

No. , 1927.

A BILL

To exempt from income tax the income of societies registered under the Co-operation, Community Settlement, and Credit Act, 1923; to amend that Act and the Income Tax (Management) Act, 1912; and for purposes connected therewith.

[MR. LANG ;—25 *February*, 1927.]

BE it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of
5 the same, as follows:—

1. This Act may be cited as the "Income Tax Short title. (Management) Amendment Act, 1927."

Amendment of Act No. 1, 1924, s. 63. **2.** The Co-operation, Community Settlement, and Credit Act, 1923, is amended by omitting section sixty-three.

Amendment of Act No. 11, 1912. **3.** The Income Tax (Management) Act, 1912, is amended—

Sec. 4. (a) by inserting in section four in the definition of "Company" after the words "a company" the words "or society";

Sec. 10. (b) by inserting in paragraph (i) of section ten after the word "Starr-Bowkett" the words "or other terminating";

New s 19A. (c) by inserting in Part IV thereof next after section nineteen the following new section:—

Co-operative societies. 19A. (1) The taxable income of a society which is registered under the Co-operation, Community Settlement, and Credit Act, 1923, shall not include—

(a) any undistributed profits of the society;

(b) any profits paid by a society to a member by way of dividends or of rebate or bonus based on the business done by him with the society where the Commissioner is satisfied that ninety per centum of its business is done with its own members.

(2) Notwithstanding any other provision of this section any profits distributed in the event of winding up shall be taxable income of the year in which the society is wound up.

(3) The taxable income of an investment society shall not include any dividends received by the society in respect of shares in any other society, or any incorporated company or any interest received by the society in respect of bonds of any other society, and the taxable income of a member of the society shall not include any dividends paid to him out of the non-taxable income of the society.

(4) In this section society means a society registered under the Co-operation, Community Settlement, and Credit Act, 1923, and includes an association or union so registered, but does not include a building society which is a permanent society.