ANALYSIS

1971, No. 146

An Act to amend the Land and Income Tax Act 1954

[*17 December 1971*

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 1971, and shall be read together with and deemed part of the Land and Income Tax Act 1954 (hereinafter referred to as the principal Act).

PART I

Land Tax

2. Application of this Part—This Part of this Act shall apply with respect to the tax for the year of assessment that commenced on the 1st day of April 1971 and for every subsequent year.

3. "Unimproved value" and "improvements" defined—(1) The principal Act is hereby amended by repealing section 47, and substituting the following section:

"47. (1) The unimproved value of any land so owned means the sum which the owner's estate or interest therein, if free from any mortgage or encumbrance, might have been expected to have realised on the 31st day of March 1970, whether or not the estate or interest was in existence on that date, if it had been offered for sale on such reasonable terms and conditions as a bona fide seller might have been expected to impose and if no improvements had been made on the land.

"(2) The expression 'improvements' has the same meaning as in the Valuation of Land Act 1951 (as in force immediately before the commencement of the Valuation of Land Amendment Act (No. 2) 1970)."

(2) The principal Act is hereby consequentially amended—

(a) By omitting from subsection (1) of section 48 and from subsection (1) of section 51 the words "the 31st day of March in the year preceding the year of assessment" wherever they occur, and substituting in each case the words "the 31st day of March 1970":

(b) By omitting from section 52 the words "the 31st day of March preceding the year of assessment" wherever they occur, and substituting in each case the words "the 31st day of March 1970".

(3) Section 48 of the principal Act is hereby consequentially amended by repealing subsection (2), and substituting the following subsection:

"(2) When a new valuation of land has been made by the Valuer-General pursuant to section 41 of the Valuation of Land Act 1951, and the application for the new valuation was made on or after the 1st day of April 1969 and before the 1st day of April 1970, the amended value shall for the purposes of this Act be deemed to be the value appearing on the valuation roll on the 31st day of March 1970, notwithstanding that the new valuation may not then have been actually made."

(4) Section 8 of the Valuation of Land Amendment Act (No. 2) 1970 is hereby amended as from its commencement by repealing subsection (4), and substituting the following subsection:

"(4) Nothing in section 2 or section 3 of this Act or subsection (1) of this section shall apply to Parts IV and V of the Land and Income Tax Act 1954 (which relate to land tax) or to any regulations under that Act or under the Inland Revenue Department Act 1952."

4. Special valuation on request of Commissioner—Section 51 of the principal Act is hereby amended by repealing subsection (2), and substituting the following subsections:

"(2) The Commissioner shall, on receipt of the special valuation, give notice to the taxpayer of the amount of the unimproved value of the estate or interest.

"(3) Any taxpayer who is dissatisfied with any special valuation made by the Valuer-General under subsection (1) of this section may, within 1 month after the date on which notice has been given to him under subsection (2) of this section, or within such extended time as the Commissioner may allow, object to that special valuation by delivering or posting to the Commissioner a written notice of objection stating shortly the grounds of his objection and the value which he contends should be the unimproved value of the estate or interest.

"(4) The Commissioner shall thereupon forward the objection to the Valuer-General, and sections 20 to 23 of the

Valuation of Land Act 1951, as far as they are applicable and with all necessary modifications, shall apply to the objection:

"Provided that the owner of the estate or interest shall not have any right to object to the special valuation or to have served on him any notice required to be served under those sections unless he is also the taxpayer.

"(5) If, as a result of the objection, any alteration is made to the special valuation, the Valuer-General shall notify the Commissioner, who shall redetermine the unimproved value of the estate or interest accordingly.

"(6) No alteration shall be made to the district valuation roll in consequence of any special valuation made for the purposes of this section.

"(7) Notwithstanding anything in subsection (6) of this section, where the unimproved value of any estate or interest in land has been determined or redetermined pursuant to this section, that unimproved value shall be deemed for the purposes of this Act to appear on the district valuation roll in force on the 31st day of March 1970."

PART II

Income Tax

5. Application of this Part—Except where this Part of this Act otherwise provides, this Part of this Act shall apply with respect to the tax on income derived in the income year that commenced on the 1st day of April 1971 and in every subsequent year.

6. Terminating dates of taxation incentives—(1) Section 2 of the principal Act is hereby amended by inserting, after the definition of the expression "temporary building" (as inserted by section 21 (2) of the Land and Income Tax Amendment Act (No. 2) 1968), the following definition:

> " 'Terminating date', in relation to any section of this Act, means the date specified in the Third Schedule to this Act:".

(2) The principal Act is hereby further amended by adding the Third Schedule set out in the First Schedule to this Act.

(3) The enactments specified in the Second Schedule to this Act are hereby consequentially amended in the manner indicated in that Schedule.

(4) The following enactments are hereby consequentially repealed:

(a) Subsection (3) of section 20 of the Land and Income Tax Amendment Act 1969:

(b) Paragraph (b) of subsection (1) and subsection (3) of section 18, section 21, paragraph (a) of subsection (1) of section 24, subsection (1) of section 26, section 27, paragraph (b) of subsection (1) and subsection (2) of section 29, and section 31 of the Land and Income Tax Amendment Act 1970.

7. Businesses controlled by non-residents—Section 20 of the principal Act is hereby amended by adding the following subsection:

"(3) For the purposes of this Act (including this section), any profession, trade, manufacture, or undertaking which is carried on in New Zealand and which—

"(a) Is controlled in the manner and by persons referred to in paragraph (a) of subsection (1) of this section; or

"(b) Is carried on by a company referred to in paragraph (b) of that subsection or by persons referred to in paragraph (c) of that subsection—

shall, whether or not it is carried on for pecuniary profit, be deemed to be a business."

8. Income tax imposed—(1) Section 77 of the principal Act is hereby amended by adding to subsection (2) (as substituted by section 4 of the Income Tax Assessment Act 1957) the following paragraph:

"(e) Income tax shall be payable by every trustee within the meaning of section 154c of this Act on all income derived by him during the year preceding the year for which the tax is payable."

(2) Section 77 of the principal Act is hereby consequentially amended by inserting in paragraph (a) of subsection (2) (as so substituted), after the words "a Maori authority", the words "or a trustee within the meaning of section 154c of this Act".

(3) This section shall be deemed to have come into force on the 13th day of November 1970 (being the date of the passing of the Land and Income Tax Amendment Act 1970), and shall apply with respect to the tax on income derived in the income year that commenced on the 1st day of April 1970 and in every subsequent income year.

9. Rebate from tax payable on superannuation benefit—(1) The principal Act is hereby further amended by repealing section 78H (as substituted by section 7 of the Land and Income Tax Amendment Act 1969), and substituting the following section:

"78H. Where the taxable income derived in any income year by any taxpayer includes a superannuation benefit under Part I of the Social Security Act 1964, there shall be allowed as a rebate from the total amount of income tax that would be payable by the taxpayer in respect of the income derived by him in the income year if this section had not been passed (after taking into account any rebate under section 78A or section 79 of this Act) an amount equal to the smaller of—

"(a) The amount of $4.45 for each pay period (as defined in the Social Security Act 1964) in respect of which that superannuation benefit is paid:

"Provided that where the superannuation benefit in that income year is paid in respect of 13 pay periods (as so defined) ending in that income year, the amount shall be $58 in respect of the total amount so paid in respect of those pay periods:

"(b) The amount of that income tax."

(2) Section 7 of the Land and Income Tax Amendment Act 1969 is hereby consequentially repealed.

(3) Section 41 of the Land and Income Tax Amendment Act 1970 is hereby consequentially amended as from its commencement by repealing subsection (3).

(4) This section shall apply with respect to the tax on income derived in the income year that commenced on the 1st day of April 1970 and in every subsequent year.

10. Rebate from tax payable by minority shareholders in a company included in a group of companies—The principal Act is hereby further amended by inserting, after section 78K (as inserted by section 4 (1) of the Land and Income Tax Amendment Act (No. 2) 1969), the following section:

"78L. (1) Subject to the provisions of this section, this section shall apply to any taxpayer (not being a company) where, in relation to any company included in a group of companies and to any income year,—

"(a) The proportion of the paid-up capital, and of the nominal value of the allotted shares, and of the

voting power, in the company at the end of the income year held by the taxpayer and any relatives of the taxpayer, does not exceed in the aggregate one-third of the paid-up capital, or the nominal value, or the voting power, as the case may be, in the company; and

"(b) The proportion of the profits of the company for the income year to which the taxpayer and any relatives of the taxpayer would be entitled if those profits were distributed at the end of the income year would not exceed in the aggregate one-third of those profits.

"(2) This section shall not apply to any taxpayer, in relation to any company included in a group of companies and to any income year, where at the end of the income year—

"(a) The taxpayer or any relative of the taxpayer is a shareholder in any other company included in the group of companies; or

"(b) The taxpayer or any relative of the taxpayer is a shareholder in any company which is a shareholder in any other company included in the group of companies.

"(3) In this section—

" 'Additional income tax', in relation to any company included in a group of companies and to any income year, means the amount by which the income tax assessed under section 141 of this Act in respect of the income derived by the company in the income year exceeds the income tax that would have been assessed in respect of the income derived by the company in the income year if the company had not been assessed under that section.

" 'Nominee', in relation to any person, means any other person who may be required to exercise his voting power in relation to any company in accordance with the direction of the first-mentioned person, or who holds shares or debentures directly or indirectly on behalf of that first-mentioned person, or who is a trustee for that first-mentioned person:

" 'Notional dividend', in relation to any shareholder in any company included in a group of companies and to any income year, means the amount to which, in the opinion of the Commissioner, that shareholder would be entitled if an amount equal to the amount

of additional income tax payable by the company in respect of the income derived by the company in the income year were distributed to the shareholders in the company at the end of the income year on the basis of their entitlement to profits:

" 'Relative', in relation to any person, means the spouse or any parent, brother, sister, or lineal descendant of that person; and includes a trustee for any such relative.

"(4) For the purposes of this section—

"(a) Where a nominee of any person holds any paid-up capital, or any allotted shares, or any voting power in any company, or is entitled to a share of profits distributed by any company, that paid-up capital, or those allotted shares, or that voting power, or that title to profits, as the case may be, shall be deemed to be held by that person:

"(b) In ascertaining the proportion of the paid-up capital or the allotted shares held by any person in any company or the entitlement of any person to profits distributed by any company, all shares in the company which bear a fixed rate of dividend only shall be disregarded.

"(5) Where any taxpayer to whom this section applies gives notice to the Commissioner requesting that the section shall be applied in respect of any notional dividend arising from the additional income tax payable by any company included in a group of companies and attributed to the taxpayer, the Commissioner shall calculate the amount of the notional dividend, and—

"(a) The notional dividend shall be deemed to be a dividend derived by the taxpayer in the income year during which the company was assessed for the additional income tax; and

"(b) An amount equal to the notional dividend shall be deemed to have been paid to the Commissioner on behalf of the taxpayer on account of income tax, and shall be deemed to have been so paid on the date on which the taxpayer gave notice as aforesaid,—

and the Commissioner shall, notwithstanding anything in section 24 of this Act, make or amend any assessment of income tax in respect of that taxpayer and that income year accordingly.

"(6) Every notice under subsection (5) of this section shall be made in writing by or on behalf of the taxpayer not later than 12 months after the end of the income year during which the company was assessed for income tax which included any additional income tax, or within such extended period as the Commissioner, in his discretion, allows, and shall request the Commissioner to apply this section in respect of any notional dividend arising from the additional income tax and attributable to that taxpayer."

11. Special exemption in certain cases for a housekeeper—Section 83 of the principal Act (as substituted by section 5 (1) of the Land and Income Tax Amendment Act (No. 2) 1969) is hereby amended by inserting in subsection (2), after the words "every taxpayer", the words "(other than an absentee)".

12. Special exemption in respect of gifts of money and payment of school fees—Section 84B of the principal Act (as inserted by section 4 of the Land and Income Tax Amendment Act (No. 2) 1962) is hereby amended by adding to subsection (2) (as amended by section 11 of the Land and Income Tax Amendment Act (No. 2) 1968) the following paragraph:

"(l) The Food Bank of New Zealand."

