

EXPOSURE DRAFT

EXPOSURE DRAFT

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Inserts for
**Treasury Laws Amendment (2017
Measures No. 1) Bill 2017: Low value
imported goods**

Commencement information

Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details

1. Schedule #	The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent.	
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3.

EXPOSURE DRAFT

Schedule #—Low value imported goods

A New Tax System (Goods and Services Tax) Act 1999

1 At the end of subsection 9-25(3)

Add:

Note: Supplies of low value goods from outside the indirect tax zone can also be connected with the indirect tax zone: see Subdivision 85-B.

2 Section 9-39 (table item 7)

Repeal the item, substitute:

7 Offshore supplies Division 84

3 Section 9-39 (after table item 9)

Insert:

9AA Supplies connected with the indirect tax zone Division 85

4 Section 9-39 (table item 13)

Repeal the item.

5 Section 9-69 (table item 4)

Repeal the item, substitute:

4 Offshore supplies Division 84

6 Subsection 9-75(4)

After “subsection 9-25(6)”, insert “or 85-55(4)”.

7 Section 9-99 (table item 4A)

Repeal the item, substitute:

4A Offshore supplies Division 84

8 Section 11-99 (after table item 7)

Insert:

7A Limited registration entities Division 146

9 Section 11-99 (table item 8A)

Repeal the item, substitute:

EXPOSURE DRAFT

	8A	Offshore supplies	Division 84
1	10 Section 25-49 (after table item 1)		
2	Insert:		
	1AA	Limited registration entities	Division 146
3	11 Section 25-49 (table item 4)		
4	Repeal the item.		
5	12 Section 25-99 (after table item 1)		
6	Insert:		
	1AA	Limited registration entities	Division 146
7	13 Section 25-99 (table item 1C)		
8	Repeal the item.		
9	14 Section 27-99 (table item 1AB)		
10	Repeal the item, substitute:		
	1AB	Limited registration entities	Division 146
11	15 Section 29-99 (table item 4A)		
12	Repeal the item, substitute:		
	4A	Offshore supplies	Division 84
13	16 Section 37-1 (after table item 18)		
14	Insert:		
	18A	Limited registration entities	Division 146
15	17 Section 37-1 (table item 21)		
16	Repeal the item, substitute:		
	21	Offshore supplies	Division 84
17	18 Section 37-1 (after table item 30)		
18	Insert:		
	30AA	Supplies connected with the indirect tax zone	Division 85
19	19 Section 37-1 (table item 35A)		
20	Repeal the item.		

EXPOSURE DRAFT

20 At the end of Division 42

Add:

42-15 Supplies of low value goods

(1) An importation of goods is a *non-taxable importation* to the extent that:

(a) a supply involving the goods being brought to the indirect tax zone was a *taxable supply; and

(b) the supply would not have been *connected with the indirect tax zone if Subdivision 85-B had not applied to the supply.

Note: Under Subdivision 85-B, supplies of low value goods involving goods being brought to the indirect tax zone by suppliers or goods forwarders may be treated as connected with the indirect tax zone.

(2) However, this section does not apply unless, at or before the time the goods are imported, the Commissioner is notified that the supply was a *taxable supply.

(3) The notice must be given, in the *approved form, by or on behalf of the importer of the goods.

21 Subparagraph 48-40(2)(a)(i)

Omit “other than goods or real property”.

22 Subsection 48-45(3)

Omit “other than goods or real property”.

23 Subsection 72-5(2)

Omit “84-5(1)(d)”, substitute “84-5(1)(b)”.

24 Subsections 72-10(3) and 72-70(4)

Omit “other than goods or real property”.

25 Paragraph 83-5(2)(a)

Omit “other than goods or real property”.

