c) work out, in relation to the standard uplift 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 standard
uplift 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 transfer year starts before 1 July 2019—the
long-term bond rate in relation to the calculation year
plus 1.15; and

(ii) if the transfer 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; and

(iii) in any other case—the long-term bond rate in relation to
the calculation year plus 1.05.

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Removing onshore projects from the petroleum resource rent tax **Schedule 2**
Amendment of the Petroleum Resource Rent Tax Assessment Act 1987 **Part 1**

1 **6 Section 2**

2 Repeal the following definitions:

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

5 **7 Section 2 (definition of eligible real expenditure)**

6 Omit “acquired exploration expenditure.”

7 **8 Section 2 (definition of excluded fee)**

8 Repeal the definition, substitute:

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

13 **9 Section 2 (definition of exploration permit)**

14 Repeal the definition (including the note), substitute:

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

18 **10 Section 2 (definition of exploration permit area)**

19 Repeal the definition, substitute:

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

23 **11 Section 2 (definition of head company)**

24 Repeal the definition, substitute:

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

27 **12 Section 2 (definition of holder of a registered interest)**

28 Repeal the definition, substitute:

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Removing onshore projects from the petroleum resource rent tax **Schedule 2**
Amendment of the Petroleum Resource Rent Tax Assessment Act 1987 **Part 1**

1 **19 Section 2 (note to the definition of *production licence*)**

2 Repeal the note.

3 **20 Section 2 (definition of *production licence area*)**

4 Repeal the definition, substitute:

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

9 **21 Section 2 (definition of *production licence notice*)**

10 Repeal the definition, substitute:

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

15 **22 Section 2 (definition of *provisional head company*)**

16 Repeal the definition.

17 **23 Section 2 (definition of *registered holder*)**

18 Repeal the definition, substitute:

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

21 **24 Section 2 (definition of *retention lease*)**

22 Repeal the definition (including the note), substitute:

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

26 **25 Section 2 (definition of *retention lease area*)**

27 Repeal the definition, substitute:

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Schedule 2 Removing onshore projects from the petroleum resource rent tax
Part 1 Amendment of the Petroleum Resource Rent Tax Assessment Act 1987

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

4 **26 Section 2**

5 Repeal the following definitions:
6 (a) definition of *starting base amount*;
7 (b) definition of *starting base asset*;
8 (c) definition of *subsidiary member*;
9 (d) definition of *value*.

10 **27 Sections 2AA, 2AB and 2AC**

11 Repeal the sections.

12 **28 Paragraph 20(1)(c)**

13 Repeal the paragraph.

14 **29 Paragraph 20(1)(d)**

15 Omit “to the extent (if any) that the projects are not onshore petroleum
16 projects—”.

17 **30 Subsection 20(1A)**

18 Repeal the subsection, substitute:

19 (1A) Despite subsection (1), the Minister cannot specify, under that
20 subsection, a production licence relating to the North West Shelf
21 project.

22 **31 Paragraph 20(2)(a)**

23 Repeal the paragraph, substitute:

24 (a) the period of 90 days after the later of the following:
25 (i) the time the licence comes into force;
26 (ii) the commencement of this Act; or

27 **32 Paragraph 24(1)(a)**

28 Omit “(other than project natural gas (within the meaning of the
29 regulations) to which paragraph (f) applies)”.

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Removing onshore projects from the petroleum resource rent tax **Schedule 2**
Amendment of the Petroleum Resource Rent Tax Assessment Act 1987 **Part 1**

1 **33 Paragraph 24(1)(e)**

2 Omit “regulations; and”, substitute “regulations.”.

3 **34 Paragraph 24(1)(f)**

4 Repeal the paragraph.

5 **35 Subsection 24(2) (definition of *non-arm’s length***
6 ***transaction*)**

7 Repeal the definition.

8 **36 Subsection 29A(1) (example)**

9 Repeal the example, substitute:

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

12 **37 Subsection 31(1)**

13 Omit “(1)”.

14 **38 Subsection 31(1)(h)**

15 Omit “an onshore petroleum project or”.

16 **39 Subsection 31(2)**

17 Repeal the subsection.

18 **40 Section 31AA**

19 Repeal the section, substitute:

20 **31AA Eligible real expenditure—North West Shelf project**

21 Despite section 45, this Division applies in relation to the North
22 West Shelf project as if eligible real expenditure could be incurred
23 in relation to the project at any time, including a time before 1 July
24 2012.