13. Special exemption in respect of life insurance premiums, and other specified contributions—(1) Section 85 of the principal Act (as substituted by section 4 (1) of the Land and Income Tax Amendment Act 1966) is hereby amended by repealing the definition of the term "child" in subsection (1), and substituting the following definition:

" 'Child', in relation to a taxpayer and to any income year, means a child, step-child, or foster child of the taxpayer in respect of whom the taxpayer is entitled to a deduction by way of special exemption under section 83A or section 84 of this Act in the same income year:".

(2) Section 85 of the principal Act (as so substituted) is hereby further amended by repealing subparagraph (ii) of paragraph (d) of the definition of the expression "policy of life insurance" in subsection (1), and substituting the following subparagraph:

"(ii) Is a deferred life assurance policy on the life of a child; or".

(3) Section 85 of the principal Act (as so substituted) is hereby further amended by inserting in subsection (1) (as amended by section 7 (1) of the Land and Income Tax Amendment Act (No. 2) 1967), in their appropriate alphabetical order, the following definitions:

" 'Premium', in relation to a policy of life insurance or a policy of personal accident or sickness insurance, includes an instalment or part of a premium:

" 'Subsidised superannuation fund', in relation to any taxpayer and to any income year, means a superannuation fund to which any person employing or engaging the taxpayer or contracting for the services of the taxpayer is liable to contribute in respect of that income year."

(4) Section 85 of the principal Act (as so substituted) is hereby further amended by adding to subsection (2) the following proviso:

"Provided that where any such policy has been assigned or mortgaged for the purpose of providing security for, or for any other purpose relating to, the borrowing of money for investment in or use by any association of any of the kinds referred to in subsection (1) of section 153BB of this Act (not being a group, association, trust, fund, society, or syndicate of any of the kinds referred to in subsection (6) of the said section 153BB), the foregoing provisions of this subsection shall not apply to premiums paid in respect of that policy in any income year during the whole or any part of which that policy remained so assigned or mortgaged."

(5) Section 85 of the principal Act (as so substituted) is hereby further amended by repealing subsection (4) (as substituted by section 7 (3) of the Land and Income Tax Amendment Act (No. 2) 1967).

(6) Section 85 of the principal Act (as so substituted) is hereby further amended by repealing subsection (5), and substituting the following subsection:

"(5) The deductions by way of special exemption provided for in this section in respect of any taxpayer in any income year shall not exceed in the aggregate the sum of $700, which sum shall be increased by $21 for each month in that year, being a month during the whole of which the taxpayer is neither a contributor to the Government Superannuation Fund nor a member of a subsidised superannuation fund:

"Provided that in no case shall the deductions provided for in this section in respect of any taxpayer in any income year—

"(a) Exceed in the aggregate the sum of $950:

"(b) Exceed in the aggregate in respect of contributions to the Government Superannuation Fund or to a subsidised superannuation fund the sum of $700."

(7) The following enactments are hereby consequentially repealed:

(a) Subsection (3) of section 7 of the Land and Income Tax Amendment Act (No. 2) 1967:

(b) Section 11 of the Land and Income Tax Amendment Act 1970.

14. Exemption of dividends from income tax—(1) Section 86c of the principal Act (as inserted by section 10 (1) of the Land and Income Tax Amendment Act 1964) is hereby amended by inserting in subsection (1), after the words "companies that are exempt from income tax", the words "or from building societies under the Building Societies Act 1965".

(2) This section shall be deemed to have come into force on the 24th day of October 1969 (being the date of the passing of the Land and Income Tax Amendment Act (No. 2) 1969), and shall apply with respect to the tax on income derived in the income year that commenced on the 1st day of April 1969 and in every subsequent year.

15. Adjustment for incorrect accounting practice in previous years—The principal Act is hereby further amended by inserting, after section 92, the following section:

"92A. (1) Where the Commissioner, in calculating the assessable income of any taxpayer derived from any business in any income year (that income year being referred to in this section as the year of adjustment), is satisfied that the assessable income of that taxpayer in any income year or years (that income year or, as the case may be, those income years being referred to in this section as the preceding period) preceding the year of adjustment has been understated or overstated by reason of the profits or gains from that business having been calculated—

"(a) By reference to cash receipts or outgoings and without taking into account amounts owing to or by the taxpayer at the beginning or end of any income year in the preceding period; or

"(b) By taking into account provisions or reserves which are not deductible under this Act in calculating those profits or gains; or

"(c) Without taking into account provisions or reserves which are deductible under this Act in calculating those profits or gains; or

"(d) By incorrectly allocating or apportioning between capital and income amounts received by the taxpayer in respect of any transactions not completed at the end of any income year in the preceding period,—

the Commissioner may, in calculating the assessable income derived by the taxpayer in the year of adjustment, first determine the amount which would have been the assessable income derived in that year if the profits or gains for any income year in the preceding period had not been understated or overstated by reason of any of the matters referred to in paragraphs (a), (b), (c), and (d) of this subsection and then make adjustments to that amount for the understatement or, as the case may be, the overstatement for the preceding period—

"(e) Where paragraph (a) of this subsection applies, by adding the amounts owing to the taxpayer at the end of the preceding period and subtracting the amounts owing by the taxpayer at the end of the preceding period, being in either case the amounts referred to in that paragraph; and

"(f) Where paragraph (b) of this subsection applies, by adding the amount of the provisions or reserves at the end of the preceding period; and

"(g) Where paragraph (c) of this subsection applies, by subtracting the amount of any provisions or reserves which could have been made at the end of the preceding period; and

"(h) Where paragraph (d) of this subsection applies, by adding any amount which, by reason of the method of apportioning between capital and income previously followed, had been omitted from the income of the preceding period, and by subtracting any amount which, for the same reason, had been incorrectly included in the income of the preceding period, being in either case an amount in respect of transactions not completed at the end of the preceding period,—

and the adjusted amount shall be deemed to be the amount of the assessable income derived from the business in the year of adjustment.

"(2) Where any adjustments made in accordance with any of the provisions of paragraphs (e), (f), (g), and (h) of subsection (1) of this section increase the amount of the assessable income derived by the taxpayer from the business in the year of adjustment by more than $1,000, the Commissioner shall notify the taxpayer accordingly, and the taxpayer shall, if he so elects by notice in accordance with subsection (3) of this section (which election shall be irrevocable), be entitled—

"(a) To allocate that increase in the assessable income equally between that year of adjustment and any number of the immediately preceding income years not exceeding 3; or

"(b) Where he continues to carry on business, to allocate that increase in the assessable income equally between that year of adjustment and any number of subsequent income years not exceeding 3,—

and in either case the amount so allocated to any preceding income year or to any subsequent income year shall be deemed to be assessable income derived in that income year, and be deemed not to be assessable income derived in the year of adjustment:

"Provided that any allocation made in accordance with paragraph (b) of this subsection may be at any time cancelled by the Commissioner, and thereupon the amount so allocated, to the extent to which it has not been allocated to and assessed for any earlier income year, shall become assessable for income tax as if derived during the income year in which the allocation was cancelled.

"(3) Every notice of election under subsection (2) of this section shall be in writing, and shall be given to the Commissioner within 1 month after the Commissioner has given notice to the taxpayer in accordance with subsection (2) of this section, or within such further period as the Commissioner, in his discretion, allows in any case or class of cases.

"(4) 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 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 section shall, with any necessary modifications, apply accordingly."

16. Certain deductions not permitted—(1) Section 112 of the principal Act is hereby amended by inserting in subsection (1), after paragraph (f), the following paragraph:

"(ff) Interest payable under—

"(i) Subsection (5) of section 15 or section 52 of the Estate and Gift Duties Act 1955 or the corresponding provisions of any former Act:

"(ii) Section 52 or section 84 of the Estate and Gift Duties Act 1968 or the corresponding provisions of any former Act:

"(iii) Any enactment of any country or territory outside New Zealand imposing interest on any unpaid duty, being duty which, in the opinion of the Commissioner, is substantially of the same nature as any duty imposed by the Estate and Gift Duties Act 1968 or any corresponding former Act."

(2) Section 112 of the principal Act is hereby further amended by inserting in paragraph (g) of subsection (1), after the word "Interest", the words "(not being interest of any of the kinds referred to in paragraph (ff) of this subsection)".

(3) This section shall apply with respect to the tax for any year of assessment, whether before or after the commencement of this Act:

Provided that any assessment made on any taxpayer on or before the 15th day of September 1971 in respect of income derived by him in any income year that commenced on or before the 1st day of April 1970 shall, so far as it allows a deduction in respect of any interest of any of the kinds referred to in paragraph (ff) of subsection (1) of section 112 of the principal Act, be deemed to have been validly and lawfully made.

17. Special depreciation allowance on plant and machinery and on certain buildings—Section 114A of the principal Act (as substituted by section 7 of the Land and Income Tax Amendment Act (No. 2) 1962) is hereby amended by repealing the definition of the expression "plant or machinery" in subsection (6) (as substituted by section 12 (5) of the Land and Income Tax Amendment Act (No. 2) 1967), and substituting the following definition:

" 'Plant or machinery' includes a motorcar (as defined in subsection (1) of section 2 of the Transport Act 1962) which is used wholly or principally for the carriage of passengers, with or without goods, for hire or reward and which—

"(a) Is let on hire by a person who drives the motorcar himself or provides a driver therefor; or

"(b) Is used for the time being in a rental-service business by the holder of a rental-service licence under that Act;—

but does not include any other motorcar:".

18. Deduction of gifts of money made by companies to universities and approved institutes for education or research—Section 126A of the principal Act (as substituted by section 12 (1) of the Land and Income Tax Amendment Act (No. 2) 1969) is hereby amended by repealing subsection (2), and substituting the following subsection:

"(2) The total amount of the deduction provided for in this section shall not, in the case of any company, in any income year exceed—

"(a) The sum of $1,000; or

"(b) Five percent of the assessable income of the company for that year,—

whichever is the greater."

19. Misappropriation by partner of property entrusted to partnership—The principal Act is hereby further amended by inserting, after section 129CD (as inserted by section 2 of the Land and Income Tax Amendment Act 1967), the following section:

"129CE. Where a taxpayer carries on business in partnership, and any partner (other than the taxpayer or the spouse of the taxpayer) misappropriates any property of any kind belonging to any person (other than a partner in the partnership or the spouse of any such partner) received in the course of the business either by the partnership or by any one or more of the partners in the partnership, and the taxpayer makes any payment for the purpose of making good any loss suffered by that person as a result of that misappropriation, the Commissioner may, where he is satisfied that the taxpayer was under a legal liability to make good that loss, allow a deduction in respect of the payment so made in calculating the assessable income derived by the taxpayer in the income year in which the payment was made:

"Provided that any amount recouped by the taxpayer at any time, whether by way of insurance, indemnity, reimburse-

ment, recovery, or otherwise howsoever, in respect of any amount allowed as a deduction under this section shall be deemed to be assessable income derived by the taxpayer in the income year in which the amount was recouped."

20. Misappropriation by employees and other persons engaged for the purposes of the business of the taxpayer—(1) The principal Act is hereby further amended by inserting, after section 129CE (as inserted by section 19 of this Act), the following section:

"129CF. (1) Where a taxpayer carrying on any business incurs any loss (being a loss which has not been taken into account otherwise than under this section in calculating the assessable income of the taxpayer for any income year) in the course of the business as a result of the misappropriation of property of any kind by any person who is employed by, or renders services to, the taxpayer for the purposes of that business, the Commissioner may, in calculating the assessable income derived by the taxpayer in the year in which the loss is ascertained, or in such one or more earlier years as the Commissioner considers equitable in the circumstances, allow a deduction for the amount of that loss:

"Provided that any amount recouped by the taxpayer at any time, whether by way of insurance, indemnity, reimbursement, recovery, or otherwise howsoever, in respect of that loss shall be deemed to be assessable income derived by the taxpayer in the income year in which the amount was recouped.

"(2) Nothing in subsection (1) of this section shall apply to any misappropriation of property of any kind by any person in any case where—

"(a) That person is a relative of the taxpayer; or

"(b) The taxpayer is a company, and that person, or any relative of that person, and the taxpayer are associated persons; or

"(c) The taxpayer is a trustee of any trust, and that person created the trust, or settled any property for the purposes of the trust, or is a beneficiary under the trust."

(2) Section 3A of the principal Act (as inserted by section 5 of the Land and Income Tax Amendment Act (No. 2) 1968) is hereby consequentially amended by inserting in subsection (1), after the words "and sections 88C", the expression "129CF".

