



## ANALYSIS

<p>Title</p> <p>1. Short Title and commencement</p> <p>2. Short Title, etc.</p> <p>3. Meaning of term "supply"</p>	<p>4. Value of supply of goods and services</p> <p>5. Zero-rating</p> <p>6. Adjustments</p> <p>7. Recovery of tax</p>
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1993, No. 10

**An Act to amend the Goods and Services Tax Act 1985**

[1 April 1993]

BE IT ENACTED by the Parliament of New Zealand as follows:

**1. Short Title and commencement**—(1) This Act may be cited as the Goods and Services Tax Amendment Act 1993, and shall be read together with and deemed part of the Goods and Services Tax Act 1985 (hereinafter referred to as the principal Act).

(2) Except as provided in section 3 (3) of this Act, this Act shall come into force on the day on which it receives the Royal assent.

**2. Short Title, etc.**—Section 1 (3) of the principal Act is hereby amended by inserting, after the words "of this Act", the words "and also section 42 of this Act in so far as it applies to the Comptroller of Customs,".

**3. Meaning of term "supply"**—(1) Section 5 of the principal Act is hereby amended by repealing subsection (6B) (as substituted by section 116 (4) of the Transit New Zealand Act 1989), and substituting the following subsection:

"(6B) For the purposes of this Act, any amount of road user charge paid on or after the 26th day of April 1993 pursuant to section 9 of the Road User Charges Act 1977 shall be deemed to be a consideration for a supply of services in the course or furtherance of a taxable activity carried on by the Ministry of Transport."

(2) The Transit New Zealand Act 1989 is hereby consequentially amended by repealing so much of the Fourth Schedule as relates to subsection (6B) of section 5 of the Goods and Services Tax Act 1985.

(3) This section shall come into force on the 26th day of April 1993, and shall apply with respect to road user charges paid on or after that date.

**4. Value of supply of goods and services**—Section 10 (4) of the principal Act (as substituted by section 8 (4) of the Goods and Services Tax Amendment Act 1986) is hereby amended by omitting from the first proviso the words “the greater of the purchase price of those goods to that supplier and”.

**5. Zero-rating**—Section 11 of the principal Act is hereby amended by omitting from the proviso at the end of subsection (1) the expression “paragraphs (a), (b), (ba), and (bb)” (as substituted by section 8 (3) of the Goods and Services Tax Amendment Act 1988), and substituting the expression “paragraphs (a) to (bb)”.

**6. Adjustments**—Section 21 of the principal Act is hereby amended by inserting, after subsection (3A), the following subsection:

“(3B) Where section 106G of the Income Tax Act 1976 applies to limit the deduction available under that Act for any amount of expenditure (other than any entertainment allowance to an employee that is exempt from income tax under section 73 of that Act or reimbursing amount exempt from income tax under section 73A of that Act) or loss or depreciation allowance incurred by or allowed to any registered person in the course or furtherance of a taxable activity with respect to entertainment (as defined by that section),—

“(a) The registered person shall be deemed to have made a supply of the entertainment for a consideration in money equal to the amount of deduction which the said section 106G prevents the registered person from being allowed; and

“(b) The time of the supply shall be deemed to be the date by which, under section 17 of the Income Tax Act 1976, the registered person must furnish a return of income for the income year in respect of which the expenditure or loss is incurred or allowance allowed.”

**7. Recovery of tax**—Section 42 (2) of the principal Act is hereby amended—

- (a) By inserting, after the words “required by”, the words “section 12 or section 13 and”:
- (b) By inserting, after the word “Commissioner”, the words “, or, as the case may be, the Comptroller of Customs”.

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This Act is administered in the Inland Revenue Department.

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