

EXPOSURE DRAFT

2019

The Parliament of the
Commonwealth of Australia

HOUSE OF REPRESENTATIVES

EXPOSURE DRAFT (07/08/2019)

Treasury Laws Amendment (International Tax Agreements) Bill 2019

No. , 2019

(Treasury)

**A Bill for an Act to amend the law relating to
taxation, and for related purposes**

7/8/2019 3:08 PM

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1 **A Bill for an Act to amend the law relating to**
2 **taxation, and for related purposes**

3 The Parliament of Australia enacts:

4 **1 Short title**

5 This Act is the *Treasury Laws Amendment (International Tax*
6 *Agreements) Act 2019*.

7 **2 Commencement**

8 (1) Each provision of this Act specified in column 1 of the table
9 commences, or is taken to have commenced, in accordance with
10 column 2 of the table. Any other statement in column 2 has effect
11 according to its terms.
12

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Commencement information

Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Schedule 1	The day after this Act receives the Royal Assent.	
2. Schedule 2	The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent.	

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

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

7 **3 Schedules**

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9 repealed as set out in the applicable items in the Schedule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

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Israeli convention **Schedule 1**

1 **Schedule 1—Israeli convention**
2

3 *International Tax Agreements Act 1953*

4 **1 Subsection 3AAA(1)**

5 Insert:

6 *Israeli convention* means:

- 7 (a) the Convention between the Government of Australia and the
8 Government of the State of Israel for the elimination of
9 double taxation with respect to taxes on income and the
10 prevention of tax evasion and avoidance; and
11 (b) the protocol to that convention;
12 each done at Canberra on 28 March 2019.

13 **2 Subsection 5(1) (after table item relating to Isle of Man**
14 **agreement)**

15 Insert:

Israeli convention nil

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Schedule 2 Source rules

1 **Schedule 2—Source rules**
2

3 *Income Tax Assessment Act 1997*

4 **1 Before Division 768**

5 Insert:

6 **Division 764—Source rules**

7 **Table of Subdivisions**

8 Guide to Division 764

9 764-A General source rules

10 **Guide to Division 764**

11 **764-1 What this Division is about**

12

This Division is about determining whether income is from an 13 Australian source.

14 **Subdivision 764-A—General source rules**

15 **Table of sections**

16 764-5 When income is from an Australian source

17 764-10 General source rule for international tax agreements

18 **764-5 When income is from an Australian source**

19 (1) *Ordinary income or *statutory income is from an *Australian*
20 *source* if:

21 (a) it is from a source in Australia; or

22 (b) a provision of this Act provides that it is *derived from,
23 attributable to or otherwise has a source in Australia
24 (however described).

1 (2) However, *ordinary income or *statutory income is *not* from an
2 ***Australian source*** if a provision of this Act provides that it is
3 *derived from, attributable to or otherwise has a source other than
4 in Australia (however described).

5 (3) Subsection (2) has effect subject to section 764-10.

6 **764-10 General source rule for international tax agreements**

7 (1) Income, profits or gains *derived by a person are taken to be
8 derived from an Australian source if:

9 (a) the person is a resident of a foreign country or foreign
10 territory for the purposes of an *international tax agreement;
11 and

12 (b) the effect of the agreement is that the income, profits or gains
13 may be taxed in Australia.

14 (2) Subsection (1) applies in relation to *international tax agreements
15 made on or after 28 March 2019.

16 (3) This section has effect subject to Part IVA of the *Income Tax*
17 *Assessment Act 1936*.

18 **2 Subsection 995-1(1) (definition of *Australian source*)**

19 Repeal the definition, substitute:

20 *Australian source* has the meaning given by section 764-5.

21 ***International Tax Agreements Act 1953***

22 **3 Paragraph 3AA(2)(c)**

23 Omit “11(3)”, substitute “11(2)”.

24 **4 At the end of subsection 3AA(2)**

25 Add:

26 ; (d) section 764-10 of the *Income Tax Assessment Act 1997*.