21. Losses incurred may be set off against future profits—(1) Section 137 of the principal Act is hereby amended by repealing subsection (3), and substituting the following subsections:

"(3) Notwithstanding anything in any other provision of this section, if any taxpayer, being a company having the liability of its members limited by its memorandum of association to the amount, if any, unpaid on the shares respectively held by them, claims to carry forward to any income year any loss incurred by it in any former income year, the claim shall not be allowed unless the Commissioner is satisfied that—

"(a) At the end of each of those income years not less than 40 percent in nominal value of the allotted shares in the company was held by or on behalf of the same persons; and

"(b) Where the company has paid-up capital at the end of each of those income years, not less than 40 percent of the paid-up capital at the end of each of those income years was held by or on behalf of the same persons.

"(3A) For the purposes of this section—

"(a) Shares in one company held by or on behalf of another company shall be deemed to be held by the shareholders in the last-mentioned company:

"(b) Shares held by or on behalf of the trustee of the estate of a deceased shareholder, or by or on behalf of the persons entitled to those shares as beneficiaries under the will or intestacy of a deceased shareholder, shall be deemed to be held by that deceased shareholder:

"(c) Where any company claims to carry forward a loss incurred by it in any former income year to any other income year, and the Commissioner is of the opinion that, at any time during the period commencing on the first day of the former income year and ending with the end of the other income year,—

"(i) Any shares in that company, being shares held by or on behalf of the same person at the end of both of those income years, have been subject to any transaction, or series of related or connected transactions; or

"(ii) Any shares so held have had any rights attaching to them extinguished or altered, directly or indirectly, by any means whatsoever,—

in either case for the purpose, or for purposes including the purpose, of enabling the company to meet the requirements of paragraph (a) or paragraph (b) of subsection (3) of this section, the Commissioner may, for the purposes of that subsection, deem those shares not to be held by or on behalf of the same person at the end of each of those income years."

(2) The following enactments are hereby consequentially repealed:

(a) Section 16 of the Land and Income Tax Amendment Act 1960:

(b) Section 37 of the Land and Income Tax Amendment Act 1964.

22. Assessment of companies included in a group of companies—(1) Section 141 of the principal Act (as substituted by section 27 (1) of the Land and Income Tax Amendment Act (No. 2) 1968) is hereby further amended by adding to subsection (2) the following proviso:

"Provided that this section shall not apply to any company in respect of every income year during any period for which that company has, pursuant to section 140 of this Act, been declared by the Minister of Finance to be deemed not to be a proprietary company within the meaning of this Act."

(2) Section 141 of the principal Act (as so substituted) is hereby further amended by repealing subsection (6) (as amended by section 19 (4) of the Land and Income Tax Amendment Act (No. 2) 1969), and substituting the following subsections:

"(6) The provisions of subsection (6A) of this section shall apply in any case where, in relation to a group of companies (such group being referred to in this subsection and in the said subsection (6A) as a specified group), whether or not the specified group is part of another group of companies, and to any income year,—

"(a) The same persons held at the end of that income year the whole of the paid-up capital in the same proportions in every company included in the specified group; or

"(b) In any case where one or more of the companies included in the specified group did not have paid-up capital at the end of that income year, the same persons held at the end of that income year the whole of the allotted shares in the same proportions in every company included in the specified group and also held at the end of that income year all the paid-up capital in those same proportions in such of the companies included in the specified group as had paid-up capital at the end of that income year.

"(6A) Where the provisions of subsection (6) of this section apply to any specified group and to any income year,—

"(a) Any loss carried forward pursuant to section 137 of this Act by any company included in the specified group, so far as that loss has not been deducted from or set off against the assessable income derived by that company for that income year pursuant to that section; and

"(b) Any loss (which would, apart from the provisions of this section, be carried forward pursuant to the provisions of section 137 of this Act) incurred by any company included in the specified group in that income year—

shall be deducted from the assessable income derived in that income year by each of the other companies included in the specified group, so far as the balance of that assessable income (after the deduction by each of those other companies of any loss which it is entitled to deduct under section 137 of this Act) extends, in the proportion that that balance bears to the balance of the assessable income of all those companies (after the deduction as aforesaid), and the amount of the loss of any company so deducted from the assessable income derived by any other company shall not be carried forward in accordance with section 137 of this Act."

(3) Section 141 of the principal Act (as so substituted) is hereby further amended by repealing subsection (7), and substituting the following subsection:

"(7) For the purposes of subsections (6) and (6A) of this section—

"(a) Where the capital of a company included in a group of companies is not divided into shares—

"(i) The interest of a person in the capital of the company shall be deemed to be shares in the company allotted to that person; and

"(ii) The amount of that interest shall be deemed to be the nominal value of those shares; and

"(iii) The amount paid up in respect of that interest shall be deemed to be paid-up capital held by that person in the company:

"(b) Where in relation to an income year—

"(i) A company held at the end of that income year the whole of the allotted shares in another company; and

"(ii) Where that other company had paid-up capital at the end of that income year, that first-mentioned company held the whole of that paid-up capital; and

"(iii) Those companies would not, but for this paragraph, be companies included in a group of companies—

those companies shall be deemed to be companies included in a group of companies:

"(c) The Commissioner shall be entitled, in his discretion, to disregard—

"(i) A small amount of paid-up capital or of a nominal value of shares; or

"(ii) A small number of allotted shares—

held by a person in any company included in a group of companies."

(4) Section 19 of the Land and Income Tax Amendment Act (No. 2) 1969 is hereby consequentially amended by repealing subsection (4).

(5) Subsection (1) of this section shall be deemed to have come into force on the 11th day of December 1968 (being the date of the passing of the Land and Income Tax Amendment Act (No. 2) 1968), and shall apply with respect to the tax on income derived in the income year that commenced on the 1st day of April 1968 and in every subsequent year.

23. Amounts owing under convertible notes deemed to be share capital and holders deemed to be shareholders—(1) Section 143A of the principal Act (as inserted by section 17 (1) of the Land and Income Tax Amendment Act 1960) is hereby amended by inserting in subsection (4) (as added

by section 12 of the Land and Income Tax Amendment Act (No. 2) 1962), after the words "after the 28th day of June 1962", the words "and on or before the 10th day of June 1971".

(2) Section 143A of the principal Act (as so inserted) is hereby further amended by inserting, after subsection (4) (as so added), the following subsection:

"(4A) Subsection (3) of this section shall not apply with respect to any convertible note that is issued or given by a New Zealand company on or after the 11th day of June 1971, if the total amount in respect of which the convertible note has been issued or given is required, not later than 5 years after the date on which the company has issued or given the convertible note, to be, pursuant to the terms of issue of the convertible note, converted into, or redeemed or paid by the issue of, shares or stock in the capital of the company."

(3) Section 143A of the principal Act (as so inserted) is hereby further amended by inserting in paragraph (a) and also in paragraph (b) of subsection (5) (as added by section 12 of the Land and Income Tax Amendment Act (No. 2) 1962), after the words "to which subsection (4)", the words "or subsection (4A)".

(4) Section 143A of the principal Act (as so inserted) is hereby further amended by inserting in subsection (6) (as added by section 12 of the Land and Income Tax Amendment Act (No. 2) 1962), after the words "in paragraph (b) of subsection (4)", the words "and in subsection (4A)".

24. Assessment of life insurance companies—(1) Section 149 of the principal Act (as substituted by section 30 (1) of the Land and Income Tax Amendment Act 1966) is hereby amended by repealing subsection (1), and substituting the following subsections:

"(1) This section applies to every company engaged in carrying on in New Zealand the business of life insurance, where the Commissioner is satisfied that—

"(a) The greater proportion of that business of life insurance in New Zealand consists of—

"(i) The issue of policies of life insurance upon human life in New Zealand which give the policyholders the right to participate in allotments of surplus funds by way of reversionary bonuses or otherwise; and

"(ii) The investment and management of money received by way of premiums in respect of those policies; and

"(b) Of the allotment of surplus funds for any period of that business of life insurance in New Zealand, the amount allotted by the company for the benefit of its shareholders as such does not exceed 25 percent of the amount allotted to its policyholders by way of reversionary bonuses or otherwise.

"(1A) For the purposes of paragraph (b) of subsection (1) of this section, any transfer from the life fund of the company for the benefit of its shareholders shall be deemed to be an allotment of surplus funds."

(2) Section 149 of the principal Act (as so substituted) is hereby further amended by omitting from subsection (11) the words "issued by other persons", and substituting the words "issued by other companies to which this section applies".

25. Associations engaged in acquiring, holding, or dealing in real property—(1) The principal Act is hereby further amended by inserting, after section 153B (as inserted by section 20 (1) of the Land and Income Tax Amendment Act 1960), the following section:

"153BB. (1) Subject to the provisions of this section, where the Commissioner is satisfied that any unincorporated association comprising members not less than 11 in number, whether formed before or after the commencement of this section, is engaged, whether as a partnership, trust, or otherwise howsoever, solely or principally in the activities of dealing in real property or acquiring or holding any real property with a view to the derivation from the whole or a part thereof of any rents, fines, premiums, or other revenues from any lease or licence affecting that real property or with a view to the sale or other disposal of the whole or a part of that real property, whether or not pursuant to an undertaking or scheme entered into for the purpose of making a profit and whether or not after the derivation therefrom by that association of any rents, fines, premiums, or other revenues as aforesaid or any other income whatsoever (such an association being referred to in this section as a syndicate), the following provisions shall apply for the purposes of this Act:

"(a) That syndicate shall be deemed to be a company and the term 'company' where used in this Act shall be deemed to be extended accordingly; and

"(b) The interest of the members of that syndicate in that syndicate shall be deemed to be shares in the company; and

"(c) Those members shall be deemed to be shareholders in the company; and

"(d) There shall be deemed to be paid up in respect of the shares of which any such member is deemed to be the holder an amount equal to—

"(i) The nominal amount of the interest of that member in that syndicate; or

"(ii) In any case where that interest is not paid to the trustee or person or persons managing that syndicate in full, or there is no nominal amount, the amount received by the trustee or person or persons managing that syndicate in respect of that interest (not being in respect of a transfer by that member to any other person of that interest).

"(e) No deduction shall be made, in calculating the assessable income of that syndicate, in respect of any amounts paid or payable, by way of interest or participation in profits, by that syndicate to—

"(i) Any member of that syndicate in respect of his interest in that syndicate; or

"(ii) The spouse or an unmarried infant child of any such member or a prescribed company or a prescribed trust in respect of any loan made to that syndicate.

"(2) For the purposes of this section—

"(a) The reference in subparagraph (i) of paragraph (e) of subsection (1) of this section to the interest of a member of a syndicate in that syndicate shall be deemed to include a reference to any loan made by that member to that syndicate:

"(b) The term 'loan' includes an advance, a deposit, money otherwise let out, and a credit given (including the forbearance of a debt), whether, in each case, on current account or otherwise:

"(c) The expression 'prescribed company', in relation to any syndicate, means a company which is under the control of any one or more of the following persons, namely, a member of that syndicate, the spouse of any such member, an unmarried infant

child of any such member, the trustee of a prescribed trust in relation to that syndicate, and nominees of any such persons:

"(d) The expression 'prescribed trust', in relation to any syndicate, means a trust under which a member of that syndicate or the spouse or an unmarried infant child of any such member or a prescribed company in relation to that syndicate is a beneficiary:

"(e) The term 'child' includes a step-child and a foster child:

"(f) Subject to paragraphs (b) and (c) of subsection (5) of this section, every reference in this section to real property shall be deemed to include a reference to any estate or interest of any tenure in real property or in land and any structure or building erected on, or any other improvement effected to, that land, whether by a syndicate or any other person:

"(g) Every reference in this section to acquiring real property shall be deemed to include a reference to entering into a binding contract to acquire real property:

"(h) Subject to paragraph (a) of subsection (5) of this section, a syndicate shall be deemed to have been formed when all the persons who are to constitute that syndicate have entered into a binding contract to form that syndicate, whether or not any real property has been acquired by or on behalf of the syndicate at that time.