26 Division 84 (heading)

Repeal the heading, substitute:

EXPOSURE DRAFT

1 Division 84—Offshore supplies

2 27 Subdivision 84-A (heading)

3 Repeal the heading, substitute:

4 Subdivision 84-A—Offshore supplies that are taxable supplies 5 under this Subdivision

6 28 Section 84-1

7 Omit “supplies (of things other than goods or real property)”, substitute
8 “certain supplies”.

9 29 Section 84-5 (heading)

10 Repeal the heading, substitute:

11 84-5 Offshore supplies that are taxable supplies under this 12 Subdivision

13 30 Subsections 84-5(1) to (1C)

14 Repeal the subsections, substitute:

15 (1) A supply is a *taxable supply* if:

- 16 (a) it is a supply of a kind referred to in column 1 of an item in
17 the following table; and
18 (b) it meets the requirements set out in column 2 of that item:
19

Offshore supplies that are taxable supplies under this Subdivision

Item	This kind of supply:	... is a <i>taxable supply</i> if these requirements are met
1	A supply, of anything other than goods or *real property, that is: (a) not *connected with the indirect tax zone; or (b) connected with the indirect tax zone because of paragraph 9-25(5)(c)	(a) the *recipient of the supply satisfies the purpose test in subsection (1B); and (b) the supply is for *consideration; and (c) the recipient is *registered or *required to be registered.
2	A supply, of anything other than goods or *real	(a) under section 84-100, the *GST law applies in relation to the supplier as if the

EXPOSURE DRAFT

Offshore supplies that are taxable supplies under this Subdivision

Item	This kind of supply:	... is a <i>taxable supply</i> if these requirements are met
	property, that is *connected with the indirect tax zone because of paragraph 9-25(5)(d)	*recipient of the supply was not an *Australian consumer of the supply; and (b) the *ABN of the recipient, or the other identifying information prescribed under subsection 84-100(4) relating to the recipient, has been disclosed to the supplier; and (c) the recipient has provided to the supplier a declaration or information that indicates that the recipient is *registered; and (d) the supply is for *consideration; and (e) the recipient is registered or *required to be registered.
3	A *supply of low value goods that is not *connected with the indirect tax zone	(a) the *recipient of the supply satisfies the purpose test in subsection (1B); and (b) the supply is for *consideration; and (c) the recipient is *registered; and (d) the supply would have been *connected with the indirect tax zone because of Subdivision 85-B if the recipient had not been registered; and (e) the importation of the goods is not a *taxable importation on which the recipient is liable to pay GST.
4	A *supply of low value goods that is not *connected with the indirect tax zone	(a) the *recipient does not acquire the goods solely or partly for the purpose of an *enterprise that the recipient *carries on in the indirect tax zone; and (b) the recipient wrongly represents to the supplier that the acquisition is solely or partly for the purpose of such an enterprise; and (c) the supply is for *consideration; and (d) the recipient is *registered; and (e) the supply would have been *connected with the indirect tax zone because of Subdivision 85-B if the recipient had not been registered; and

EXPOSURE DRAFT

Offshore supplies that are taxable supplies under this Subdivision

Item	This kind of supply:	... is a <i>taxable supply</i> if these requirements are met
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(f) the importation of the goods is not a *taxable importation on which the recipient is liable to pay GST.

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2 (1A) However, the supply is not a *taxable supply to the extent that it is
3 *GST-free or *input taxed.

4 (1B) The purpose test referred to in the table in subsection (1) is that:
5 (a) the *recipient of the supply acquires the thing supplied solely
6 or partly for the purpose of an *enterprise that the recipient
7 *carries on in the indirect tax zone; and
8 (b) the recipient does not acquire the thing supplied solely for a
9 *creditable purpose.

10 (1C) Item 2 in the table in subsection (1) applies to a supply only to the
11 extent that it is connected with the indirect tax zone solely because
12 of paragraph 9-25(5)(d).

13 **31 Subsection 84-5(2)**

14 Omit “paragraph (1)(e)”, substitute “this section”.

15 **32 Section 84-10 (heading)**

16 Repeal the heading, substitute:

17 **84-10 “Reverse charge” on offshore supplies**

18 **33 Section 84-12 (heading)**

19 Repeal the heading, substitute:

20 **84-12 The amount of GST on offshore supplies**

21 **34 Section 84-13 (heading)**

22 Repeal the heading, substitute:

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EXPOSURE DRAFT

EXPOSURE DRAFT

1 **84-13 The amount of input tax credits relating to offshore supplies**

2 **35 Subsections 84-30(1) and (2)**

3 Omit “paragraph 84-5(1)(ca)”, substitute “paragraph 84-5(1B)(b)”.

4 **36 Subdivision 84-B (heading)**

5 Repeal the heading, substitute:

6 **Subdivision 84-B—Inbound intangible consumer supplies and**
7 **offshore supplies of low value goods**

