

New Zealand



ANALYSIS

Title.

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| <ol style="list-style-type: none"> 1. Short Title. 2. Providing for temporary relief from income-tax for proprietary companies establishing new industries. 3. Amending basic rates of income-tax for companies and public authorities. 4. Adjusting liability for social security charge and national security tax in certain cases. | <ol style="list-style-type: none"> 5. Authorizing companies to adjust dividends in respect of national security tax as well as social security charge. 6. Authority for payment of cost-of-living allowances out of public moneys. 7. Restriction on registration of transfers of shares in bondholders companies. |
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1940, No. 26

Title.

AN ACT to make Provision with respect to Public Finance and other Matters.

[11th October, 1940

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

Short Title.

1. This Act may be cited as the Finance Act (No. 3), 1940.

Providing for temporary relief from income-tax for proprietary companies establishing new industries.

See Reprint of Statutes, Vol. VII, p. 271 1939, No. 34

2. (1) This section shall be read together with and deemed part of the Land and Income Tax Act, 1923.

(2) Where the Minister of Finance is satisfied that any proprietary company within the meaning of section twenty-three of the Land and Income Tax Amendment Act, 1939, has been incorporated (whether before or after the passing of this Act) exclusively for the purpose of establishing in New Zealand a new industry and that the establishment of that industry is in the interests of New Zealand, the Minister may in his

discretion declare that the company shall in respect of every income year during a period to be specified in that behalf in the declaration be deemed not to be a proprietary company within the meaning of the said section.

(3) The period to be specified in any declaration under this section shall commence on the date of the incorporation of the company and shall not exceed six years. The period so specified may from time to time be extended by the Minister by a subsequent declaration to any date not later than ten years from the date of incorporation.

(4) Every declaration under this section shall have effect according to its tenor.

(5) Any declaration under this section may be made upon or subject to such conditions as the Minister of Finance thinks fit, and may be at any time revoked by the Minister if the company fails to comply with any such conditions.

3. Part A of the Schedule to the Land and Income Tax Amendment Act, 1940, is hereby amended by inserting the words "in excess of £6,600" after the words "of the taxable income" in paragraph (b) of clause three.

4. (1) This section shall be read together with and deemed part of Part IV of the Social Security Act, 1938 (hereinafter referred to as the principal Act).

(2) This section applies to every person in respect of whom the Commissioner of Taxes is satisfied that his income derived during the year ended on the thirty-first day of July, nineteen hundred and thirty-one, consisted exclusively or principally of income other than salary or wages which was subject to the charge on such income imposed by the Unemployment Amendment Act, 1931.

(3) Where at any time after the passing of this Act any person to whom this section applies (other than a person in whose favour the Commissioner has exercised the power conferred by subsection four of this section) ceases to be ordinarily resident in New Zealand or dies, the liability of that person or of his personal representatives for social security charge in respect of income other than salary or wages derived by him shall, notwithstanding anything to the contrary in subsections

Amending basic rates of income-tax for companies and public authorities.
1940, No. 3

Adjusting liability for social security charge and national security tax in certain cases.
1938, No. 7

See Reprint of Statutes, Vol. VIII, p. 1224

two and three of section one hundred and twenty-two of the principal Act, be limited to liability for every instalment of the charge that becomes due and payable before the day preceding the date of his ceasing to be ordinarily resident in New Zealand or that becomes due and payable before the date of his death, as the case may be.

(4) Where on any date, whether before or after the passing of this Act, any person to whom this section applies has become liable pursuant to subsection four of section one hundred and eighteen of the principal Act to pay social security charge on income other than salary or wages in the same manner as if that income were salary or wages, or has commenced to derive income exclusively or principally from salary or wages, the Commissioner may reduce by such amount as appears to him to be just the instalments of social security charge payable by that person on income other than salary or wages derived before that date.

(5) The foregoing provisions of this section shall apply with respect to the national security tax imposed by Part II of the Finance Act, 1940, as if it were social security charge and as if the date referred to in subsection two of this section were the thirtieth day of June, nineteen hundred and forty.

5. Section twenty-one of the Social Security Amendment Act, 1939, is hereby amended by omitting from subsection one the words "one shilling and eightpence", and substituting the word "tenpence".

6. Notwithstanding anything to the contrary in any Act, the moneys payable by way of cost-of-living allowances to any persons whose salaries or wages are payable out of public moneys may without further authority than this section be paid to those persons out of the several funds or accounts available for the payment of such salaries or wages.

7. (1) This section shall be read together with and deemed part of the Companies (Bondholders Incorporation) Act, 1934-35 (hereinafter referred to as the principal Act).

(2) Notwithstanding anything to the contrary in the Companies Act, 1933, or the principal Act, or in the order for incorporation or the articles of association of any bondholders company, the following provisions

1940, No. 6

Authorizing companies to adjust dividends in respect of national security tax as well as social security charge.

1939, No. 31

Authority for payment of cost-of-living allowances out of public moneys.

Restriction on registration of transfers of shares in bondholders companies.

1934-35, No. 39

1933, No. 29

shall be deemed to form part of the articles of association of every bondholders company, and to be binding on the company and every member of the company, namely:—

“No transfer of shares in the company shall be registered unless and until the transfer has been approved by the directors, and the directors shall have an absolute discretion to register or refuse to register any such transfer and shall not be bound to assign any reason for refusing to register any transfer, nor shall the exercise of such discretion be called in question in any proceedings whatsoever.”

(3) The alteration effected by this section in the articles of any company shall be deemed to be an alteration to which section thirty-seven of the Companies Act, 1933, applies.

(4) It shall not be lawful for any bondholders company to make any alteration in its articles that is inconsistent with the provisions of this section.

(5) Where the directors of any bondholders company, in the exercise of the discretion conferred on them by the provisions incorporated in the articles of the company by this section, refuse to register any transfer of shares the contract for the sale or transfer of the shares shall be deemed to be revoked, and the amount or value of any consideration given for the sale or transfer shall be recoverable as a debt due by the person who received it to the person who gave it.
