

EXPOSURE DRAFT

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Inserts for
**Tax and Superannuation Laws
Amendment (2014 Measures No. 2) Bill
2014: farm management deposits**

Commencement information

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

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Schedule?—Farm management deposits

Banking Act 1959

1 Subsection 69(1A)

Repeal the subsection, substitute:

(1A) However, farm management deposits (within the meaning of the *Income Tax Assessment Act 1997*) are not unclaimed moneys.

2 Subsection 69(1E)

Omit “Subsections (1) and (1A) do”, substitute “Subsection (1) does”.

Income Tax Assessment Act 1997

3 Paragraph 165-55(5)(f)

Omit “years;”, substitute “years.”

4 Paragraph 165-55(5)(j)

Repeal the paragraph.

5 Paragraph 165-55(5)(j) (note)

Repeal the note.

6 Subsection 393-5(1) (note 1)

Omit “section 393-15”, substitute “sections 393-15 and 393-16”.

7 Paragraph 393-5(1)(d)

Omit “\$65,000”, substitute “\$100,000”.

8 Subsection 393-10(1) (note 1)

Omit “section 393-15”, substitute “sections 393-15 and 393-16”.

9 Subsection 393-10(2) (after note 1)

Insert:

Note 1A: Subsection 393-16(3) affects the unrecouped FMD deduction of a consolidated farm management deposit.

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10 After section 393-15

Insert:

393-16 Consolidation of farm management deposits

(1) The provisions mentioned in subsection (2) do not apply in relation to the immediate reinvestment of two or more *farm management deposits (*original deposits*) if:

(a) just before the reinvestment occurs the balance of each of the original deposits is equal to the *unrecouped FMD deduction for the deposit; and

(b) the original deposits are immediately reinvested as a single farm management deposit with the same *FMD provider, or with a different FMD provider; and

(c) just before the reinvestment occurs the original deposits have each been held for a period of at least 12 months.

Note: This means that the reinvestment:

(a) will not result in assessable income for the owner; and

(b) will not give rise to a deduction.

(2) The provisions are:

(a) section 393-5 (about deductions for making a farm management deposit); and

(b) subsection 393-10(1) (about assessability of the repayment of a farm management deposit).

(3) Despite paragraph 393-10(2)(a), the *unrecouped FMD deduction* in respect of the *farm management deposit at a time before any part of the deposit has been repaid is the sum of the unrecouped FMD deductions in respect of each of the original deposits just before the reinvestment occurred.

(4) Section 393-40 (about the repayment of farm management deposits within 12 months) applies as if the new *farm management deposit was made on the same day that the most recent of the original deposits was made.

11 Subsection 995-1(1) (definition of *unrecouped FMD deduction*)

Omit “393-10(2)”, substitute “393-10(2), 393-16(3)”.

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Income Tax (Transitional Provisions) Act 1997

12 At the end of Subdivision 393-A

Add:

393-30 Unclaimed monies

(1) Subsection (2) applies if:

- (a) a farm management deposit of an owner was unclaimed moneys for the purposes of section 69 of the *Banking Act 1959*; and
- (b) the unclaimed moneys were paid to the Commonwealth under that section; and
- (c) the unclaimed moneys were repaid as a result of subsection 69(7) of that Act.

(2) For the purpose of subsection 393-10(1) of the *Income Tax Assessment Act*, treat the repaid unclaimed moneys as a repayment of the deposit of the owner.

(3) To avoid doubt, the payment of unclaimed moneys to the Commonwealth under section 69 of the *Banking Act 1959* is not a repayment of the deposit of the owner for the purposes of Division 393 of the *Income Tax Assessment Act 1997*.

13 Application of amendments

(1) The amendments made by items 3 to 12 apply to assessments for income years starting on or after 1 July 2014.

(2) The amendment made by item 13 applies on and after 1 January 2013.