



## ANALYSIS

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1977, No. 9

**An Act to amend the law relating to income tax**

[29 July 1977]

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 and commencement**—(1) This Act may be cited as the Income Tax (Compensatory Export Incentive Allowance) Act 1977 and shall, in respect of the tax on income derived in the income year that commenced on the 1st day of April 1976, be read together with and deemed part of the Land and Income Tax Act 1954, and, in respect of the tax on income derived in the income year that commenced on the 1st day of April 1977, be read together with and deemed part of the Income Tax Act 1976.

(2) This Act shall be deemed to have come into force on the 1st day of April 1976.

**2. Application**—This Act shall apply with respect to the tax on income derived in the income years that commenced on the 1st day of April 1976 and the 1st day of April 1977.

**3. Interpretation**—Every reference in this Act to an income year shall, where the taxpayer furnishes a return of income under section 8 of the Land and Income Tax Act 1954 or, as the case may be, section 15 of the Income Tax Act 1976 for an accounting year ending with an annual balance date other than the 31st day of March, be deemed to be a reference to the accounting year corresponding with that income year, and, in every such case, the provisions of this Act shall, with any necessary modifications, apply accordingly.

**4. Compensatory export incentive allowance**—(1) For the purposes of this section, the terms “export goods” and “value of export sales” have the meanings given to those terms by section 129B of the Land and Income Tax Act 1954 or, as the context so requires, section 156 of the Income Tax Act 1976.

(2) Subject to this section and notwithstanding anything in the Land and Income Tax Act 1954 or the Income Tax Act 1976, where, in relation to the income year that commenced on the 1st day of April 1976 and to the income year that commenced on the 1st day of April 1977 and to any taxpayer carrying on in New Zealand any business or businesses in which export goods are sold or otherwise disposed of, there are export sales for the income year, a deduction shall be allowed under this section in calculating the assessable income derived by the taxpayer in the income year from that business or, as the case may be, those businesses of an amount equal to 3 percent of the value of export sales for that income year.

(3) Where, in relation to an income year to which this section applies, there has, with the consent of the Commissioner under section 8 of the Land and Income Tax Act 1954 or, as the case may be, section 15 of the Income Tax Act 1976, been a change in the annual balance date of the taxpayer and the Commissioner is satisfied that by reason thereof the taxpayer is under an unfair disadvantage or has an unfair advantage for the purposes of this section, the Commissioner may make such adjustments to the deduction otherwise allowable under this section as he thinks fit.

(4) Where the Commissioner is satisfied that arrangements have been made between a taxpayer and another person with a view to the affairs of the taxpayer and of that other person being so arranged or conducted that this section would,

but for this subsection, have effect more favourably in relation to the taxpayer than would otherwise have been the case, the amount of any deduction to which the taxpayer is entitled shall not exceed the amount of the deduction to which the taxpayer would, in the opinion of the Commissioner, have been entitled if those arrangements had not been made.

(5) For the purposes of this section, subsection (2) of section 129B of the Land and Income Tax Act 1954 or, as the case may require, subsection (2) of section 156 of the Income Tax Act 1976 shall, with any necessary modifications, apply to any loss, destruction, or damage in respect of export goods in the same manner as it applies for the purposes of the said section 129B or, as the case may be, the said section 156.

(6) This section shall not apply to any taxpayer who, in respect of any business,—

(a) Ceased trading before the 29th day of November 1976;  
or

(b) Ceased trading in the period commencing on that date and ending with the last day of the income year that commenced on the 1st day of April 1977, and had no export sales on or after the 29th day of November 1976.

(7) This section shall not apply to—

(a) A company that is assessable for income tax under section 146 or section 146A or section 146B or section 153F of the Land and Income Tax Act 1954 or, as the case may be, section 201 or section 202 or section 203 or section 216 of the Income Tax Act 1976:

(b) A company to which section 78F of the Land and Income Tax Act 1954 or, as the case may be, section 42 of the Income Tax Act 1976 applies.

**5. Repeal**—This Act shall be deemed to have been repealed on the 1st day of October 1978.