



ANALYSIS

<p>Title</p> <p>1. Short Title</p> <p>2. Determination of "specified exemption"</p>	<p>3. Fringe benefit tax imposed</p> <p>4. Basic rates of income tax and provisional tax for companies and certain other taxpayers</p>
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1985, No. 146

An Act to amend the Income Tax Act 1976

[7 December 1985]

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

1. Short Title—This Act may be cited as the Income Tax Amendment Act (No. 4) 1985, and shall be read together with and deemed part of the Income Tax Act 1976 (hereinafter referred to as the principal Act).

2. Determination of "specified exemption"—(1) Section 336BA (1) of the principal Act (as inserted by section 3 (1) of the Income Tax Amendment Act 1985) is hereby amended by repealing paragraphs (c) and (d), and substituting the following paragraphs:

"(c) Where in respect of any period in the income year (whether that period is a part or the whole of the income year) the national superannuation received by the national superannuitant was at 60 percent of the married rate of national superannuation by reason of the spouse of the national superannuitant not being entitled to receive national superannuation or, pursuant to section 75 (5) of the Social Security Act 1964, by reason of the spouse of the national superannuitant having been a patient in a hospital (being a hospital maintained by a Hospital Board under the Hospitals Act 1957 or a psychiatric hospital within the meaning of the Mental Health

Act 1969) for a period exceeding 13 weeks, an amount of exemption calculated in accordance with the following formula:

$$\frac{f \times g}{h}$$

where—

f is the amount remaining after deducting from \$10,400 an amount equal to the taxable income (not including any amount of national superannuation), for the income year, of the spouse of the national superannuitant, reduced by the amount of every pension of the same type as a specified foreign social security pension received by the said spouse in respect of the income year; and

g is the number of pay days (as so defined) in respect of which that national superannuation was payable to him in respect of the income year; and

h is the number of pay days (as so defined) in the income year:

“Provided that in no case shall item f be an amount less than \$6,240:

“(d) Where in respect of any period in the income year (whether that period is a part or the whole of the income year) the national superannuation received by the national superannuitant was at a rate other than 50 percent or, as the case may be, 60 percent of the married rate of national superannuation, or was at 60 percent of the married rate for any reason other than any of the reasons referred to in paragraph (a) and paragraph (c) of this subsection,—

“(i) Where that national superannuitant is not married, an amount of exemption calculated in accordance with the formula in paragraph (a) of this subsection:

“(ii) Where that national superannuitant is married and where the spouse of the national superannuitant is entitled to receive national superannuation and where the spouse of the national superannuitant has not been a patient in a hospital (being a hospital of the type referred to in paragraph (c) of this subsection) for a period exceeding 13 weeks, an amount of exemption calculated in accordance with the formula in paragraph (b) of this subsection:

“(iii) Where that national superannuitant is a national superannuitant to which subparagraph (i) or subparagraph (ii) of this paragraph does not apply, an amount of exemption calculated in accordance with the formula in paragraph (c) of this subsection:

“(e) Where in respect of any period in the income year national superannuation is not received by the national superannuitant for any reason other than—

“(i) His national superannuation commencing, for the first time, after the beginning of the income year; or

“(ii) His death during the income year; or

“(iii) His permanent departure from New Zealand during the income year,—

an amount of exemption calculated as follows:

“(iv) In the case of a national superannuitant who, in respect of the income year, received national superannuation before the commencement of that period, the amount of exemption that would have been determined under paragraph (a), paragraph (b), paragraph (c), or paragraph (d), as the case may be, of this subsection in respect of that period if he had received national superannuation in respect of that period on the basis of the same circumstances as those on the basis of which he received it on the last pay day (as so defined) on which, before the commencement of that period, he received a payment of national superannuation; and

“(v) In all other cases, the amount of exemption that would have been determined under paragraph (a), paragraph (b), paragraph (c), or paragraph (d), as the case may be, of this subsection in respect of that period if he had received national superannuation in respect of that period on the basis of the same circumstances as those on the basis of which he received it on the first pay day (as so defined) on which, after the end of the period, he received a payment of national superannuation.”