8 **37 Section 84-45**

9 After “Australian consumers” (first occurring), insert “or for offshore
10 supplies of low value goods”.

11 **38 Section 84-45**

12 After “electronic supplies”, insert “, or supplies of low value goods”.

13 **39 Section 84-45**

14 Omit “to Australian consumers” (last occurring).

15 **40 Section 84-50**

16 Repeal the section, substitute:

17 **84-50 No tax invoices or adjustment notes for inbound intangible**
18 **consumer supplies or offshore supplies of low value goods**

19 (1) You are not required to issue a *tax invoice for a *taxable supply
20 that you make if the supply is solely:

- 21 (a) an *inbound intangible consumer supply; or
22 (b) an *offshore supply of low value goods.

23 (2) You are not required to issue an *adjustment note for an
24 *adjustment event relating to a *taxable supply that you make if the
25 supply is solely:

- 26 (a) an *inbound intangible consumer supply; or
27 (b) an *offshore supply of low value goods.

28 (3) This section has effect despite sections 29-70 and 29-75 (which are
29 about tax invoices and adjustment notes).

EXPOSURE DRAFT

1 84-52 Notifying amounts of GST to recipients of offshore supplies of 2 low value goods

3 If:

- 4 (a) you make a *taxable supply that is an *offshore supply of
5 low value goods; and
6 (b) the *recipient of the supply requests you to notify the
7 recipient of the amount of GST (if any) payable in relation to
8 the supply;

9 you must, within one *business day after the request is made, give
10 the recipient a notice of that amount in the *approved form.

11 Note: If you do not give the notice as required by this section, you are liable
12 to an administrative penalty under subsection 288-45(2A) in
13 Schedule 1 to the *Taxation Administration Act 1953*.

14 41 Subsections 84-55(1), (2) and (4)

15 After “*inbound intangible consumer supply”, insert “, or an *offshore
16 supply of low value goods,”.

17 42 Subparagraph 84-55(4)(c)(iii)

18 Omit “set the terms and conditions”, substitute “(whether directly or
19 indirectly) set any of the terms and conditions”.

20 43 After section 84-65

21 Insert:

22 84-67 Meaning of *offshore supply of low value goods*

23 A supply of goods is an *offshore supply of low value goods* if:

- 24 (a) the supply is a *supply of low value goods; and
25 (b) the supply is *connected with the indirect tax zone only
26 because of Subdivision 85-B.

27 44 Paragraph 84-70(1)(c)

28 Omit “the supplies”, substitute “any of the supplies that are *inbound
29 intangible consumer supplies”.

30 45 Subdivision 84-D

31 Repeal the Subdivision.

EXPOSURE DRAFT

46 Division 85 (heading)

Repeal the heading, substitute:

Division 85—Supplies connected with the indirect tax zone

Table of Subdivisions

85-A Telecommunication supplies

85-B Supplies of low value goods from outside the indirect tax zone

Subdivision 85-A—Telecommunication supplies

47 Section 85-1 (heading)

Repeal the heading, substitute:

85-1 What this Subdivision is about

48 At the end of Division 85

Add:

Subdivision 85-B—Supplies of low value goods from outside the indirect tax zone

85-40 What this Subdivision is about

Supplies of low value goods involving goods being brought to the indirect tax zone by suppliers or goods forwarders may be treated as connected with the indirect tax zone.

Note: The supplies will need to meet other requirements in order to be taxable supplies: see section 9-5.

85-45 Supplies of low value goods delivered etc. into the indirect tax zone by suppliers

(1) A *supply of low value goods is *connected with the indirect tax zone* if:

(a) the supply involves the goods being brought to the indirect tax zone; and

EXPOSURE DRAFT

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- 1 (b) the supplier delivers the goods into the indirect tax zone, or
2 procures, arranges or facilitates the delivery of the goods into
3 the indirect tax zone; and
4 (c) the *recipient of the supply:
5 (i) is not *registered; or
6 (ii) if the recipient is registered—does not acquire the goods
7 solely or partly for the purpose of an *enterprise that the
8 recipient *carries on in the indirect tax zone.
- 9 (2) However, this section does not apply to the supply if:
10 (a) the goods are imported into the indirect tax zone; and
11 (b) the importation is a *taxable importation (or apart from
12 section 42-15 would be a taxable importation); and
13 (c) the supplier reasonably believed, at the time of the supply,
14 that the goods would be imported into the indirect tax zone as
15 a taxable importation.
- 16 (3) This section has effect in addition to section 9-25 (which is about
17 when supplies are connected with the indirect tax zone).

