

New Zealand.

ANALYSIS.

Title.

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1932-33, No. 40.

Title. AN ACT to amend the Land and Income Tax Act, 1923. [9th March, 1933.]

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 Land and Income Tax Amendment Act, 1932-33, and shall be read together with and deemed part of the Land and Income Tax Act, 1923 (hereinafter referred to as the principal Act).

2. For the purposes of the principal Act the term "earned income" as defined by subsection two of section seventy-nine thereof is hereby extended to include all income that is included in the term "pensions" as used in paragraph (g) of subsection one of that section.

Extension of definition of term "earned income".

3. Without limiting the meaning of the term "allowances" as used in paragraph (b) of subsection one of section seventy-nine of the principal Act, it is hereby declared that the said term shall hereafter be deemed to include (in the case of a taxpayer who in any income year has been provided in respect of any office or position held by him with board or lodging, or the use of a house or quarters, or has been paid an allowance in lieu of being so provided with board or lodging or with the use of a house or quarters) the value of such benefits, such value to be determined in case of dispute by the Commissioner, subject to the taxpayer's right of objection to the Commissioner's assessment, in accordance with the provisions of Part III of the principal Act.

Value of board, lodging, and house-allowances to be included in salary for purposes of income-tax.

4. (1) Every taxpayer, being a married man (other than an absentee), shall, subject to the provisions of this section, be entitled in respect of his wife to a deduction by way of special exemption from his assessable income of fifty pounds, diminished at the rate of one pound for every thirty shillings of the excess of his assessable income over seven hundred and twenty-five pounds, so as to leave no deduction under this section when the yearly assessable income amounts to or exceeds eight hundred pounds.

Special exemption where taxpayer is married.

(2) No exemption shall be allowed under this section in respect of a wife whose income in her own right derived from all sources in the income year amounted to or exceeded fifty pounds, or who in fact has not during the income year been supported by her husband.

(3) In the case of a taxpayer who is married during the income year, or whose marriage is terminated during the income year by the death of his wife or otherwise, the exemption to which he would be entitled under this section if his marriage had subsisted throughout the income year shall be reduced by one-twelfth for every month or part of a month during which the marriage was not subsisting.

Reduction of special exemption allowed under section 74 of principal Act.

5. For the purpose of ascertaining the taxable income of any taxpayer to whom section seventy-four of the principal Act is applicable, the special exemption provided for in that section shall for the year of assessment commencing on the first day of April, nineteen hundred and thirty-three, and for each year thereafter be computed as follows:—

(a) The special exemption aforesaid shall first be computed as if this section had not been passed:

(b) From the amount of the special exemption computed as aforesaid there shall be deducted the sum of fifty pounds, and the residue (if any) shall be the special exemption provided for by the said section.

Abolishing exemption from taxation of income derived by savings-banks.

6. Section seventy-eight of the principal Act is hereby amended by repealing paragraph (d), and substituting the following paragraph:—

“(d) The income of a building society under the Building Societies Act, 1908.”

Amending provisions as to bad debts written off by taxpayer.

7. Section eighty of the principal Act is hereby amended by omitting from paragraph (c) of subsection one the words “become bad and to have been actually written off”, and substituting the words “been actually written off as bad debts”.

Deduction from income of theatre-proprietors in respect of cost of installation of sound-production machines.

8. (1) Notwithstanding anything to the contrary in section eighty of the principal Act, where any taxpayer has, before or after the passing of this Act, but not earlier in any case than the first day of April, nineteen hundred and twenty-nine, installed in any premises for the exhibition of films in accordance with the Cinematograph Films Act, 1928, any electric sound-production machine, the Commissioner may allow such deduction as he thinks fit in respect of any premium, fine, or foregift, or consideration in the nature of a premium, fine, or foregift, paid by the taxpayer in respect of a lease of such machine, or in respect of the renewal of any such lease, or in respect of any assignment or transfer of such lease.

(2) In ascertaining the amount that may be deducted in any year under this section the total amount paid as aforesaid shall be distributed proportionately over the

period of the lease unexpired at the date of payment, and the amount deducted for any year shall not in any case exceed the amount apportioned to that year.

(3) This section shall be deemed to have come into force on the first day of April, nineteen hundred and twenty-nine.

9. (1) Notwithstanding anything to the contrary in the principal Act, the taxable income of a banking company shall in each year be deemed for all the purposes of that Act to be a sum equal to thirty shillings in every hundred pounds of the average of its total assets and liabilities for the four quarters of the year according to the sworn statements published in the *Gazette* as required by law, reduced by the following amounts, namely:—

Special provisions with respect to the assessment of banking companies for income-tax.

- (a) An amount equal to the income derived by the banking company on its own account during the income year as interest on any debentures or other Government securities if and so far as such income is expressly exempted from income-tax by any Act; and
- (b) An amount equal to the amount (if any) paid as stamp duty in the income year, pursuant to Part IV of the National Expenditure Adjustment Act, 1932, in respect of interest which is not exempt from income-tax; and
- (c) An amount equal to the amount of bad debts which are proved to the satisfaction of the Commissioner to have been actually written off as bad debts by the bank in the income year:

Provided that all amounts which may at any time be received on account of any such bad debts shall be credited as income in the year in which they are received, and shall be added to the amount of the taxable income of the banking company for that year ascertained in accordance with the foregoing provisions of this section, and income-tax shall be payable accordingly.

(2) This section is in substitution for section ninety-one of the principal Act, and that section is hereby accordingly repealed.

Consequential repeal.

Commissioner
to compile
register of
bearer
debentures and
other securities.

10. (1) The Commissioner shall compile and keep a register of the following classes of securities, namely:—

- (a) Post Office Investment Certificates:
 - (b) Debentures issued under the New Zealand Loans Act, 1908, or the New Zealand Loans Act, 1932, if the interest thereon is payable to bearer:
 - (c) Debentures issued by the Rural Intermediate Credit Board under the authority of the Rural Intermediate Credit Act, 1927, if the interest thereon is payable to bearer:
 - (d) Bonds issued by the State Advances Superintendent under the authority of the Rural Advances Act, 1926, if the interest thereon is payable to bearer:
 - (e) Any other classes of securities to which this section may be applied by the Governor-General in Council.
- (2) The register shall record—
- (a) The names and descriptions of the holders of the securities:
 - (b) The amount for which such securities have been issued:
 - (c) The due dates thereof:
 - (d) The rate of interest payable thereon:
 - (e) Such other particulars as the Commissioner thinks proper.
- (3) The register shall be compiled from annual or other returns to be furnished to the Commissioner pursuant to Part II of the principal Act.
- (4) The registered holder of any such securities shall be personally responsible for the making of income-tax returns in respect thereof, and shall be assessable and liable for income-tax (though not to the exclusion of any other person) in respect of the income derived therefrom unless he satisfies the Commissioner, before he has been assessed for income-tax in any year, that he has transferred or assigned the securities, and has given notice to the Commissioner in the prescribed form of the name, address, and description of the transferee or assignee.
- (5) Every transferee or assignee of any such securities shall in like manner remain personally liable in respect

thereof (though not to the exclusion of any other person) unless and until he has given notice to the Commissioner in the prescribed form of the transfer or assignment of the same.

(6) Any tax paid by the former holder of any such securities in respect of the income derived therefrom by a subsequent holder shall be deemed to be paid on behalf of that subsequent holder so far as it does not exceed the tax (if any) to which the subsequent holder would himself have been liable in respect of such income, and may be recovered by the former holder from such subsequent holder accordingly.