"(3) Where the question arises under subsection (1) of this section as to whether the members of an association are not less than 11 in number or any question arises under subparagraph (i) or subparagraph (ii) of paragraph (a) of subsection (5) of this section as to the number of members of a syndicate, then for the purpose of determining any of the said questions (but for no other purpose) the following provisions shall apply:

"(a) Where a company is a member of that association or of that syndicate (or is deemed to be a member under this paragraph or under paragraph (b) of this subsection), each shareholder for the time being in that company (or, where that company is being wound up, each shareholder in that company at the commencement of the winding up) shall be deemed to be a member of that association or of

that syndicate, and shall be deemed to hold an interest in that association or in that syndicate in the same manner and capacity as he holds his shares in that company:

"Provided that this paragraph shall not apply to any company which is not beneficially entitled to any of the interest held or deemed to be held by it in that association or in that syndicate:

"(b) Where—

"(i) A member of that association or of that syndicate is not beneficially entitled to the whole of the interest held by that member in that association or in that syndicate; or

"(ii) Any shareholder deemed to be a member of that association or of that syndicate under paragraph (a) of this subsection is not beneficially entitled to the whole of the interest deemed to be held by that shareholder in that association or in that syndicate under that paragraph,—

the persons in trust for whom, or on whose behalf, or for whose benefit the whole or any part of that interest is held by that member or is deemed to be held by that shareholder, shall be deemed to be members of that association or of that syndicate:

"Provided that this paragraph shall not apply to the extent that any interest in that association or in that syndicate is held or is deemed to be held by any trust, society, or institution established for charitable purposes and not carried on for the private pecuniary profit of any individual, or is held or is deemed to be held in trust for, or on behalf of, or for the benefit of the persons comprising any group, association, trust, fund, or society referred to in any of the paragraphs (a), (b), and (c) of subsection (6) of this section, or comprising any other association or any association of a specified kind that is declared by the Governor-General, by Order in Council under paragraph (e) of that subsection, not to be an association to which this section applies:

"(c) Where the shareholders in a company are deemed to be members of that association or of that syndicate under paragraph (a) of this subsection, the company shall be deemed not to be a member of that association or of that syndicate:

"(d) Where any member of that association or of that syndicate or any shareholder deemed to be a member of that association or of that syndicate under paragraph (a) of this subsection is not beneficially entitled to any part of the interest held by that member or deemed to be held by that shareholder in that association or in that syndicate, and the persons in trust for whom, or on whose behalf, or for whose benefit the whole or any part of that interest is held or deemed to be held are deemed to be members of that association or of that syndicate under paragraph (b) of this subsection, that member or that shareholder shall be deemed not to be a member of that association or of that syndicate:

"(e) Where, as a result of the foregoing provisions of this subsection, any person (other than a company or a person who is not beneficially entitled to any of the interest held by him in that association or in that syndicate)—

"(i) Being a member of that association or of that syndicate, is also deemed to be a member of that association or syndicate; or

"(ii) Is deemed to be a member of that association or of that syndicate more than once,—

that person shall be counted as only 1 member of that association or of that syndicate.

"(4) This section shall not apply to any syndicate (being a syndicate formed before the 3rd day of September 1971) in relation to any income year where that syndicate did not, in the period commencing with the 3rd day of September 1971 and ending with the end of that income year, acquire any real property, other than real property—

"(a) Which was specifically named in the deed or other document under which that syndicate was formed; and

"(b) Which that syndicate was formed to acquire; and

"(c) Which was acquired by that syndicate before the 1st day of April 1972.

"(5) For the purposes of subsection (4) of this section—

"(a) A syndicate of the kind referred to in that subsection shall be deemed to continue in existence as that syndicate notwithstanding a variation on or after the 3rd day of September 1971 in the constitution of that syndicate by reason of—

"(i) A reduction in the number of the members of that syndicate (the number as so reduced being not less than 11); or

"(ii) The transfer by any member of that syndicate of his interest in that syndicate to any other person without increasing the number of the members of that syndicate:

"(b) For the purposes of determining whether any unit of real property (not being real property of the kind referred to in paragraphs (a), (b), and (c) of that subsection) has been acquired by a syndicate in the period commencing with the 3rd day of September 1971 and ending with the end of an income year, no account shall be taken of any structure or building erected in that period by that syndicate on, or of any other improvement effected in that period by that syndicate to, any land, being land which is comprised in that unit of real property and which was acquired by that syndicate before the commencement of that period:

"(c) For the purpose of determining whether any unit of real property (being real property of the kind referred to in paragraphs (a) and (b) of that subsection) has been acquired by a syndicate before the 1st day of April 1972, no account shall be taken of any structure or building erected on or after that date by that syndicate on, or of any other improvement effected on or after that date by that syndicate to, any land, being land which is comprised in that unit of real property and which was acquired by that syndicate before that date.

"(6) This section shall not apply to—

"(a) Any group of Maoris associated as legal or equitable beneficial holders of any estate or interest in any Maori customary or Maori freehold land as defined in the Maori Affairs Act 1953; or

"(b) Any group or association of persons whose interest in or acquisition of real property is derived directly from a testamentary disposition or under an intestacy, whether in either case by way of a trust or otherwise; or

"(c) Any trust, fund, or society referred to in any of the paragraphs (a) to (f) of the definition of the expression 'unit trust' in subsection (1) of section 153B of this Act; or

"(d) Any syndicate engaged solely or principally—

"(i) In the business of operating a hostel, hotel, motel, or motor camp, or any 2 or more of them; or

"(ii) In the operation of any farming, agricultural, or forestry business, or in deriving rents, fines, premiums, or other revenues from the leasing or licensing of real property which is used solely or principally for farming, agricultural, or forestry purposes:

"(e) Any other association or any association of any specified kind that is declared by the Governor-General, by Order in Council, not to be an association to which this section applies."

(2) Section 4 of the principal Act is hereby amended by inserting in subsection (1), after paragraph (i) (as inserted by section 20 (2) of the Land and Income Tax Amendment Act 1960), the following paragraphs:

"(j) All income of an association to which section 153BB of this Act applies distributed to any member of that association, and all other payments to and transactions with any such member in relation to his interest in that association which, if made to or with a shareholder in relation to shares in a company, would be dividends under any provision of this Act:

"(k) All payments, by way of interest or participation in profits, made by an association to which section 153BB of this Act applies to any member of that association in respect of any loan within the meaning of that section made by that member to that association:

"(l) All payments, by way of interest or participation in profits, made by an association to which section 153BB of this Act applies to the spouse or an unmarried infant child (including a step-child and a foster child) of any member of that association or to a prescribed company within the meaning of that section or to a prescribed trust within the meaning of that section in respect of any loan within the meaning of that section made to that association;—"

(3) Section 153B of the principal Act (as so inserted) is hereby amended by adding to the definition of the expression "unit trust" in subsection (1) the following paragraph:

"(h) Any association to which section 153BB of this Act applies."

(4) Section 172C of the principal Act (as inserted by section 15 of the Land and Income Tax Amendment Act (No. 2) 1958) is hereby amended by adding the following paragraph:

"(m) Any association to which section 153BB of this Act applies."

26. New sections (relating to mining companies) substituted—The principal Act is hereby further amended by inserting, after section 153D (as inserted by section 20 of the Land and Income Tax Amendment Act (No. 2) 1967), the following heading and sections:

"Mining Companies

"153E. Interpretation—(1) For the purposes of this section and sections 153F, 153G, 153H, and 153I of this Act—

" 'Assessable income from mining', in relation to any mining company and to any income year, means so much of the assessable income derived by that company in that income year as is derived from the mining operations or the associated mining operations of that company in that income year:

" 'Associated mining operations' means any operations which are carried on in New Zealand in association with mining operations and which consist of—

"(a) Where the products of the mining operations are specified minerals, the accumulation, initial treatment, and transport of those products up to the stage where, in the opinion of the Commissioner, those products—

"(i) Are in a saleable form and location suitable for acquisition by a purchaser; or

"(ii) Are ready to be processed beyond the initial treatment or to be used in a manufacturing operation; or

"(b) Where the product of the mining operations is petroleum,—

"(i) The recovery of casinghead spirit from natural gas; or

"(ii) The transportation of crude petroleum, casinghead spirit, or natural gas, by pipeline or otherwise, from the point of production to any gathering tank, storage

tank, refinery, railway, seaport, or other bulk terminal within New Zealand, or from any such terminal to any other such terminal; or

"(iii) The storage of crude petroleum, casinghead spirit, or natural gas; or

"(iv) The treatment of crude petroleum, casinghead spirit, or natural gas for the purpose of rendering it suitable for storage or for transportation in accordance with subparagraph (ii) of this paragraph—

but does not include any petroleum refining operations or any operations in connection with the establishment of a petroleum refinery:

" 'Development expenditure', in relation to a mining company, means any development expenditure which, in the opinion of the Commissioner, was incurred by that company in respect of its mining operations or associated mining operations; and includes any expenditure which, in the opinion of the Commissioner, was incurred by that company on—

"(a) The acquisition of land as a site for any of that company's mining operations or associated mining operations:

"(b) The preparation of a site for any of that company's mining operations or associated mining operations, or the restoration of the site during or following such operations:

"(c) Buildings, mineshafts, tunnels, wells, platforms or other improvements, plant or machinery (including vehicles), production equipment or facilities, or storage facilities necessary, in each case, for the carrying on by that company of its mining operations or associated mining operations:

"(d) Vessels or aircraft for use wholly or principally for the purposes of—

"(i) That company's mining operations or associated mining operations in relation to specified minerals; or

"(ii) That company's mining operations or associated mining operations in relation to petroleum, being operations within a field of production of petroleum or in waters extending from an off-shore field of production of petroleum direct to the shore

or for the purpose of inspection or maintenance of any pipeline in New Zealand that is for use for the purpose of the transport of petroleum; or

"(iii) A combination of the operations referred to in subparagraphs (i) and (ii) of this paragraph:

"(e) The provision, or by way of contribution to the cost of the provision, of water, light, fuel, power, or communication equipment for use on, or access to, or communication with, the site of any of that company's mining operations or associated mining operations:

"(f) Buildings or facilities—

"(i) Which are for use in the housing, education, or welfare of, or the supply of meals to, any employees (being employees of that company engaged in, or in connection with, its mining operations or associated mining operations) or dependants of such employees; and

"(ii) Which are situated at, or adjacent to, the site of any of that company's mining operations,—

not being buildings or facilities provided for the purpose of deriving assessable income:

"(g) The provision, or by way of contribution to the cost of the provision, of water, light, fuel, power, or communication equipment for use in, or access to, or communication with, the buildings or facilities specified in paragraph (f) of this definition—

but does not include—

"(h) Any expenditure on, or in relation to, the transportation of crude petroleum, casinghead spirit, or natural gas, by pipeline or otherwise, not being expenditure incurred on, or in relation to,—

"(i) The transportation of any such product within a field of production of that product or from an off-shore field of production of that product direct to the shore; or

"(ii) The inspection or maintenance of any pipeline in New Zealand that is for use for the purpose of the transport of any such product; or

"(i) Any expenditure on, or in relation to, any office building that is not situated at, or adjacent to, the site of any of that company's mining operations:

" 'Exploration expenditure', in relation to any mining company, means any expenditure which, in the opinion of the Commissioner, was incurred by that company on exploring or searching in New Zealand for any specified mineral or petroleum; and includes any expenditure which, in the opinion of the Commissioner, was incurred by that company, in relation to such exploring or searching, on—

"(a) The acquisition of any mining or prospecting right or any mining or prospecting information:

"(b) Geological mapping, geophysical surveys, systematic search for areas containing specified minerals or petroleum, or search by drilling within those areas:

"(c) The search for ore containing any specified mineral within or in the vicinity of an ore body by drives, shafts, crosscuts, winzes, rises, or drilling—

but does not include—

"(d) Any development expenditure; or

"(e) Any expenditure on operations in the course of working a mining property:

" 'Initial treatment', in relation to specified minerals, means—

"(a) Cleaning, leaching, crushing, grinding, breaking, screening, grading, or sizing:

"(b) Concentration:

"(c) Any other treatment that is applied before concentration or, in the case of a specified mineral not requiring concentration, that would, if the specified mineral had required concentration, have been applied before concentration—

but does not include—

"(d) Sintering or calcining; or

"(e) The production of, or processes carried on in connection with the production of, alumina, or pellets or other agglomerated forms of iron:

" 'Mining operations', in relation to a mining company, means operations—

"(a) Which are carried on by that company on a mining property in New Zealand; and

"(b) Which consist of exploring or searching for or mining any one or more specified minerals or

petroleum or performing development work relating to such exploring or searching or mining; and

"(c) Which are carried on by that company for the purpose of deriving assessable income:

" 'Mining or prospecting information' means any geological, geophysical, or technical information that relates to, or is likely to be of assistance in determining, the presence, absence, extent, or volume in any area of deposits of specified minerals or of petroleum:

" 'Mining or prospecting right' means any right, privilege, licence, permit, option, title, easement, authority, concession, or lease relating to exploring, prospecting, or mining for, or carrying on any operations for the recovery of, any specified mineral or petroleum:

" 'Specified mineral' means any of the following minerals:

"(a) Alumina minerals (such as bauxite, gibbsite, diaspore, and corundum), aluminous refractory clays and fireclays containing in either case over 30 percent alumina in the fired state, andalusite, antimony, asbestos, barite, bentonite, bituminous shale, chromite, copper, diatomite, dolomite, feldspar, gold, halloysite, kaolin, kyanite, lead, magnesite, manganese, mercury, mica, molybdenite, nickel, perlite, phosphate, platinum group, pyrite, silica in lump form used only in the production of silicon metal or ferro silicon, sillimanite, silver, sodium chloride, sulphur, talc, tin, titanium, titanomagnetite, tungsten, uranium, wollastonite, zinc, or zircon; or

"(b) Any other mineral which is declared by the Minister of Finance to be a specified mineral for the purposes of this section.

