



ANALYSIS

Title	2. Deduction of amounts invested in
1. Short Title	Special Development Bonds

1967, No. 12

An Act to amend the Land and Income Tax Act 1954
 [24 July 1967]

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 Land and Income Tax Amendment Act 1967, and shall be read together with and deemed part of the Land and Income Tax Act 1954 (hereinafter referred to as the principal Act).

2. Deduction of amounts invested in Special Development Bonds—(1) The principal Act is hereby amended by inserting, after section 129cc (as inserted by section 26 of the Land and Income Tax Amendment Act 1966), the following section:

“129cd. (1) For the purposes of this section—

“‘Special Development Bond’ means a Special Development Bond issued under section 2 of the Finance Act 1967:

“‘The tax saving’, in relation to any amount invested in a Special Development Bond, being any amount in respect of which a deduction has been allowed or is allowable under this section, means—

“(a) In relation to the income year in the calculation of the assessable income of which the deduction has been allowed or is allowable, the amount by which the ordinary income tax payable by the taxpayer under this Part of this Act (including this section) for the year of assessment is less than the amount that would have been payable but for the allowance of the deduction under this section in respect of the amount so invested:

“(b) In relation to a subsequent income year, the amount, if any, by which the ordinary income tax payable by the taxpayer under this Part of this Act (including this section) for the year of assessment is less than the amount that would have been payable but for the taking into account of the deduction referred to in paragraph (a) of this definition in ascertaining, for the purposes of section 137 of this Act, the amount of a loss incurred in a former year.

“(2) Subject to the succeeding provisions of this section, for the purpose of assessing ordinary income tax any taxpayer who in any income year invests in accordance with section 2 of the Finance Act 1967 any amount in a Special Development Bond shall be allowed a deduction under this section of that amount in calculating the assessable income derived by the taxpayer in the income year.

“(3) Any deduction that is allowed to any taxpayer under this section in respect of any amount invested as aforesaid in any income year shall be deemed to have been allowed in the following order:

“(a) Firstly, from any interest on any stock to which section 79 of this Act applies that is included in the total income derived by the taxpayer in the income year:

“(b) Secondly, from any income from dividends to which section 78A of this Act applies that is included in the total income derived by the taxpayer in the income year:

“(c) Thirdly, from any income (other than that interest and that income from dividends) that is included in the total income derived by the taxpayer in the income year.

“(4) The amount of the deduction otherwise allowable to a taxpayer under this section in respect of any amount invested as aforesaid in the income year shall be reduced

to such extent (if any) as is necessary to ensure that the amount of the tax saving for the income year in relation to that amount so invested does not exceed three-tenths of that amount so invested.

“(5) Where the taxpayer has incurred a loss in the income year in respect of which a deduction under this section has been allowed or is allowable in relation to any amount invested as aforesaid, the deduction otherwise allowable to the taxpayer under section 137 of this Act in respect of a subsequent income year shall be reduced to such extent (if any) as is necessary to ensure that the amount of the tax saving for that subsequent income year in relation to that amount so invested, together with the tax saving for any previous year or years in relation to the same amount so invested, does not exceed three-tenths of that amount so invested.

“(6) Every reference in this section to an income year shall, where the taxpayer furnishes a return of income under section 8 of this Act for an accounting year ending with an annual balance date other than the thirty-first 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 section shall, with any necessary modifications, apply accordingly.”

(2) This section shall apply with respect to the ordinary income tax on income derived in the income year that commenced on the first day of April, nineteen hundred and sixty-six, and in every subsequent year.

This Act is administered in the Inland Revenue Department.
