

EXPOSURE-DRAFT

1 Inserts for
2 **Tax Laws Amendment (2012 Measures**
3 **No. 4) Bill 2012: rural water use**
4

EXPOSURE DRAFT

Commencement information

Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
1.		
2. Schedule ??	The day this Act receives the Royal Assent.	

Schedule ??—Rural water use

Income Tax Assessment Act 1997

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

10 Insert:
11 **environment**

qualifying water infrastructure improvement payments.... 59-65

2 At the end of Division 26

Add:

26-100 Expenditure attributable to qualifying water infrastructure improvement payments

You cannot deduct under this Act:

- 16 (a) so much of the expenditure you incur as is reasonably
- 17 attributable to a *qualifying water infrastructure improvement
- 18 payment you receive; or
- 19 (b) an amount equal to a decline in value that relates to that
- 20 expenditure.

21 Note: This is because qualifying water infrastructure improvement payments
22 are non-assessable non-exempt income (see section 59-65).

1

EXPOSURE-DRAFT

EXPOSURE-DRAFT

3 At the end of Division 59

Add:

59-65 Qualifying water infrastructure improvement payments

Payments are non-assessable non-exempt income

- (1) A *qualifying water infrastructure improvement payment is not assessable income and is not *exempt income.

Note: Expenditure attributable to these payments cannot be deducted (see section 26-100).

Meaning of qualifying water infrastructure improvement payment

- (2) A payment received by a participant in a *SRWUIP program is a **qualifying water infrastructure improvement payment** to the extent that:

(a) it is received from the Commonwealth under that SRWUIP program; or

(b) it is reasonably attributable to a payment made by the Commonwealth under that SRWUIP program;

if that SRWUIP program is on the published list of SRWUIP programs (see section 59-70) for the day the payment by the Commonwealth referred to in paragraph (a) or (b) is made.

- (3) However, a payment is treated as if it never were a **qualifying water infrastructure improvement payment** to the extent that the Commonwealth seeks to recover:

(a) the payment; or

(b) the corresponding payment referred to in paragraph (2)(b).

Note: If, for example, the Commonwealth sought to recover half of the payment, the remaining half would still be a qualifying water infrastructure improvement payment.

Meaning of SRWUIP program

- (4) A **SRWUIP program** is a program under the program administered by the Commonwealth known as the Sustainable Rural Water Use and Infrastructure program.

59-70 List of SRWUIP programs

- (1) The *Water Secretary must keep a list of *SRWUIP programs. The list must:

EXPOSURE-DRAFT

-
- 1 (a) specify the days for which each program is on the list; and
2 (b) be published on the *Water Department's website.

3 Note: The list could, for example, list a program for each day on or after
4 1 July 2011.

5 *Entering SRWUIP programs on the list*

- 6 (2) The *Water Secretary must enter on the list each *SRWUIP
7 program (and its days) in accordance with a direction under
8 subsection (3) from the Minister and the *Water Minister.
- 9 (3) The Minister and the *Water Minister may so direct the Secretary
10 only if the Water Minister has notified the Minister in writing that
11 the Water Minister is satisfied that a program:
12 (a) is a *SRWUIP program; and
13 (b) will generate efficiencies in water use through infrastructure
14 improvements.
- 15 (4) A direction under subsection (3) must be in writing and specify the
16 days for which the *SRWUIP program is to be on the list. Some or
17 all of those days may be before the day the direction is given.

18 *Changing the days for which a SRWUIP program is listed*

- 19 (5) The Minister and the *Water Minister may direct the *Water
20 Secretary to change the list to specify:
21 (a) additional days (including days before the day the direction is
22 given) for which a *SRWUIP program is on the list; or
23 (b) the final day (which must be after the day the direction is
24 given) for which a SRWUIP program is on the list.
25 The *Water Secretary must change the list accordingly.
- 26 (6) A direction under subsection (5) must be in writing.

27 *Giving directions*

- 28 (7) The Minister and the *Water Minister must have regard to the
29 policies and budgetary priorities of the Commonwealth
30 Government in deciding whether to give a direction under
31 subsection (3) or (5).

EXPOSURE-DRAFT

1 59-75 Commissioner to be kept informed

2 The *Water Secretary must notify the Commissioner about each
3 payment described in subsection 59-65(3) that the Commonwealth
4 seeks to recover.

5 59-80 Amending assessments

6 Section 170 of the *Income Tax Assessment Act 1936* does not
7 prevent the amendment of an assessment for the purpose of giving
8 effect to an outcome that is consequential on any or all of the
9 following events:

- 10 (a) the inclusion of a SRWUIP program on the published list of
11 SRWUIP programs (see section 59-70);
12 (b) the publication of a change to a SRWUIP program's listing
13 on the published list of SRWUIP programs;
14 (c) the Commonwealth seeking to recover a payment described
15 in subsection 59-65(3);

16 if the amendment is made at any time during the period of 4 years
17 starting immediately after that event.

18 Note: Section 170 of the *Income Tax Assessment Act 1936* specifies the
19 usual period within which assessments may be amended.

20 4 After paragraph 118-37(1)(g)

21 Insert:

- 22 (ga) a *water entitlement, to the extent that the CGT event
23 happens because you receive a *qualifying water
24 infrastructure improvement payment;
25 (gb) a qualifying water infrastructure improvement payment that
26 you receive;

27 5 Subsection 995-1(1)

28 Insert:

29 *qualifying water infrastructure improvement payment* has the
30 meaning given by subsections 59-65(2) and (3).

31 6 Subsection 995-1(1)

32 Insert:

33 *SRWUIP program* has the meaning given by subsection 59-65(4).

34 7 Subsection 995-1(1)

EXPOSURE-DRAFT

1 Insert:

2 *Water Secretary* means the Secretary of the *Water Department.

3 **8 Application of amendments**

4 The amendments made by this Schedule apply in relation to payments
5 made on or after 1 April 2010 by the Commonwealth under a SRWUIP
6 program.

7