"(2) The Minister of Finance may, by notice in the *Gazette,* declare to be a specified mineral for the purposes of subsection (1) of this section any mineral which in his opinion is or will be of importance—

"(a) In the industrial development of New Zealand; or

"(b) As a means of reducing the quantity of industrial minerals or industrial rock required to be imported into New Zealand; or

"(c) As an item of export from New Zealand.

"153F. Assessment of companies engaged in exploring, searching for, or mining certain minerals or petroleum—

(1) This section shall apply notwithstanding anything in any other provision of this Act.

"(2) This section shall apply to any New Zealand company in respect of which the Commissioner is satisfied—

"(a) That its sole or principal source of income is the business of mining in New Zealand any specified mineral or petroleum or any combination of 2 or more specified minerals or of any 1 or more specified minerals and petroleum; or

"(b) That it carries on, or proposes to carry on, in New Zealand, as its sole or principal undertaking, the activities of exploring or searching for or mining any specified mineral or petroleum or any combination of 2 or more specified minerals or of any 1 or more specified minerals and petroleum, or performing development work relating to such exploring or searching or mining, not being activities so carried on or, as the case may be, so proposed to be carried on by that company as a service to any other person for reward unless the Commissioner is satisfied that that reward is solely or principally—

"(i) Related to and dependent upon the production of that specified mineral or, as the case may be, of that petroleum or of that combination; or

"(ii) By way of participation in profits from the production of that specified mineral or, as the case may be, of that petroleum or of that combination.

"(3) A company to which this section applies is referred to in this Act as a mining company.

"(4) Subject to this section, every mining company shall be assessable and liable for income tax as if it were not a mining company.

"(5) For the purposes of this section, the assessable income derived by a mining company shall be divided into the following classes:

"(a) Assessable income from mining:

"(b) Assessable income other than from mining.

"(6) Where—

"(a) In any income year a mining company has incurred any expenditure or loss which is deductible under this Act (including this section), that expenditure or loss shall, to the extent that it is incurred in gaining or producing assessable income from mining, be first deducted, so far as may be, in calculating the assessable income from mining derived

by that company in that income year, and any excess (such an excess being referred to in this section as a mining outgoing excess) shall, so far as may be but only to the extent of an amount not exceeding two-thirds of that mining outgoing excess, be deducted in calculating the assessable income other than from mining derived by that company in that income year:

"(b) In any income year a mining company has incurred any expenditure or loss which is deductible under this Act (including this section), that expenditure or loss shall, to the extent that it is incurred in gaining or producing assessable income other than from mining, be first deducted, so far as may be, in calculating the assessable income other than from mining derived by that company in that income year, and any excess (such an excess being referred to in this section as a non-mining outgoing excess) shall, so far as may be, be deducted in calculating that assessable income from mining derived by that company in that income year.

"(7) Where, in relation to any income year, any products, being products—

"(a) Resulting from mining operations carried on by that company; or

"(b) Where that company also carried on associated mining operations in respect of those products, resulting from a combination of those mining operations and those associated mining operations,—

are, instead of being sold or otherwise disposed of in the state in which those products resulted from those mining operations or, as the case may be, that combination of operations, processed by that company beyond that state or used in a manufacturing activity carried on by that company, the Commissioner may, for the purpose of calculating the assessable income from mining and the assessable income other than from mining derived by that company in that income year, as he considers appropriate in the circumstances of the particular case, either—

"(c) Apportion the gross income derived by that company in that income year from the sale or other disposal of those products, with such apportionment of the value of stock of those products on hand at the beginning and at the end of that income year as

may be appropriate; and for the purposes of the foregoing provisions of this paragraph, the Commissioner may take into account the capital employed or the expenditure or losses incurred in, or the extent of, the successive steps of production involving, in relation to those products, the mining operations, associated mining operations, and subsequent processing or use in a manufacturing activity as aforesaid; or

"(d) Have regard to the amount which, in his opinion, would have been—

"(i) The value received or receivable for such of those products as have been sold or otherwise disposed of in that income year if they had been sold or otherwise disposed of in that income year to a wholly independent person in the state in which they resulted from those mining operations or, as the case may be, that combination of operations; and

"(ii) The value of such of those products as were on hand at the end of that income year if they had been valued for the purposes of section 98 of this Act in the state in which they resulted from those mining operations or, as the case may be, that combination of operations—

and in either case the Commissioner may take into account such other matters which he considers relevant.

"(8) Where a mining company has incurred in any income year any exploration expenditure or development expenditure (whether or not as consideration paid or payable for the acquisition of an asset), the Commissioner may, subject to subsection (13) of this section, allow a deduction for that income year in respect of that expenditure and the amount so allowed as a deduction shall be deemed to be expenditure incurred in gaining or producing assessable income from mining, and paragraph (a) of subsection (6) of this section shall apply accordingly in respect of that amount.

"(9) Where a mining company has, during or within 2 months after the end of any income year or within such extended period as the Commissioner, in his discretion, allows, made an appropriation of income (being income derived or deemed to be derived by that company in that income year) for the purposes of exploration expenditure or development expenditure—

"(a) The Commissioner may, if that company makes an election in that behalf, allow a deduction for that income year in respect of so much of the sum which is so appropriated but which is not expended in that income year as he is satisfied will be, or is likely to be, expended by that company on such expenditure not later than the end of the second of the 2 income years immediately succeeding that first-mentioned income year, and any amount so allowed as a deduction shall be deemed to be expenditure incurred by that company in that first-mentioned income year in gaining or producing assessable income from mining, and paragraph (a) of subsection (6) of this section shall apply accordingly in respect of that amount; and

"(b) An amount equal to any amount allowed as a deduction under paragraph (a) of this subsection shall be deemed to be assessable income from mining derived by that company in the income year immediately succeeding that first-mentioned income year:

"Provided that, where that company has ceased to be a mining company at or before the end of the income year immediately succeeding that first-mentioned income year, it shall be treated, for the purposes of paragraph (b) of this subsection, as if it had not so ceased to be a mining company.

"(10) For the purposes of this Act—

"(a) Where a deduction has been allowed to a mining company under this section in respect of any exploration expenditure or development expenditure, no other deduction shall be allowed under this Act—

"(i) In respect of that expenditure; or

"(ii) Except as expressly provided in this section to that company by way of depreciation, or otherwise in respect of the cost, in relation to any asset acquired as a result of that expenditure:

"(b) Where a deduction has been allowed to a mining company under section 27 of the Land and Income Tax Amendment Act 1971 in respect of the amount of arrears of exploration expenditure and development expenditure within the meaning of that section, no other deduction shall be allowed under this Act in respect of that amount of arrears:

"(c) Except as expressly provided in this section no deduction shall be allowed under this Act to any company by way of depreciation, or otherwise in respect of the cost, in relation to any asset acquired by it as a result of any exploration expenditure or development expenditure referred to in paragraph (a) of subsection (3) of the said section 27.

"(11) Where a mining company has acquired any asset as a result of any exploration expenditure or development expenditure, and that asset is subsequently used wholly or principally by that company for the purpose of gaining or producing assessable income other than assessable income from mining, the following provisions shall apply:

"(a) An amount equal to such amount as the Commissioner determines, in such manner as he thinks fit, was the value of that asset at the date on which it commenced to be used for that purpose shall be deemed to be assessable income from mining derived by that company in the income year in which that date falls; and

"(b) Where that company has ceased to be a mining company at or before the end of that income year, it shall be treated, for the purposes of paragraph (a) of this subsection, as if it had not so ceased to be a mining company; and

"(c) Subsection (10) of this section shall not apply so as to preclude the Commissioner from allowing, in his discretion, so long as that asset continues to be used for that purpose, such deductions by way of depreciation in respect of that asset (being deductions permissible under this Act) as he thinks fit, but in no case exceeding in the aggregate the value referred to in paragraph (a) of this subsection.

"(12) Where—

"(a) A mining company has acquired any asset (including any mining or prospecting information or any mining or prospecting right) as a result of any exploration expenditure or development expenditure; and

"(b) That company has at any time sold or otherwise disposed of that asset to any person,—

an amount equal to the value of the consideration received or receivable by that company for the sale or other disposal of that asset shall, subject to subsection (13) of this section, be deemed to be assessable income from mining derived by that

company in the income year in which that asset was sold or otherwise disposed of.

"(13) For the purposes of subsections (8) and (12) of this section, the following provisions shall apply in relation to the acquisition or, as the case may be, the sale or other disposal of an asset by a mining company:

"(a) Where that mining company and the person from whom it acquired that asset or, as the case may be, the person to whom it sold or otherwise disposed of that asset are associated persons, the value of the consideration paid or payable or, as the case may be, of the consideration received or receivable by that mining company for that asset shall be deemed to be an amount equal to such amount as the Commissioner determines, in such manner as he thinks fit, was the value of that asset at the date on which that mining company acquired or, as the case may be, sold or otherwise disposed of that asset:

"(b) Where—

"(i) The whole or a part of the consideration paid or payable or, as the case may be, of the consideration received or receivable by that mining company for that asset is, or is to be, satisfied by the allotment or transfer of any shares in a company or by the giving of credit in respect of the whole or a part of the amount unpaid on any shares in a company; and

"(ii) That mining company and the person from whom it acquired that asset or, as the case may be, the person to whom it sold or otherwise disposed of that asset are not associated persons,—

the value of that consideration or, as the case may be, of that part of the consideration shall be deemed to be such value as is agreed in that behalf between that mining company and that person:

"Provided that, failing such agreement or where the Commissioner is of the opinion that the value so agreed is unreasonable, the value of that consideration or, as the case may be, of that part of that consideration shall be deemed to be such amount as the Commissioner determines in such manner as he thinks fit.

"(14) For the purposes of this Act—

"(a) Where a mining company has acquired an asset as a result of exploration expenditure or development expenditure, the person from whom it acquired that asset shall be deemed to have sold or otherwise disposed of that asset at an amount equal to the value of the consideration paid or payable by that company as determined in accordance with the provisions of subsections (8) and (13) of this section:

"(b) Where a company referred to in subsection (12) of this section has sold or otherwise disposed of an asset of the kind referred to in that subsection, the person who acquired that asset from that company shall be deemed to have acquired that asset at an amount equal to the value of the consideration received or receivable by that company as determined in accordance with the provisions of subsections (12) and (13) of this section.