(2) Section 336BA (1) of the principal Act (as so inserted) is hereby amended—

(a) By omitting from paragraph (a) and from paragraph (c) (as substituted by subsection (1) of this section) the expression “6,240”, and substituting in each case the expression “7,202”:

(b) By omitting from paragraph (b) and from paragraph (c) (as substituted by subsection (1) of this section) the expression "\$10,400", and substituting in each case the expression "\$12,012":

(c) By omitting from paragraph (b) the expression "\$5,200", and substituting the expression "\$6,006".

(3) Section 336BA (2) of the principal Act (as inserted by section 3 (1) of the Income Tax Amendment Act 1985) is hereby amended by omitting the words "or paragraph (d)", and substituting the words "paragraph (d), or paragraph (e)".

(4) Section 336L (1A) of the principal Act (as inserted by section 4 (4) of the Income Tax Amendment Act 1985) is hereby consequentially amended by repealing paragraphs (a) to (f), and substituting the following paragraphs:

"(a) One day, the amount of \$27.70:

"(b) One week, the amount of \$138.50:

"(c) Two weeks, the amount of \$277.00:

"(d) Three weeks, the amount of \$415.50:

"(e) Four weeks, the amount of \$554.00:

"(f) One month, the amount of \$600.00."

(5) Section 336L (2) of the principal Act (as inserted by section 17 (1) of the Income Tax Amendment Act 1984 and amended by section 4 (5) of the Income Tax Amendment Act 1985) is hereby consequentially amended by repealing paragraphs (a) to (f), and substituting the following paragraphs:

"(a) One day, the amount of \$23.10:

"(b) One week, the amount of \$115.50:

"(c) Two weeks, the amount of \$231.00:

"(d) Three weeks, the amount of \$346.50:

"(e) Four weeks, the amount of \$462.00:

"(f) One month, the amount of \$500.00."

(6) Section 356 (1) (ab) (ii) of the principal Act (as inserted by section 17 (4) of the Income Tax Amendment Act 1984) is hereby consequentially amended by omitting the expression "\$5,200", and substituting the expression "\$6,006".

(7) Subsections (1) and (3) of this section shall apply to the national superannuitant surcharge in respect of the other income of every national superannuitant for the income year that commenced on the 1st day of April 1985 and for every subsequent year.

(8) Subsections (2), (4), (5), and (6) of this section shall apply to the national superannuitant surcharge in respect of the other income of every national superannuitant for the income year commencing on the 1st day of April 1986 and for every subsequent income year.

3. Fringe benefit tax imposed—(1) Section 336s of the principal Act (as inserted by section 34 (1) of the Income Tax Amendment Act (No. 2) 1985) is hereby amended by omitting the expression “45”, and substituting the expression “48”.

(2) This section shall apply with respect to the fringe benefit tax on fringe benefits (as defined in section 336N of the principal Act) provided on or after 1 April 1986.

4. Basic rates of income tax and provisional tax for companies and certain other taxpayers—(1) Part A of the First Schedule to the principal Act is hereby amended—

(a) By omitting from clauses 4, 7, 9B, and 9C the expression “45c”, and substituting in each case the expression “48c”:

(b) By omitting from clauses 2, 5, and 8 the expression “50c”, and substituting in each case the expression “53c”.

(2) The amount of the provisional tax payable by any taxpayer, being a taxpayer that is a person of any of the kinds referred to in clauses 4, 7, 9B, and 9C of Part A of the First Schedule to the Income Tax Act 1976, in respect of the income of the income year commencing on the 1st day of April 1986 shall be the amount as determined under Part XII of the Income Tax Act 1976 increased by an amount equal to 6½ percent of that amount.

(3) The amount of the provisional tax payable by any taxpayer, being a taxpayer that is a person of any of the kinds referred to in clauses 2, 5, and 8 of Part A of the First Schedule to the Income Tax Act 1976, in respect of the income of the income year commencing on the 1st day of April 1986 shall be the amount as determined under Part XII of the Income Tax Act 1976 increased by an amount equal to 6 percent of that amount.

(4) Subsection (1) of this section shall apply with respect to the tax on income derived in the income year commencing on the 1st day of April 1986 and in every subsequent year.