

New Zealand.



ANALYSIS.

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1935, No. 32.

AN ACT to amend the Land and Income Tax Act, 1923. Title.
[26th October, 1935.]

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

1. This Act may be cited as the Land and Income Tax Amendment Act, 1935, and shall be read together with and deemed part of the Land and Income Tax Act, 1923 (hereinafter referred to as the principal Act). Short Title.

See Reprint
of Statutes,
Vol. VII, p. 271

Section 69 (1) (a) of principal Act modified.

See Reprint of Statutes, Vol. VII, p. 296

Concession in respect of land-tax in favour of Masterton Trust Lands Trustees and Greytown Trust Lands Trustees.

Special exemption in respect of contributions towards support of widowed mother-in-law. *Ibid.*, p. 301

Distribution of bonus shares deemed to be payment of dividend for certain purposes of principal Act. *Ibid.*, pp. 302, 353

Special provisions as to assessment for income-tax of co-operative dairy companies and co-operative pig-marketing companies. *Ibid.*, p. 302

2. (1) Notwithstanding anything in paragraph (a) of subsection one of section sixty-nine of the principal Act, the Public Trustee shall be exempt from land-tax in respect of any land vested in him for the purposes of the National Provident Fund.

(2) This section shall be deemed to have come into force on the first day of April, nineteen hundred and thirty-four, and to have applied accordingly with respect to land-tax for the year commencing on that date.

3. The Masterton Trust Lands Trustees and the Greytown Trust Lands Trustees shall, in respect of any lands vested in them respectively, be assessed and liable for land-tax at one-half of the rate (if any) that would be chargeable in respect thereof if this section had not been passed.

4. Section seventy-six of the principal Act is hereby amended by inserting, after the words "widowed mother", the words "or widowed mother-in-law".

5. For the purposes of paragraph (g) of section seventy-eight of the principal Act and of section six of the Land and Income Tax Amendment Act, 1931, the expression "dividends and other profits derived from shares or other rights of membership in companies" shall be deemed to include the paid-up value of any shares allotted after the passing of this Act by a company to any of its shareholders, to the extent to which the paid-up value represents the capitalization of the whole or any part of the profits of the company, and shall also be deemed to include any credit given after the passing of this Act by a company to any of its shareholders in respect of the amount unpaid on any shares that are not fully paid-up (whether such shares have been allotted before the passing of this Act or are allotted thereafter), to the extent to which such credit represents the capitalization of the whole or any part of the profits of the company.

6. (1) Section seventy-eight of the principal Act is hereby amended by repealing paragraph (ee) thereof (as enacted in section four of the Land and Income Tax Amendment Act, 1925), and substituting the following paragraph:—

"(ee) The income of any co-operative company incorporated in New Zealand, to the extent hereinafter provided, namely:—

"(i) In the case of any such company having for its object or one of its objects

the manufacture of cheese, casein, dried milk, or butter, from milk or cream supplied to the company by its shareholders in so far only as its income is derived from the treatment, manufacture, and sale of products of milk, and if and so far only as the rules of the company provide that its income shall be distributed solely amongst the suppliers of milk in proportion to the quantity of milk or butterfat supplied by them :

“(ii) In the case of any such company having for its object or one of its objects the sale of milk supplied to the company by its shareholders if and so far only as the rules of the company provide that its income shall be distributed solely amongst the suppliers of milk in proportion to the quantity of milk supplied by them :

“(iii) In the case of any such company having for its object or one of its objects the treatment for human consumption of pigs supplied to the company by its shareholders and the marketing of the produce, if and so far only as the rules of the company provide that its income shall be distributed solely amongst the suppliers of pigs in proportion to the value or weight of the pigs supplied by them.”

(2) The last preceding subsection, in so far as it relates to companies of the kind referred to in subparagraph (iii) of paragraph (ee) of section seventy-eight of the principal Act (as set out in the last preceding subsection), shall be deemed to have come into force on the first day of April, nineteen hundred and thirty-three.

7. (1) For the purposes of the principal Act the assessable income of a company shall be deemed to include any profits or gains arising from transactions of the company with its members which would be included in its profits or gains if those transactions were with non-members, save that in computing the assessable income of any company the Commissioner shall allow as expenses—

(a) Any sums which represent a discount, rebate, dividend, or bonus granted by the company to members or other persons in respect of amounts

Provisions for ascertaining the profits of co-operative companies.

Cf. 23 & 24 Geo. V, c. 19, s. 31 (Imp.)

paid or payable by or to them on account of their transactions with the company, being transactions which are taken into account in computing the assessable income :

(b) Any sums which are calculated by reference to the said amounts or to the magnitude of the said transactions and not by reference to any share or interest in the capital of the company.

(2) Nothing in this section shall affect the extent of the exemption from income-tax of any co-operative company to which the provisions of paragraph (ee) of section seventy-eight of the principal Act (as enacted in section six of this Act) are applicable.