"(15) Where, in accordance with section 137 of this Act, a mining company is entitled to claim that a loss incurred in any income year (that income year being referred to in this subsection as the year of loss) shall be carried forward and deducted from or set off against the assessable income derived by that company in subsequent income years, that section shall apply subject to the following provisions:

"(a) Where the loss arises solely from a mining outgoing excess in the year of loss, the amount which may be carried forward and deducted from or set off against the assessable income derived by that company in subsequent income years shall not exceed an amount calculated in accordance with the following formula: $a - b$

where—

a is the amount of the mining outgoing excess in the year of loss; and

b is 150 percent of so much of the amount of that mining outgoing excess as is deducted, in accordance with paragraph (a) of subsection (6) of this section, in calculating the assessable income other than from mining derived by that company in the year of loss:

"(b) Subject to paragraph (a) of this subsection, the loss shall, to the extent that it arises from a mining outgoing excess in the year of loss, be first deducted

from or set off against the assessable income from mining derived by that company in the first income year after the year of loss, so far as that income extends, and, subject to paragraph (c) of this subsection, any balance shall, so far as may be, be deducted from or set off against the assessable income other than from mining derived by that company in that first income year, and, so far as that balance cannot then be deducted or set off, it shall be deducted from or set off against the assessable income from mining derived by that company in the second income year after the year of loss, so far as that income extends, and, subject to paragraph (c) of this subsection, any balance then remaining shall, so far as may be, be deducted from or set off against the assessable income other than from mining derived by that company in that second year, and so on:

"Provided that, where, in accordance with the foregoing provisions of this paragraph, an amount is to be deducted from or set off against the assessable income other than from mining derived by that company in any income year after the year of loss, that amount shall be first reduced by an amount equal to one-third thereof, and the amount by which that first-mentioned amount is so reduced shall be deemed not to be a loss to which section 137 of this Act applies:

"(c) The loss shall, to the extent that it arises from a non-mining outgoing excess in the year of loss, be first deducted from or set off against the assessable income other than from mining derived by that company in the first income year after the year of loss, so far as that income extends, and, subject to paragraph (b) of this subsection, any balance shall, so far as may be, be deducted from or set off against the assessable income from mining derived by that company in that first income year, and, so far as that balance cannot then be deducted or set off, it shall be deducted from or set off against the assessable income other than from mining derived by that company in the second year after the year of loss, so far as that income extends, and, subject to paragraph (b) of this subsection, any balance then remaining shall, so far as may be, be deducted from

or set off against the assessable income from mining derived by that company in that second income year, and so on:

"(d) Where—

"(i) That company is entitled, in accordance with the foregoing provisions of this subsection, to carry forward any amount and deduct it from, or set it off against, the assessable income from mining or, as the case may be, the assessable income other than from mining derived by that company in any income year; and

"(ii) That company has ceased to be a mining company at or before the end of that income year,—

it shall be treated, for the purposes of those provisions, as if it had not so ceased to be a mining company.

"(16) For the purposes of this section—

"(a) Where, by reason of any expenditure or loss incurred by a mining company in any income year in gaining or producing assessable income other than from mining being deducted, in accordance with paragraph (b) of subsection (6) of this section, in calculating the assessable income from mining derived by that company in that income year, instead of being deducted from or set off against the assessable income other than from mining derived by that company in an income year after that income year, the Commissioner is of the opinion that that company is at an unfair disadvantage, for the purposes of that subsection, the Commissioner may, on application made by that company within 8 years after the end of that first-mentioned income year, or within such extended period as the Commissioner, in his discretion, allows, and notwithstanding anything in section 24 of this Act, make such adjustments for the purposes of the said subsection (6) in respect of that first-mentioned income year and any 1 or more of the 8 income years immediately succeeding that first-mentioned income year as he considers equitable to meet the special circumstances of the case:

"(b) Where, by reason of any amount being, in accordance with paragraph (c) of subsection (15) of this

section, deducted from or set off against the assessable income from mining derived by a mining company in any income year, instead of being deducted from or set off against the assessable income other than from mining derived by that company in an income year after that income year, the Commissioner is of the opinion that that company is at an unfair disadvantage, for the purposes of that subsection, the Commissioner may, on application made by that company within 8 years after the end of that first-mentioned income year, or within such extended period as the Commissioner, in his discretion, allows, and notwithstanding anything in section 24 of this Act, make such adjustments for the purposes of the said subsection (15) in respect of that first-mentioned income year and any 1 or more of the 8 income years immediately succeeding that first-mentioned income year as he considers equitable to meet the special circumstances of the case:

"(c) Where a mining company has commenced or recommenced to use any asset for the purpose of gaining or producing assessable income from mining, being an asset which immediately before that commencement or, as the case may be, that recommencement was being used by that company for the purpose of gaining or producing assessable income other than assessable income from mining, the Commissioner may make such adjustments in respect of the income year in which that company commenced or, as the case may be, recommenced to use that asset for the purpose of gaining or producing assessable income from mining as he considers equitable, having regard to any deductions allowed to that company by way of depreciation, or otherwise in respect of the cost, in relation to that asset and to any other matters which he considers relevant:

"(d) Where—

"(i) Section 152 or section 153 of this Act (as in force before the commencement of this section) applied to a mining company in respect of the income year that ended with the 31st day of March 1971; and

"(ii) That company acquired any asset as a result of any exploration expenditure or development

expenditure referred to in paragraph (a) of subsection (3) of section 27 of the Land and Income Tax Amendment Act 1971—

the following provisions shall apply:

"(iii) Subsection (11) of this section shall, with any necessary modifications, apply to that company as if every reference to an asset in that subsection included a reference to an asset referred to in subparagraph (ii) of this paragraph, being an asset used by that company wholly or principally for the purpose of gaining or producing assessable income other than assessable income from mining in the income year ending with the 31st day of March 1972 or in any subsequent year:

"(iv) Subsections (12) and (13) of this section shall, with any necessary modifications, apply to that company as if every reference in the said subsection (12) to an asset and every reference in the said subsection (13) to an asset which is sold or otherwise disposed of included a reference to an asset referred to in subparagraph (ii) of this paragraph, being an asset which is sold or otherwise disposed of by that company in the income year ending with the 31st day of March 1972 or in any subsequent year:

"(v) Paragraph (b) of subsection (14) of this section shall, with any necessary modifications, apply to any person who acquires from that company an asset referred to in subparagraph (ii) of this paragraph as if every reference in the said paragraph (b) to an asset included a reference to an asset referred to in subparagraph (ii) of this paragraph, being an asset acquired by that person in the income year ending with the 31st day of March 1972 or in any subsequent year.

"(17) Every reference in this section to an income year shall, where the company furnishes a return of income under section 8 of this Act 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 section shall, with all necessary modifications, apply accordingly.

"(18) Where, in relation to any income year, a company is a mining company, section 138 of this Act shall not apply so as—

"(a) To make that mining company assessable for income tax in respect of any proprietary income derived by it in that income year from any other company; or

"(b) To make any other company assessable for income tax in respect of any proprietary income derived by it in that income year from that mining company.

"(19) Where, in relation to any income year, a company is a mining company,—

"(a) None of the provisions of section 141 of this Act shall apply with respect to that company in relation to that income year; and

"(b) That company shall not be included in a group of companies for the purposes of that section in relation to that income year.

"(20) Where—

"(a) But for subsection (19) of this section a mining company and a holding company within the meaning of section 153I of this Act (not being a mining company) would be included in a specified group for the purposes of subsection (6A) of section 141 of this Act in relation to an income year; and

"(b) That mining company has derived assessable income in that income year in excess of any loss carried forward by that mining company to that income year pursuant to section 137 of this Act; and

"(c) That holding company has incurred a loss in that income year, being a loss which has been calculated without taking into account any deduction allowed or allowable to that holding company under the said section 153I in respect of the amount written off from any loan made by that holding company to that mining company,—

the amount of that loss (as so calculated) may, to the extent that it cannot be deducted under subsection (6A) of section 141 of this Act from the assessable income derived in that income year by any other company or companies (being a company or companies which together with that holding company are included in a specified group for the purposes of the said subsection (6A) in relation to that income year), be deducted from the amount by which the assessable income derived by that mining company in that income year exceeds any loss carried forward by that mining company to

that income year pursuant to the said section 137, and the amount so deducted from that excess shall not be carried forward pursuant to the said section 137:

"Provided that where, by reason of an amount being, in accordance with the foregoing provisions of this subsection, deducted from the assessable income derived by that mining company in that income year, instead of being deducted from or set off against the assessable income derived by that holding company in an income year after that year, the Commissioner is of the opinion that adjustment is warranted for the purposes of this subsection, the Commissioner may, on application made by that holding company within 8 years after the end of that first-mentioned income year, or within such extended period as the Commissioner, in his discretion, allows, and notwithstanding anything in section 24 of this Act, make such adjustments for the purposes of this subsection, in relation to that holding company and that mining company, in respect of that first-mentioned income year and any 1 or more of the 8 income years immediately succeeding that first-mentioned income year as he considers equitable to meet the special circumstances of the case.

"**153G. Partial exemption of mining companies**—(1) For the purposes of this section, the expression 'taxable income from mining', in relation to any mining company and to any income year, means so much of the total taxable income of that company for that income year as is attributable to assessable income from mining.

"(2) Unless otherwise provided in the annual taxing Act for any year, the amount of income tax payable by any mining company in respect of its taxable income from mining for any income year shall be two-thirds of the amount that would, but for this subsection, be payable by that company in respect of that taxable income from mining.

"(3) For the purposes of subsection (2) of this section, the amount of income tax that would, but for that subsection, be payable by any mining company in respect of its taxable income from mining for any income year shall be an amount calculated in accordance with the following formula:

$$\frac{a}{b} \times c$$

where—

a is the amount of the taxable income from mining of that company for that income year; and

b is the amount of the total taxable income of that company for that income year; and

c is the amount of income tax that would, but for the said subsection (2), be payable by that company in respect of its total taxable income for that income year.

"**153H. Profit or gain from sale of mining shares**—(1) For the purposes of this section—

" 'Mining purposes' means—

"(a) Subscribing for, or paying calls on, shares in any mining holding company or in any mining company; or

"(b) Making loans to a mining company for the purposes of enabling the mining company to carry on mining operations or associated mining operations, or to finance exploration expenditure or development expenditure of the mining company; or

"(c) Making loans to a mining holding company where the loans made are to be used to finance mining operations or associated mining operations to be carried out by a mining company or to finance exploration expenditure or development expenditure of a mining company:

" 'Mining share' means a share in any mining holding company or in any mining company:

" 'Prescribed period' means—

"(a) In relation to any profit or gain derived from a sale or other disposition of a mining share, the income year in which the sale or other disposition took place and the 6 income years immediately succeeding that income year:

"(b) In relation to any amount repaid in respect of any loan made to any mining holding company or to any mining company, the income year in which that amount was repaid and the 6 income years immediately succeeding that income year:

" 'Reinvestment profit', in relation to any company, means any amount that has been excluded from the assessable income of the company under subsection (3) or subsection (7) or subsection (10) of this section, or under subsection (3) or subsection (7) or subsection (10) of section 152B of this Act (as in force before the commencement of this section), not

being an amount that has ceased to be reinvestment profit pursuant to any provision of this section or of the said section 152B.

"(2) For the purposes of this section, in calculating the amount of any profit or gain derived by any company from any sale or other disposition of a mining share, the Commissioner shall adopt as the cost of that mining share an amount equal to the difference between the following 2 sums:

"(a) The aggregate of—

"(i) The amount of the consideration given by the company in respect of the acquisition of that share; and

"(ii) The amount of any capital subsequently contributed by the company in respect of that share:

"(b) The aggregate of—

"(i) The amount of any reinvestment profit of the company included in that consideration; and

"(ii) The amount of any reinvestment profit of the company included in that capital.

"(3) Where, in any income year, any company (in this subsection referred to as the vendor company) derives a profit or gain from the sale or other disposition of a mining share (being a profit or gain to which paragraph (a) or paragraph (c) of subsection (1) of section 88 of this Act applies), then, notwithstanding those paragraphs, that profit or gain shall not be included in the assessable income derived by the vendor company in that income year to the extent to which the Commissioner is satisfied that—

"(a) The consideration received for that sale or other disposition (being a sale or other disposition to a mining holding company or to a mining company) consists of shares in that mining holding company or, as the case may be, that mining company allotted to the vendor company; or

"(b) The consideration received for that sale or other disposition is used, or is to be used, within the prescribed period for mining purposes.

"(4) In any case where the Commissioner is satisfied that any part of any reinvestment profit of any company has, before the end of the prescribed period, been used for purposes other than mining purposes, and that it will not be used for mining purposes within the prescribed period, the amount of that part—

"(a) Shall be included in the assessable income derived by that company in the income year in which it was so used; and

"(b) Shall no longer be reinvestment profit of the company.

