

# EXPOSURE DRAFT

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1 Inserts for  
2 **Tax Laws Amendment (2009 Measures**  
3 **No. 5) Bill 2009: Taxation of financial**  
4 **arrangements**  
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**EXPOSURE DRAFT (01/09/2009)**

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6 4. Schedule 2, Part 1 The day this Act receives the Royal Assent.

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5. Schedule 2, Part 2 Immediately after the commencement of the provision(s) covered by table item 4.

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8 **Schedule 2—Taxation of financial**  
9 **arrangements**

10 **Part 1—Amendment commencing on Royal Assent**

11 *Taxation Administration Act 1953*

12 **1 Subsection 45-120(2B) in Schedule 1**

13 Repeal the subsection (including the heading).

14 **2 Application**

15 The amendment made by this Part applies to you for the first applicable  
16 income year (within the meaning of item 102 of Schedule 1 to the *Tax*  
17 *Laws Amendment (Taxation of Financial Arrangements) Act 2009*) and  
18 later income years.

19 **3 Transitional**

20 (1) This item applies to you if:

- 21 (a) you are a quarterly payer who pays on the basis of instalment  
22 income at the end of the first instalment quarter ending after  
23 the commencement of this item; and  
24 (b) an amount is included in your instalment income under  
25 subsection 45-120(2B) in Schedule 1 of the *Taxation*  
26 *Administration Act 1953* (disregarding the amendment made

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- 1 by this Part) for an instalment quarter starting on or after  
2 1 July 2009 and ending before the commencement of this  
3 item.
- 4 (2) For each instalment quarter mentioned in paragraph (1)(b), work out:  
5 (a) your instalment income for the quarter (taking into account  
6 the amendment made by this Part); and  
7 (b) your instalment income for the quarter (disregarding the  
8 amendment made by this Part).
- 9 (3) Next:  
10 (a) work out the total of every amount worked out under  
11 paragraph (2)(a); and  
12 (b) work out the total of every amount worked out under  
13 paragraph (2)(b); and  
14 (c) subtract the amount worked out under paragraph (b) of this  
15 subitem from the amount worked out under paragraph (a) of  
16 this subitem.
- 17 (4) If the amount worked out under paragraph (3)(c) is more than nil,  
18 increase your instalment income for the first instalment quarter ending  
19 after the commencement of this item by that amount.

## 20 **Part 2—Amendment commencing immediately after** 21 **Royal Assent**

### 22 *Taxation Administration Act 1953*

#### 23 **4 After subsection 45-120(2A) in Schedule 1**

24 Insert:

25 *Net gains under Subdivision 250-E of the Income Tax Assessment*  
26 *Act 1997 included in instalment income*

- 27 (2B) Your instalment income for a period also includes the difference  
28 between:  
29 (a) a gain (or gains) you make from a \*financial arrangement to  
30 the extent to which it is (or they are):  
31 (i) assessable under Subdivision 250-E of the *Income Tax*  
32 *Assessment Act 1997*; and  
33 (ii) reasonably attributable to that period; and  
34 (b) a loss (or losses) you make from a financial arrangement to  
35 the extent to which it is (or they are):

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(i) allowable to you as a deduction under  
Subdivision 250-E of the *Income Tax Assessment Act*  
*1997*; and

(ii) reasonably attributable to that period.

This is so only if the gain (or gains) referred to in paragraph (a)  
exceeds the loss (or losses) referred to in paragraph (b).

## 5 Application

The amendment made by this Part applies to you for the first applicable  
income year (within the meaning of item 102 of Schedule 1 to the *Tax*  
*Laws Amendment (Taxation of Financial Arrangements) Act 2009*) and  
later income years.