18 **85-50 Supplies of low value goods delivered etc. into the indirect tax** 19 **zone by goods forwarders**

- 20 (1) A *supply of low value goods is *connected with the indirect tax*
21 *zone* if:
22 (a) the supply involves the goods being delivered to a place
23 outside the indirect tax zone; and
24 (b) as a result of an arrangement with the *recipient of the supply
25 (or another entity acting on the recipient's behalf), an entity
26 (the *goods forwarder*), in the course of *carrying on an
27 *enterprise:
28 (i) takes delivery of, or arranges for another entity to take
29 delivery of, the goods when they are delivered or made
30 available for collection outside the indirect tax zone;
31 and
32 (ii) delivers the goods into the indirect tax zone, or
33 procures, arranges or facilitates the delivery of the
34 goods into the indirect tax zone; and
35 (c) the *recipient of the supply:
36 (i) is not *registered; or
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EXPOSURE DRAFT

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- 1 (ii) if the recipient is registered—does not acquire the goods
2 solely or partly for the purpose of an *enterprise that the
3 recipient *carries on in the indirect tax zone.
- 4 (2) However, this section does not apply to the supply if:
- 5 (a) the goods are imported into the indirect tax zone; and
6 (b) the importation is a *taxable importation (or apart from
7 section 42-15 would be a taxable importation); and
8 (c) the *goods forwarder reasonably believed, at the time of:
- 9 (i) delivering the goods into the indirect tax zone; or
10 (ii) procuring, arranging or facilitating the delivery of the
11 goods into the indirect tax zone;
12 that the goods would be imported into the indirect tax zone as
13 a taxable importation.
- 14 (3) The *goods forwarder is taken, for the purposes of this Act (other
15 than this Subdivision), to be the entity that makes the supply,
16 unless the supply is also *connected with the indirect tax zone
17 because of a provision of this Act other than this section.
- 18 (4) Despite subsection (3), if there is more than one *goods forwarder
19 in relation to the supply, that subsection only applies to the goods
20 forwarder who is:
- 21 (a) the first of the goods forwarders to enter into an arrangement,
22 with the *recipient, relating to the supply; or
23 (b) if paragraph (a) does not apply—the first of the goods
24 forwarders to enter into an arrangement, with an associate of
25 the recipient, relating to the supply; or
26 (c) if paragraphs (a) and (b) do not apply—the first of the goods
27 forwarders to enter into an arrangement, of a kind referred to
28 in paragraph 85-50(1)(b), relating to the supply; or
29 (d) if paragraphs (a), (b) and (c) do not apply—the goods
30 forwarder determined in accordance with an instrument made
31 under subsection (5).
- 32 (5) The Commissioner may, by legislative instrument, specify how a
33 *goods forwarder of *supplies of low value goods is to be
34 determined for the purposes of paragraph (4)(d).
- 35 (6) Division 57 (resident agents acting for non-residents) and
36 sections 84-55 and 84-60 (operator of electronic distribution)
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EXPOSURE DRAFT

1 platform treated as supplier) do not apply in relation to a supply to
2 which subsection (3) applies.

- 3 (7) This section has effect in addition to section 9-25 (which is about
4 when supplies are connected with the indirect tax zone).

5 **85-55 Meaning of *supply of low value goods***

6 (1) A supply of goods is a ***supply of low value goods*** if the *customs
7 value of the goods, at the time when the *consideration for the
8 supply was first agreed, is \$1,000 or less.

9 (2) Work out the *customs value of the goods at that time for the
10 purposes of subsection (1) as if the goods:

- 11 (a) were exported from the country from which they were
12 brought to the indirect tax zone at that time; and
13 (b) were imported into Australia as a result of an agreement for
14 the supply.