"(5) In any case where the Commissioner is satisfied that any part of any reinvestment profit of any company has not, before the end of the prescribed period, been used for mining purposes, the amount of that part—

"(a) Shall be included in the assessable income derived by that company in the last income year included in that prescribed period; and

"(b) Shall no longer be reinvestment profit of the company.

"(6) Where in any income year any amount is repaid in respect of any loan made by any company (in this subsection referred to as the lender company) to a mining holding company or to a mining company (being a loan which in the opinion of the Commissioner has been made wholly or partly out of reinvestment profit of the lender company), there shall, subject to subsection (7) of this section, be included in the assessable income derived by the lender company in that income year an amount calculated in accordance with the following formula:

$$\frac{a}{b} \times c$$

where—

a is the amount of so much of the loan, as, in the opinion of the Commissioner, was made out of reinvestment profit of the lender company; and

b is the amount of the loan; and

c is the amount repaid.

"(7) Where an amount would otherwise be included in the assessable income derived by any company in any income year pursuant to subsection (6) of this section in respect of any repayment of a loan, then, notwithstanding that subsection, that amount shall not be included in the assessable income derived by that company in that income year to the extent to which the Commissioner is satisfied that that repayment is used, or is to be used, within the prescribed period for mining purposes.

"(8) In any case where the Commissioner is satisfied that any profit or gain (not being a profit or gain to which subsection (3) of this section applies) is derived in any income year by any company from any sale or other disposition of

a mining share, and that, in calculating the amount of that profit or gain any amount of reinvestment profit of the company was taken into account under paragraph (b) of subsection (2) of this section, there shall, subject to subsection (10) of this section, be included in the assessable income derived by that company in that income year, an amount equal to the smaller of the following 2 amounts:

"(a) The amount of that reinvestment profit:

"(b) The amount of that profit or gain.

"(9) For the purposes of this section,—

"(a) Any share held in a mining holding company or in a mining company shall, on the winding up of any such company, be deemed to have been sold to that company; and

"(b) All distributions received on that winding up in respect of that share shall be deemed to be consideration received for that sale; and

"(c) That sale shall be deemed to be a sale to which the provisions of subsection (8) of this section apply.

"(10) Where an amount would otherwise be included in the assessable income derived by any company (in this subsection hereinafter referred to as the vendor company) in any income year pursuant to subsection (8) of this section in respect of any sale or other disposition of a mining share, then, notwithstanding that subsection, that amount shall not be included in the assessable income derived by the vendor company in that income year to the extent to which the Commissioner is satisfied that—

"(a) The consideration received for that sale or other disposition of a mining share (being a sale or other disposition to a mining holding company or to a mining company) consists of shares in that mining holding company, or, as the case may be, in that mining company, allotted to the vendor company; or

"(b) The consideration received for that sale or other disposition of a mining share (being a sale within the meaning of subsection (9) of this section) consists of mining shares; or

"(c) The consideration received for that sale or other disposition is used, or is to be used, within the prescribed period for mining purposes.

"**153I. Assessment of companies holding shares in mining companies**—(1) For the purposes of this section—

" 'Holding company', in relation to a mining company, means a New Zealand company by which, or on behalf of which, shares are held in the mining company:

" 'Loan', in relation to a holding company and a mining company, means a loan made to the mining company by the holding company at a time when the holding company was a holding company of the mining company:

" 'Prescribed proportion', in relation to a holding company and a mining company, means the proportion that the residue of the total of the loans made by the holding company to the mining company (after subtracting actual repayments) bears to the residue of the total of the loans made by all holding companies to the mining company (after subtracting actual repayments).

"(2) Notwithstanding anything in this section, this section shall not apply to any loan to the extent to which, in the opinion of the Commissioner, the loan is made by a holding company (being a mining holding company) out of reinvestment profit of that company (being reinvestment profit within the meaning of section 153H of this Act).

"(3) Nothing in this section shall be construed to affect the assessment of any mining company.

"(4) Notwithstanding anything in section 112 or any other section of this Act, the amount written off in any income year from loans made by a holding company to a mining company shall be allowed as a deduction in calculating the assessable income of the holding company for that year:

"Provided that the amount deductible under this subsection in respect of any holding company in any year shall not include any amount in respect of interest, and shall not exceed the smaller of the following amounts:

"(a) An amount equal to half of the amount which but for this subsection would be the taxable income of the holding company for that year:

"(b) An amount equal to the prescribed proportion of the aggregate amount theretofore incurred by the mining company in exploration expenditure and development expenditure at the end of that year, reduced by the total of all amounts allowed to the holding company as deductions under this subsection in any earlier year or years:

"Provided also that in respect of any amount written off from any loan which in the opinion of the Commissioner has been made by a holding company (being a mining holding company) wholly or partly out of payments received by that holding company (being payments in respect of which a deduction has been allowed to any taxpayer under section 129BB of this Act) the deduction otherwise allowable under this subsection shall to that extent be reduced by one-third.

"(5) Where any amount has been allowed to a holding company as a deduction under subsection (4) of this section in any year, and it appears to the Commissioner that in any subsequent year the mining company would have derived assessable income if no deductions had been made in respect of any amounts of exploration expenditure or development expenditure of the mining company (being amounts allowed to any holding company as a deduction) in calculating the assessable income of the mining company for that subsequent year, the prescribed proportion of the amount of the assessable income that would have been so derived shall, if the Commissioner in his discretion so determines, be deemed to be a repayment, as far as it extends, of the amounts written off by the holding company and allowed as a deduction under subsection (4) of this section.

"(6) Where any amount has been allowed to a holding company as a deduction under subsection (4) of this section in any year, and the holding company in any subsequent year disposes of any shares in the mining company, or any interest in any such shares, the amount by which the consideration received by or on behalf of the holding company for those shares or that interest exceeds the amount paid up in cash on the shares shall be deemed to be a repayment, as far as it extends, of the amount written off by the holding company and allowed as a deduction under subsection (4) of this section.

"(7) Where any amount written off by a holding company and allowed as a deduction under subsection (4) of this section is repaid to the holding company by the mining company, or is deemed to be repaid under subsection (5) or subsection (6) of this section, the Commissioner may at any time, notwithstanding anything in section 24 of this Act, amend any assessment made on the holding company and reduce the amount allowed as a deduction by the amount so repaid or deemed to be repaid.

"(8) Subsections (5), (6), and (7) of this section shall, with all necessary modifications, apply with respect to deductions

allowed to a holding company under subsection (4) of section 153A of this Act (as in force before the commencement of this section) in the same manner as they apply with respect to deductions allowed to a holding company under subsection (4) of this section."

27. Transitional provisions for assessment of mining companies—(1) For the purposes of this section—

(a) The expressions "exploration expenditure" and "development expenditure" have the meanings assigned to those expressions by subsection (1) of section 153E of the principal Act (as inserted by section 26 of this Act):

(b) Every reference in this section to an income year shall, where the company furnishes a return of income under section 8 of the principal Act 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 section shall, with all necessary modifications, apply accordingly.

(2) Where section 152 or section 153 of the principal Act (as in force before the commencement of this section) applied to any mining company in respect of the income year that ended with the 31st day of March 1971, the Commissioner may allow a deduction for the income year ending with the 31st day of March 1972 in respect of the amount of arrears of exploration expenditure and development expenditure incurred by that company, and the amount shall be deemed to be expenditure incurred by that company in that last-mentioned income year in gaining or producing assessable income from mining and paragraph (a) of subsection (6) of section 153F of this Act shall apply accordingly in respect of that amount.

(3) For the purposes of subsection (2) of this section, the amount of arrears of exploration expenditure and development expenditure incurred by any mining company shall be—

(a) The aggregate of the exploration expenditure and development expenditure incurred by that company in respect of every income year from the date of incorporation of that company to the income year that ended with the 31st day of March 1971;—

less the difference between—

(b) The aggregate of the amounts of taxable income that would have been derived by that company in respect of those income years if its assessable income had, in respect of every income year, been calculated in accordance with section 153F of the principal Act (as inserted by section 26 of this Act), but no deduction had been allowed in respect of that exploration expenditure or development expenditure; and

(c) The aggregate of the amounts of taxable income of that company in any of those income years in accordance with the provisions then in force and in respect of which income tax was paid, increased by an amount equal to 50 percent of that aggregate.

28. Amendments, repeals, and revocations consequential upon section 26—(1) Section 2 of the principal Act is hereby amended by inserting, after the definition of the expression "shareholder", the following definition:

" 'Specified mineral' has the meaning assigned to that expression by subsection (1) of section 153E of this Act."

(2) Section 3A of the principal Act (as inserted by section 5 of the Land and Income Tax Amendment Act (No. 2) 1968) is hereby consequentially amended by inserting in subsection (1), before the words "and 203z", the expression "153F".

(3) Section 78F of the principal Act (as substituted by section 6 (1) of the Land and Income Tax Amendment Act 1969) is hereby amended by repealing paragraph (a) and paragraph (b) of the definition of the expression "mineral" in subsection (1), and substituting the following paragraph:

"(a) Any specified mineral which is capable of being processed into a primary metal; or".

(4) Section 172o of the principal Act (as inserted by section 3 of the Land and Income Tax Amendment Act 1965) is hereby amended by omitting the words "not being a company that is assessable for income tax under section 153 of this Act".

(5) Section 129BB of the principal Act (as inserted by section 16 of the Land and Income Tax Amendment Act (No. 2) 1969) is hereby consequentially amended by repealing the definition of the expression "specified amount" in subsection (1), and substituting the following definition:

" 'Specified amount', in relation to any payment in respect of the whole or part of the amount unpaid on any shares owned by any taxpayer in a mining holding company, means so much of the amount of that payment as the Commissioner is satisfied is to be used for the purpose of—

"(a) Subscribing for, or paying calls on, shares in a mining company; or

"(b) Making loans to a mining company,—

for the purpose, in either case, of enabling the mining company to carry on in New Zealand exploring or searching for or mining any one or more specified minerals or petroleum, or to finance any exploration expenditure or development expenditure (being exploration expenditure or development expenditure within the meaning of subsection (1) of section 153E of this Act)."

(6) The principal Act is hereby consequentially amended by substituting the words "section 153F" for the words "section 152 or section 153" in—

(a) The definition of the expression "mining company" in section 2 (as inserted by section 3 (1) of the Land and Income Tax Amendment Act (No. 2) 1969):

(b) Paragraph (a) of subsection (14) of section 117A (as inserted by section 22 (1) of the Land and Income Tax Amendment Act 1970):

(c) Paragraph (e) of subsection (3) of section 117C (as inserted by section 13 of the Land and Income Tax Amendment Act (No. 2) 1963):

(d) Paragraph (a) of subsection (12) of section 129B (as inserted by section 20 of the Land and Income Tax Amendment Act (No. 2) 1963).

(7) The principal Act is hereby consequentially amended by omitting from subsection (4) of section 129BB (as inserted by section 16 of the Land and Income Tax Amendment Act (No. 2) 1969) and from paragraph (b) of subsection (3) of section 129C (as substituted by section 17 (1) of the Land and Income Tax Amendment Act (No. 2) 1969) the words "section 152B", and substituting in each case the words "section 153H".

(8) The principal Act is hereby consequentially amended by repealing—

(a) Subsection (6) of section 78F (as substituted by section 6 (1) of the Land and Income Tax Amendment Act 1969):

(b) Section 152 (as substituted by section 30 (1) of the Land and Income Tax Amendment Act 1965):
(c) Section 152A (as inserted by section 29 of the Land and Income Tax Amendment Act (No. 2) 1968):
(d) Section 152B (as inserted by section 21 (1) of the Land and Income Tax Amendment Act (No. 2) 1969):
(e) Section 153:
(f) Section 153A (as inserted by section 33 of the Land and Income Tax Amendment Act (No. 2) 1958):
(g) Paragraph (f) of subsection (2) of section 203s (as inserted by section 17 of the Land and Income Tax Amendment Act 1964).

(9) The following enactments are hereby repealed:
(a) Section 33 of the Land and Income Tax Amendment Act (No. 2) 1958:
(b) So much of the Schedule to the Land and Income Tax Amendment Act 1960 as relates to subsection (2) of section 153A of the principal Act:
(c) Section 30 of the Land and Income Tax Amendment Act 1965:
(d) Section 20 of the Decimal Currency Amendment Act 1965:
(e) Sections 29, 30, and 31 of the Land and Income Tax Amendment Act (No. 2) 1968:
(f) Paragraphs (d), (e), and (f) of subsection (2) of section 3, and sections 20, 21, 22, and 23 of the Land and Income Tax Amendment Act (No. 2) 1969.