(3) Section two of the principal Act is hereby amended by omitting from the definition of the term "friendly society" the words "industrial and provident societies".

8. (1) Section seventy-nine of the principal Act is hereby amended by adding to paragraph (g) of subsection one the following proviso:—

"Provided that where any securities have been acquired by purchase or otherwise during the income year the Commissioner may, where he considers it equitable so to do, apportion between the transferor and the transferee any interest due or accruing due at the date of the transfer and not then paid."

(2) The amendment of section seventy-nine of the principal Act made by the last preceding subsection shall not apply with respect to any securities transferred before the passing of this Act.

9. Section eighty-seven of the principal Act is hereby amended by inserting, after the words "carriage by sea" in paragraph (m), the words "or by air".

10. For the purposes of section one hundred and twenty-three of the principal Act any moneys paid by or on account of a person resident in New Zealand from a fund situated out of New Zealand shall be deemed to be moneys transmitted by that person from New Zealand.

11. (1) The Governor-General may by Order in Council exempt in whole or in part from their liability to pay income-tax in New Zealand as non-resident traders any persons being residents or nationals of a country specified in the Order (whether a country within His Majesty's dominions or elsewhere) if he is satisfied

For purposes of principal Act industrial and provident society not a friendly society. See Reprint of Statutes, Vol. VII, p. 272

Commissioner may apportion interest on securities as between vendor and purchaser. Ibid., p. 304

Section 87 of principal Act amended. Ibid., p. 308

Section 123 of principal Act extended. Ibid., p. 323

Provision for reciprocal arrangements with other countries as to exemption from income-tax of non-resident traders.

that residents of New Zealand who are carrying on business as non-resident traders in that country are exempt therein (whether by agreement with the Government of that country or otherwise) from income-tax on profits derived from their business as non-resident traders.

(2) Any Order in Council under this section shall, whether so expressed therein or not, extend to exempt from income-tax in New Zealand (in their capacity as agents, but not otherwise) the agents of any non-resident traders to whom the Order in Council applies.

(3) Every Order in Council under this section shall have effect according to its tenor, anything to the contrary in the principal Act notwithstanding.

(4) Any Order in Council under this section may be at any time in like manner varied or revoked.

12. (1) Subsection one of section nine of the Land and Income Tax Amendment Act, 1932-33, is hereby amended as follows:—

(a) By inserting the word “monthly” before the word “average”;

(b) By inserting, after the words “its total assets and liabilities”, the words “in New Zealand”; and

(c) By omitting the words “for the four quarters of the year according to the sworn statements published in the *Gazette* as required by law”.

(2) The said subsection is hereby further amended, as from the passing of that Act, by adding thereto the following paragraph:—

“(d) An amount equal to the deduction (if any) to which the company would be entitled under section eighty-two of the principal Act if it were a company other than a banking company.”

(3) For the purposes of section nine of the Land and Income Tax Amendment Act, 1932-33, as amended by the foregoing provisions of this section, the monthly average of the total assets and liabilities in New Zealand of any banking company shall be ascertained from the summary of its monthly returns furnished to the Treasury and published in the *Gazette* pursuant to section forty-six of the Reserve Bank of New Zealand Act, 1933:

Amendment of special provisions as to assessment of banking companies for income-tax (consequent on establishment of Reserve Bank).

See Reprint of Statutes, Vol. VII, p. 307

Provided that if in any year the Reserve Bank of New Zealand has supplied funds to any banking company as aforesaid for the purpose of enabling it to act as the agent of the Reserve Bank in respect of the Government Accounts referred to in section twenty-one of the Reserve Bank of New Zealand Act, 1933, and not in the ordinary course of the business of the banking company, an amount equal to twice the monthly average of the amount of the funds so supplied shall be deducted from the monthly average of the total assets and liabilities of the banking company, and its taxable income shall be ascertained by reference to the residue of its assets and liabilities after such deduction has been made.

(4) Notwithstanding anything in the last preceding subsection, in computing the taxable income of any banking company for the income year ending on the thirty-first day of March, nineteen hundred and thirty-six, the average of its total assets and liabilities in New Zealand shall be ascertained from the quarterly returns furnished by it in respect of the six months ended on the thirtieth day of September, nineteen hundred and thirty-five, and from its monthly returns furnished in respect of the succeeding period of six months.

Section 6 of
amending Act of
1933 amended.

13. Section six of the Land and Income Tax Amendment Act, 1933, is hereby amended, as from the passing of that Act, by adding to subsection four the following words: "or if the company, by arrangement with the Commissioner, is assessed for and pays income-tax as if it were the agent of the lender".

Application of
this Act.

14. Except where a contrary intention is expressed in this Act, income-tax for the year commencing on the first day of April, nineteen hundred and thirty-five, shall be assessed, levied, and paid in accordance with this Act.
