

[LEGAL NOTICE NO. 62]

INCOME TAX ACT 2015

**Income Tax (Water Extraction Industry Incentive)  
Regulations 2023**

IN exercise of the powers conferred on me by sections 20(1) and 142 of the Income Tax Act 2015, I hereby make these Regulations—

PART 1—PRELIMINARY

*Short title and commencement*

1.—(1) These Regulations may be cited as the Income Tax (Water Extraction Industry Incentive) Regulations 2023.

(2) These Regulations come into force on 1 August 2023.

*Laws to be read together*

2. These Regulations shall *inter alia* be read together in conjunction with the Customs Act 1986 in so far as it relates to the Water Resource Tax.

*Interpretation*

3. In these Regulations, unless the context requires otherwise—

“Act” means the Income Tax Act 2015;

“Effective Period” means the period of time set forth in regulation 6 of these Regulations;

“Water Extraction and Bottling Business” means business activities relating to the bottling of extracted water from its natural state, including artesian water, natural mineral and spring water, from an underground water table or deposit and emerging from a spring tapped at one or more natural or bore exits, including all activities related to any of the aforementioned activities; and

“Water Resource Tax” means the tax imposed under section 5(1) of the Water Resource Tax Act 2008 and as amended by the Water Resource Tax (Budget Amendment) Act 2023.

PART 2—WATER EXTRACTION INDUSTRY INCENTIVE

*Objective*

4. The purpose of these Regulations is to encourage investment in the Water Extraction and Bottling Business by the provision of financial inducements in the form of an exemption from income tax under the Act, to provide certainty about the taxation of activities that are subject to the Water Resource Tax, and to coordinate the imposition of the Water Resource Tax and the Act on the same items of income.

*Exemption from tax*

5.—(1) Notwithstanding any other provisions in the Act or in these Regulations, any income derived in connection with a Water Extraction and Bottling Business or any part thereof shall be exempt income for the purposes of the Act and these Regulations, and such income shall not be subject to income tax under the Act.

(2) To the extent any expenses are allocable or properly attributable to the income

described in subregulation (1), such expenses shall not be allowed as a deduction under the Act.

(3) Solely for the purposes of clarification of subregulation (2), no such deductions shall be carried forward to a period after the end of the Effective Period.

(4) To the extent any capital expenditures are incurred in connection with a Water Extraction and Bottling Business or any part thereof, such capital expenditures shall not be depreciable assets under section 31 of the Act.

(5) Solely for the purposes of clarification of subregulation (4), no depreciation or amortisation deductions for any such capital expenditures shall be carried forward to a period after the end of the Effective Period.

*Effective period*

6. These Regulations shall be effective beginning 1 August 2023 and shall cease to apply after 31 July 2030.

Made this 31st day of July 2023.

M. S. N. KAMIKAMICA  
Deputy Prime Minister and  
Acting Minister for Finance