25 **41 Paragraph 32(fb)**

26 Repeal the paragraph.

EXPOSURE DRAFT

Schedule 2 Removing onshore projects from the petroleum resource rent tax

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

1 **42 Subsection 34A(5) (definition of *class 2 general project***
2 ***expenditure*)**

3 Omit “acquired exploration expenditure or”.

4 **43 Subparagraph 35C(3)(c)(i)**

5 Omit “, or a State or Territory,”.

6 **44 Section 35D**

7 Repeal the section.

8 **45 Subsection 35E(1)**

9 Omit all the words after “is a reference”, substitute “to any amount that
10 is taken by subsection (3) or Division 5 to be starting base expenditure
11 incurred by the person in relation to the project in the financial year.”.

12 **46 Subsection 35E(1) (note)**

13 Repeal the note.

14 **47 Paragraph 35E(1A)(b)**

15 Omit “the starting base financial year for the project”, substitute “the
16 financial year starting on 1 July 2012”.

17 **48 Subsection 35E(1B)**

18 Repeal the subsection.

19 **49 Paragraph 35E(3)(h)**

20 Repeal the paragraph.

21 **50 Subsection 35E(4)**

22 Repeal the subsection.

23 **51 Subsections 37(2A), (2B) and (2C)**

24 Repeal the subsections.

25 **52 Subsection 44(2) (note)**

26 Repeal the note.

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Removing onshore projects from the petroleum resource rent tax **Schedule 2**
Amendment of the Petroleum Resource Rent Tax Assessment Act 1987 **Part 1**

1 **53 Subsection 45(1)**

2 Omit “an onshore petroleum project”.

3 **54 Subsection 45(2)**

4 Repeal the subsection.

5 **55 Subsection 45(4)**

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

8 **56 Subsections 45(5) and (6)**

9 Repeal the subsections.

10 **57 Subsection 45(7)**

11 Omit “(2),”.

12 **58 Subsection 45(8) (heading)**

13 Omit “*onshore petroleum projects or*”.

14 **59 Subsection 45(8)**

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

17 **60 Subparagraph 48(1)(a)(ib)**

18 Repeal the subparagraph.

19 **61 Subsection 48(2A)**

20 Repeal the subsection.

21 **62 Paragraph 48(3)(c)**

22 Omit “an onshore petroleum project, or”.

23 **63 Paragraph 48A(5)(ca)**

24 Repeal the paragraph.

EXPOSURE DRAFT

Schedule 2 Removing onshore projects from the petroleum resource rent tax

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

1 **64 Subsection 48A(7A)**

2 Repeal the subsection.

3 **65 Paragraph 48A(11)(c)**

4 Omit “an onshore petroleum project, or”.

5 **66 Subparagraph 58K(1)(b)(v)**

6 Repeal the subparagraph.

7 **67 Subparagraph 58K(1)(b)(vi)**

8 Omit “under subsections 35E(1) and (1B), or”.

9 **68 At the end of subparagraph 58K(1)(b)(vi)**

10 Add “and”.

11 **69 Subparagraph 58K(1)(b)(vii)**

12 Repeal the subparagraph.

13 **70 Subparagraph 58M(1)(c)(v)**

14 Repeal the subparagraph.

15 **71 Subparagraph 58M(1)(c)(vi)**

16 Omit “under subsections 35E(1) and (1B), or”.

17 **72 At the end of subparagraph 58M(1)(c)(vi)**

18 Add “and”.

19 **73 Subparagraph 58M(1)(c)(vii)**

20 Repeal the subparagraph.

21 **74 Division 8 of Part V**

22 Repeal the Division.

23 **75 Section 61 (note)**

24 Repeal the note.

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Removing onshore projects from the petroleum resource rent tax **Schedule 2**
Amendment of the Petroleum Resource Rent Tax Assessment Act 1987 **Part 1**

1 **76 Subsection 67(2) (note)**

2 Repeal the note.

3 **77 Subsection 93(1)**

4 Omit “58P,”.

5 **78 Paragraph 97(1A)(b)**

6 Omit “35D(3) and (4),”.

7 **79 Subsection 109(5)**

8 Repeal the subsection.

9 **80 Clause 4C of Schedule 1 (heading)**

10 Omit “onshore or”.

11 **81 Clause 4C of Schedule 1**

12 Omit all the words after “1 July 2012,”, substitute “in relation to the
13 North West Shelf project are not transferable under section 45A, 45B or
14 45C”.