15 (3) If:

- 16 (a) a supply of goods is not, taken as a whole, a *supply of low
17 value goods under subsection (1); but
18 (b) were all of the goods to be supplied separately, those separate
19 supplies would be supplies of low value goods under that
20 subsection;

21 the supply is to be treated as if it were a ***supply of low value goods***
22 (regardless of the total *customs value of the goods to which those
23 supplies relate).

24 (4) If:

- 25 (a) a supply of goods (the ***actual supply***) is not, taken as a
26 whole, a *supply of low value goods under subsection (1);
27 but
28 (b) were some (but not all) of the goods to be supplied
29 separately, those separate supplies would be supplies of low
30 value goods under that subsection:

31 the actual supply is to be treated as if it were 2 separate supplies in
32 the following way:

- 33 (c) the part of the actual supply consisting of those separate
34 supplies that would be supplies of low value goods under that
35 subsection is to be treated as if it were a separate supply that
36 is a ***supply of low value goods*** (regardless of the total

EXPOSURE DRAFT

1 *customs value of the goods to which those supplies relate);
2 and

3 (d) the remainder of the actual supply is to be treated as if it were
4 a separate supply that is not a *supply of low value goods*.

5 (5) However, supplies are not to be considered separately from other
6 supplies for the purposes of paragraph (3)(b) or (4)(b) if it would
7 be unreasonable to do so having regard to the nature of the goods
8 supplied and the nature of the transaction.

9 **49 After Division 144**

10 Insert:

11 **Division 146—Limited registration entities**

12 **146-1 What this Division is about**

13 Non-residents may elect to be limited registration entities. Limited
14 registration entities are not entitled to input tax credits for
15 acquisitions, and must have quarterly tax periods.

16 Note: The Commissioner may approve simpler approved forms for limited
17 registration entities: see subsection 388-50(3) in Schedule 1 to the
18 *Taxation Administration Act 1953*.

19 **146-5 Limited registration entities**

20 (1) You are a *limited registration entity* for a tax period applying to
21 you if an election under subsection (2) is in effect for you during
22 the period.

23 *Electing to be a limited registration entity*

24 (2) You may, by notifying the Commissioner in the *approved form,
25 make an election under this subsection if you are a *non-resident
26 who:

27 (a) makes, or intends to make, one or more supplies that are:

28 (i) *inbound intangible consumer supplies; or

29 (ii) *supplies of low value goods that were, or would be,
30 *connected with the indirect tax zone, only because of
31 section 85-45; or

EXPOSURE DRAFT

(b) is, or intends to become, a *goods forwarder of *supplies of low value goods.

When an election is in effect

(3) The election:

(a) takes effect from the start of the tax period you nominate in the election; and

(b) if your *registration is cancelled and the date of effect of the cancellation occurs after the start of that tax period—ceases to have effect on the date of effect of the cancellation; and

(c) if paragraph (b) does not apply and, under subsection (5), you revoke the election—ceases to have effect at the start of your first tax period to start after the revocation.

(4) However, the election never takes effect if your *registration is cancelled and the date of effect of the cancellation occurs on or before the start of the tax period you nominate in the election.

Revoking an election

(5) You may, by notifying the Commissioner in the *approved form, revoke an election under subsection (2).

(6) However, subsection (5) does not apply if you have been notified that the Commissioner has decided to cancel your *registration (whether or not the cancellation has already taken effect).

146-10 Limited registration entities cannot make creditable acquisitions

(1) An acquisition made by a *limited registration entity is not a *creditable acquisition if an election under subsection 146-5(2) is in effect for the entity when the acquisition is made.

(2) However, subsection (1) does not apply, and is taken never to have applied, to the acquisition if you revoke the election under subsection 146-5(5) during:

(a) the *financial year in which the acquisition is made; or

(b) the next financial year.

(3) This section has effect despite section 11-5 (which is about what is a creditable acquisition).

EXPOSURE DRAFT

146-15 Entries in the Australian Business Register

(1) Subsection 25-10(2) does not apply if:

(a) you become *registered; and

(b) on the date your registration takes or took effect, you are a *limited registration entity.

Note: Under subsection 25-10(2), the Australian Business Registrar would otherwise be required to enter that date in the Australian Business Register.

(2) However, if:

(a) you cease to be a *limited registration entity at a time when you are *registered; and

(b) because of subsection (1) of this subsection, subsection 25-10(2) did not apply to your registration;

subsection 25-10(2) is taken to apply from the time you cease to be a limited registration entity.

