

EXPOSURE DRAFT

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Inserts for
**Treasury Laws Amendment (Measures
for Consultation) Bill 2023: Capital
allowances for mining, quarrying or
prospecting rights and clarifying the
meaning of exploration for petroleum**

Commencement information

Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Schedule 1	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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1 **Schedule 1—Capital allowances for mining,**
2 **quarrying or prospecting rights and**
3 **clarifying the meaning of exploration**
4 **for petroleum**

5 **Part 1—Capital allowances for mining, quarrying or**
6 **prospecting rights**

7 *Income Tax Assessment Act 1997*

8 **1 Paragraph 40-30(6)(b)**

9 Repeal the paragraph, substitute:

10 (b) any of the following conditions are satisfied:

- 11 (i) the new right and the other right relate to the same area,
12 or any difference in area is not significant;
- 13 (ii) the new right relates to an area that is a part of the area
14 that the other right relates to.

15 Note: If the other right does not end, it may be taken to be split into 2 assets:
16 see section 40-122.

17 **2 After section 40-40**

18 Insert:

19 **40-42 When mining, quarrying or prospecting rights are used**

- 20 (1) This Division applies to a *depreciating asset you *hold that is a
21 *mining, quarrying or prospecting right as if a reference to using
22 the asset were a reference to engaging in activity that involves
23 exercising rights conferred on you by the asset.
- 24 (2) If the asset is an interest covered by paragraph (c) of the definition
25 of *mining, quarrying or prospecting right* in subsection 995-1(1),
26 the reference in subsection (1) of this section to rights conferred on
27 you by the asset is taken to be a reference to rights conferred on
28 you by the authority, licence, permit, right or lease referred to in
29 paragraph (c) of that definition.

30 **3 After section 40-120**

31 Insert:

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1 **40-122 Partial conversions of mining, quarrying or prospecting** 2 **rights**

3 If:

- 4 (a) a *depreciating asset you *hold is a *mining, quarrying or
5 prospecting right (the *old right*) that relates to an area; and
6 (b) you begin to hold another depreciating asset (the *partial new*
7 *right*) that:
8 (i) is a mining, quarrying or prospecting right; and
9 (ii) relates to an area that is a part of the area that the old
10 right relates to; and
11 (c) the old right does not end when you begin to hold the partial
12 new right;

13 this Division applies as if the old right (as it exists just before you
14 begin to hold the partial new right) is split into an asset that is the
15 partial new right and an asset that is the old right.

16 **4 After section 40-215**

17 Insert:

18 **40-217 Cost of partial continuations of mining, quarrying or** 19 **prospecting rights**

20 If:

- 21 (a) because of subsection 40-30(6), this Division applies to a
22 *mining, quarrying or prospecting right (the *new right*) as if
23 it were a continuation of another mining, quarrying or
24 prospecting right you *held; and
25 (b) the new right satisfies the condition in subparagraph (b)(ii) of
26 that subsection because it relates to an area that is a part of
27 the area that the other right relates to;

28 the first element of the *cost* of the new right is a reasonable
29 proportion of the *adjustable value of other right at the time just
30 before the other right ends.

31 **5 Subsection 995-1(1) (at the end of the definition of *installed*** 32 ***ready for use*)**

33 Add “However, a *mining, quarrying or prospecting right is not
34 *installed ready for use.*”.

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1 **6 Application of amendments**

2 The amendments made by this Part apply to a mining, quarrying or
3 prospecting right that you start to hold after 7:30 pm, by legal time in
4 the Australian Capital Territory, on 9 May 2023.

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1 **Part 2—Clarifying the meaning of exploration for**
2 **petroleum**

3 *Petroleum Resource Rent Tax Assessment Act 1987*

4 **7 At the end of section 37**

5 Add:

- 6 (4) To avoid doubt, the reference to exploration for petroleum in
7 paragraph (1)(a) of this section does not include a reference to
8 activities engaged in for the purpose of determining:
9 (a) whether the recovery of petroleum is any of the following:
10 (i) commercially viable;
11 (ii) economically feasible;
12 (iii) technically feasible; or
13 (b) how to recover petroleum.
14 (5) Paragraphs (4)(a) and (b) do not limit each other.

15 **8 Application of amendments**

16 The amendment made by this Part applies to payments made on or after
17 21 August 2013.