15 **82 Clause 5 of Schedule 1 (paragraph (a) of the definition of**
16 ***notional taxable profit*)**

17 Omit “acquired exploration expenditure,”.

18 **83 Clause 9 of Schedule 1 (paragraph (a) of the definition of**
19 ***notional taxable profit*)**

20 Omit “acquired exploration expenditure,”.

21 **84 Schedule 2**

22 Repeal the Schedule.

EXPOSURE DRAFT

Schedule 2 Removing onshore projects from the petroleum resource rent tax

Part 2 Amendments of other Acts

1 **Part 2—Amendments of other Acts**

2 *Excise Tariff Act 1921*

3 **85 Subsection 3(1) (definition of *Resource Rent Tax area*)**

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

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

- 6 (a) the exploration permit area of an exploration permit other
7 than one of the North West Shelf exploration permits; or
8 (b) the retention lease area of a retention lease that is related to
9 an exploration permit other than one of the North West Shelf
10 exploration permits; or
11 (c) the production licence area of a production licence that is
12 related to an exploration permit other than one of the North
13 West Shelf exploration permits.

14 *Income Tax Assessment Act 1997*

15 **86 Subsection 703-50(1) (note 1)**

16 Omit “Note 1”, substitute “Note”.

17 **87 Subsection 703-50(1) (note 3)**

18 Repeal the note.

19 **88 Subsection 719-50(1) (note 1)**

20 Omit “Note 1”, substitute “Note”.

21 **89 Subsection 719-50(1) (note 3)**

22 Repeal the note.

23 **90 Subsection 721-10(2) (table items 95, 100, 105 and 110)**

24 Repeal the items.

EXPOSURE DRAFT

Removing onshore projects from the petroleum resource rent tax **Schedule 2**
Amendments of other Acts **Part 2**

- 1 **91 Subsections 721-10(5) and (6)**
2 Repeal the subsections.

EXPOSURE DRAFT

Schedule 2 Removing onshore projects from the petroleum resource rent tax

Part 3 Application, transitional and savings provisions

1 **Part 3—Application, transitional and savings**
2 **provisions**

3 **92 Object**

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

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

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

13 **93 Making and amending assessments, and doing other**
14 **things, in relation to past matters**

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

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

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

25 **94 Saving of provisions about effect of assessments**

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

EXPOSURE DRAFT

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

1 **95 Repeals disregarded for the purposes of dependent**
2 **provisions**

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

7 **96 Part does not limit operation of section 7 of the Acts**
8 ***Interpretation Act 1901***

9 This Part does not limit the operation of section 7 of the *Acts*
10 *Interpretation Act 1901*.

11 **97 Transfers of expenditure relating to onshore petroleum**
12 **projects**

13 To avoid doubt, the following amounts:

- 14 (a) an amount of exploration expenditure incurred before 1 July
15 2019 in relation to an onshore petroleum project;
- 16 (b) an amount of exploration expenditure incurred before 1 July
17 2019 in relation to a notional project referred to in clause 14
18 of Schedule 1 to the *Petroleum Resource Rent Tax*
19 *Assessment Act 1987* that would be an onshore petroleum
20 project if it were a petroleum project;

21 may not be transferred, under Division 3A of Part V of the *Petroleum*
22 *Resource Rent Tax Assessment Act 1987*, to another petroleum project
23 in relation to a financial year starting on or after that day.

24 **98 Annual returns for the financial year starting 1 July 2018**

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

- 29 (a) the person does not have a taxable profit in relation to the
30 project in relation to that year of tax;
- 31 (b) sections 45A and 45B of that Act do not require the person to
32 transfer any transferable exploration expenditure in relation
33 to that year of tax (whether or not the expenditure was