(3) Subsection 25-60(2) does not apply if:

(a) your *registration is cancelled; and

(b) because of subsection (1) of this section, the date on which your registration took effect was not entered in the *Australian Business Register; and

(c) immediately before the cancellation took effect, you were a *limited registration entity.

Note: Under subsection 25-60(2), the Australian Business Registrar would otherwise be required to enter that date in the Australian Business Register.

146-20 Limited registration entities have only quarterly tax periods

(1) If you are a *limited registration entity, you cannot make an election under section 27-10, and the Commissioner cannot determine your tax periods under section 27-15 or 27-37.

Note: Sections 27-10 and 27-15 provide for each individual month to be a tax period. Section 27-37 provides for 12 complete tax periods in each year.

(2) An election by you under section 27-10 or a determination under section 27-15 or 27-37 in relation to you is taken not to be in force at any time during which you are a *limited registration entity.

EXPOSURE DRAFT

1 (3) This section has effect despite sections 27-10, 27-15 and 27-37
2 (which are about one month tax periods).

3 **50 Subsection 153-55(4A) (note)**

4 After “inbound intangible consumer supply”, insert “, or an offshore
5 supply of low value goods,”.

6 **51 Subsection 153-60(3A) (note)**

7 After “inbound intangible consumer supply”, insert “, or an offshore
8 supply of low value goods,”.

9 **52 At the end of subsection 165-10(1)**

10 Add:

11 ; or (e) each of the following applies:

- 12 (i) the entity is the *recipient of a supply;
- 13 (ii) as a result of the scheme, the supply is wholly or partly
14 not *connected with the indirect tax zone;
- 15 (iii) an amount that is payable, in relation to the supply, by
16 another entity under this Act apart from this Division is,
17 or could reasonably be expected to be, smaller than it
18 would be apart from the scheme or a part of the scheme;
- 19 (iv) the amount by which that amount is smaller is not, or
20 could not reasonably be expected to be, equal to the
21 amount of any decrease in the amount of any input tax
22 credit to which the recipient is entitled in relation to
23 acquisition of the thing supplied.

24 **53 Section 195-1**

25 Insert:

26 *business day* has the meaning given by subsection 995-1(1) of the
27 *ITAA 1997.

28 **54 Section 195-1 (definition of *connected with the indirect tax*** 29 ***zone*)**

30 After “85-5”, insert “, 85-45, 85-50”.

31 **55 Section 195-1**

32 Insert:

EXPOSURE DRAFT

1 *goods forwarder*, of a *supply of low value goods, has the meaning
2 given by paragraph 85-50(1)(b).

3 **56 Section 195-1 (definition of *limited registration entity*)**

4 Omit “section 84-140”, substitute “section 146-5”.

5 **57 Section 195-1**

6 Insert:

7 *offshore supply of low value goods* has the meaning given by
8 section 84-67.

9 *supply of low value goods* has the meaning given by section 85-55.

10 ***Taxation Administration Act 1953***

11 **58 Subparagraph 284-75(4)(b)(ii) in Schedule 1**

12 Omit “and”, substitute “or”.

13 **59 At the end of paragraph 284-75(4)(b) in Schedule 1**

14 Add:

15 (iii) might reasonably be expected to be used, by an entity in
16 determining, for the purposes of the GST law, whether a
17 supply made by you is connected with the indirect tax
18 zone (within the meaning of that Act) because of
19 Subdivision 85-B of that Act; and

20 **60 After subsection 288-45(2) in Schedule 1**

21 Insert:

22 (2A) You are liable to an administrative penalty of 20 penalty units if
23 you fail to give a notice as required by section 84-52 of the *GST
24 Act.

25 **61 Application**

26 The amendments made to the *A New Tax System (Goods and Services*
27 *Tax) Act 1999* by this Schedule apply in relation to working out net
28 amounts for tax periods starting on or after 1 July 2017.

EXPOSURE DRAFT

1 **62 Limited registration entities**

2 An election under subsection 84-140(2) of the *A New Tax System*
3 *(Goods and Services Tax) Act 1999* that was in effect immediately
4 before the commencement of this item continues after that
5 commencement as if it was an election under subsection 146-5(2) of
6 that Act as amended by this Schedule.