(10) The following notices in the *Gazette* given by the Minister of Finance pursuant to section 152 of the principal Act are hereby revoked:
(a) The notice dated the 13th day of March 1967 published in the *Gazette* dated the 22nd day of March 1967 at page 421:
(b) The notice dated the 17th day of November 1970 published in the *Gazette* dated the 26th day of November 1970 at page 2186:
(c) The notice dated the 8th day of April 1971 published in the *Gazette* dated the 29th day of April 1971 at page 798.

29. Deduction from estate income of irrecoverable book debts—(1) Section 157 of the principal Act is hereby amended by omitting the words "be allowable as a deduction in the same manner successively during each of the next 6 following years", and substituting the words "be allowable as a deduc-

tion in the same manner against income derived in the next income year and so on".

(2) This section shall apply to—

(a) Any amount deemed, pursuant to section 157 of the principal Act, to be a loss incurred in the income year that commenced on the 1st day of April 1965 or in any of the 5 income years next succeeding that income year, in so far as that amount has not been allowed as a deduction against income derived in any income year ending not later than the 31st day of March 1971:

(b) Any amount deemed, pursuant to section 157 of the principal Act, to be a loss incurred in any income year commencing on or after the 1st day of April 1971.

30. Dependants for purposes of tax codes—(1) Section 14 of the Income Tax Assessment Act 1957 is hereby amended by omitting from paragraph (a) and also from paragraph (b) of subsection (8), and from paragraph (a) of subsection (9) (which paragraphs were amended by section 3 (2) of the Land and Income Tax Amendment Act (No. 3) 1968 and earlier enactments) the expression "$700", and substituting in each case the expression "$850".

(2) The Land and Income Tax Amendment Act (No. 3) 1968 is hereby consequentially amended by repealing so much of the Second Schedule as relates to paragraphs (a) and (b) of subsection (8) and paragraph (a) of subsection (9) of section 14 of the Income Tax Assessment Act 1957.

(3) This section shall come into force on the 1st day of April 1972.

31. Miscellaneous consequential amendments—(1) Section 3A of the principal Act (as inserted by section 5 of the Land and Income Tax Amendment Act (No. 2) 1968) is hereby amended by omitting from subsection (1) the expression "138".

(2) Section 35 of the principal Act (as substituted by section 2 (1) of the Land and Income Tax Amendment Act 1960) is hereby amended by omitting from paragraph (g) the words "or sections 124, 125, and 126 of the Social Security Act 1964".

(3) Section 117C of the principal Act (as inserted by section 13 of the Land and Income Tax Amendment Act (No. 2) 1963) is hereby amended by omitting from paragraph (b) of the definition of the expression "the redevelopment region" in subsection (1) the words "Brunner," and "Kumara,".

(4) Section 128B of the principal Act (as inserted by section 22 (1) of the Land and Income Tax Amendment Act 1968) is hereby amended by omitting from subsection (3) the words "paragraph (d) of section 112", and substituting the words "paragraph (d) of subsection (1) of section 112".

(5) Section 138 of the principal Act is hereby amended by repealing paragraph (d) of subsection (3) (as added by section 26 (3) of the Land and Income Tax Amendment Act (No. 2) 1968).

(6) Section 148 of the principal Act is hereby amended by omitting from paragraph (b) of subsection (3) the words "paragraph (b) of section 112", and substituting the words "paragraph (b) of subsection (1) of section 112".

(7) Section 153B of the principal Act (as inserted by section 20 (1) of the Land and Income Tax Amendment Act 1960) is hereby amended by omitting from paragraph (g) of the definition of the expression "unit trust" in subsection (1) the words "Any other specified trust", and substituting the words "Any other trust".

(8) Section 154A of the principal Act (as inserted by section 10 of the Land and Income Tax Amendment Act 1956) is hereby amended by repealing paragraph (e) of subsection (1), and substituting the following paragraph:

"(e) The New Zealand Potato Board."

(9) Section 164 of the principal Act is hereby amended by omitting the words "any Tribal Executive or Tribal Committee constituted under the Maori Social and Economic Advancement Act 1945", and substituting the words "any Maori Association within the meaning of the Maori Welfare Act 1962".

(10) Subsections (1) and (5) of this section shall be deemed to have come into force on the 11th day of December 1968 (being the date of the passing of the Land and Income Tax Amendment Act (No. 2) 1968), and shall apply with respect to the tax on income derived in the income year that commenced on the 1st day of April 1968 and in every subsequent year.

(11) Subsections (4) and (6) of this section shall be deemed to have come into force on the 13th day of November 1970 (being the date of the passing of the Land and Income Tax Amendment Act 1970), and shall apply with respect to the tax for any year of assessment, whether before or after the passing of that Act.

32. Repeal of spent provisions—(1) The principal Act is hereby further amended—

(a) By repealing section 5 and section 172A (as inserted by section 11 of the Land and Income Tax Amendment Act 1956):

(b) By repealing section 119C (as inserted by section 15 of the Land and Income Tax Amendment Act (No. 2) 1963):

(c) By repealing sections 130 to 136 and the heading "*Snow Loss Reserves*" preceding section 130.

(2) Section 86 of the principal Act (as amended by section 12 of the Land and Income Tax Amendment Act 1969) is hereby consequentially amended by adding to subsection (1) the following paragraph:

"(z) Dividends derived by any person who is resident in the Cook Islands or in Niue from a New Zealand company, where the Commissioner is satisfied that the income of that company is derived exclusively or principally from the Cook Islands or from Niue."

(3) The following enactments are hereby consequentially repealed:

(a) Section 11 of the Land and Income Tax Amendment Act 1956:

(b) Sections 11 and 34 of the Land and Income Tax Amendment Act (No. 2) 1958:

(c) Section 4 of the Finance Act 1958:

(d) Subsection (9) of section 4 of the Land and Income Tax Amendment Act 1960 and so much of the Schedule to that Act as relates to section 172A of the principal Act:

(e) Section 15 of the Land and Income Tax Amendment Act (No. 2) 1963:

(f) Section 34 of the Land and Income Tax Amendment Act 1964:

(g) Section 28 of the Land and Income Tax Amendment Act 1965:

(h) So much of the First Schedule to the Land and Income Tax Amendment Act (No. 3) 1968 as relates to section 5 of the principal Act.

(4) The provisions repealed by paragraph (c) of subsection (1) of this section shall continue to apply to every deposit made under those provisions on or before the 17th day of September 1965, being the date of the passing of the Land and Income Tax Amendment Act 1965.

SCHEDULES

FIRST SCHEDULE

Section 6 (2)

NEW THIRD SCHEDULE TO PRINCIPAL ACT

"THIRD SCHEDULE

TERMINATING DATES

Section of Principal Act	Terminating Date
Section 114A: Subsections (1), (1A), and (1B)	31 March 1973
Section 114A: Subsections (1BB) and (1BC)	31 March 1975
Section 114B	31 March 1975
Section 114C	31 March 1975
Section 114D	31 March 1975
Section 117A	31 March 1973
Section 117B	31 March 1973
Section 117C	31 March 1973
Section 117D	31 March 1973
Section 119D	31 March 1973
Section 119G	31 March 1973
Section 129A	31 March 1975
Section 129AA	31 March 1975
Section 129B	31 March 1977"

SECOND SCHEDULE

Section 6 (3)

ENACTMENTS CONSEQUENTIALLY AMENDED

PART I

THE PRINCIPAL ACT

Section Amended	Amendment
Section 114A (as substituted by section 7 of the Land and Income Tax Amendment Act (No. 2) 1962 and amended by section 18 of the Land and Income Tax Amendment Act 1970 and earlier enactments)	By omitting from paragraphs (a) and (b) of subsection (1) and from subsection (1A) and from paragraphs (c) and (d) of subsection (1B) the words "before the 1st day of April 1972" wherever they occur, and substituting in each case the words "on or before the terminating date". By omitting from subsections (1BB) and (1BC) the words "before the 1st day of April 1974", and substituting in each case the words "on or before the terminating date". By omitting from paragraph (b) of subsection (1C) the words "On or after the specified terminating date", and substituting the words "After the terminating date".

SECOND SCHEDULE—*continued*

ENACTMENTS CONSEQUENTIALLY AMENDED—*continued*

Section Amended	Amendment
Section 114A—*continued*	By omitting from paragraph (d) of subsection (1c) the words "The period commencing on the specified terminating date", and substituting the words "The period commencing on the day after the terminating date". By omitting from subsection (1c) and from paragraph (b) of the expression "development plan" in subsection (6) the words "before the specified terminating date" wherever they occur, and substituting in each case the words "on or before the terminating date". By repealing the definition of the expression "the specified terminating date" in subsection (6).
Section 114B (as inserted by section 29 of the Land and Income Tax Amendment Act 1964 and amended by section 19 (1) of the Land and Income Tax Amendment Act 1970 and earlier enactments)	By omitting from paragraph (a) of subsection (2) the words "before the 1st day of April 1974" wherever they occur, and substituting in each case the words "on or before the terminating date".
Section 114C (as inserted by section 14 of the Land and Income Tax Amendment Act (No. 2) 1967 and amended by section 20 (1) of the Land and Income Tax Amendment Act 1970)	By inserting in subparagraph (i) of paragraph (a) of subsection (2), after the words "on or after the 1st day of April 1967", the words "and on or before the terminating date". By inserting in subparagraph (ii) of paragraph (a) of subsection (2), after the words "on or after the 1st day of April 1970", the words "and on or before the terminating date".
Section 114D (as inserted by section 23 of the Land and Income Tax Amendment Act (No. 2) 1968 and amended by section 18 (1) of the Land and Income Tax Amendment Act 1969 and section 21 (1) of the Land and Income Tax Amendment Act 1970)	By omitting from paragraph (a) of the definition of the expression "approved project" in subsection (8) the words "before the 1st day of April 1974", and substituting the words "on or before the terminating date".

SECOND SCHEDULE—*continued*

ENACTMENTS CONSEQUENTIALLY AMENDED—*continued*

Section Amended	Amendment
Section 117A (as inserted by section 22 (1) of the Land and Income Tax Amendment Act 1970)	By omitting from paragraph (b) of the definition of the expression "development plan" and from the definition of the expression "qualifying contract" in subsection (1), from subsection (4), from paragraph (b) of subsection (7), and from subparagraph (ii) of paragraph (b) and subparagraphs (i) and (ii) of paragraph (e) and subparagraph (ii) of paragraph (f) of subsection (8) the words "before the terminating date" wherever they occur, and substituting in each case the words "on or before the terminating date". By repealing the definition of the expression "the terminating date" in subsection (1). By omitting from paragraph (b) of subsection (4) and from subparagraph (iii) of paragraph (e) of subsection (8) the words "On or after the terminating date", and substituting the words "After the terminating date". By omitting from paragraph (d) of subsection (4) the words "The period commencing on the terminating date", and substituting the words "The period commencing on the day after the terminating date".
Section 117B (as inserted by section 23 (1) of the Land and Income Tax Amendment Act 1970)	By omitting from paragraph (b) of the definition of the expression "development plan" and from the definition of the expression "qualifying contract" in subsection (1) and from subsection (4) the words "before the terminating date" wherever they occur, and substituting in each case the words "on or before the terminating date". By repealing the definition of the expression "the terminating date" in subsection (1). By omitting from paragraph (b) of subsection (4) the words "On or after the terminating date", and substituting the words "After the terminating date". By omitting from paragraph (d) of subsection (4) the words "The period commencing on the terminating date", and substituting the words "The period commencing on the day after the terminating date".

SECOND SCHEDULE—*continued*

ENACTMENTS CONSEQUENTIALLY AMENDED—*continued*

Section Amended	Amendment
Section 117C (as inserted by section 13 of the Land and Income Tax Amendment Act (No. 2) 1963 and amended by section 24 (1) of the Land and Income Tax Amendment Act 1970 and earlier enactments)	By omitting from paragraph (b) of the definition of the expression "development plan" in subsection (1) and from subsection (3A) the words "before the specified terminating date" wherever they occur, and substituting in each case the words "on or before the terminating date". By repealing the definition of the expression "the specified terminating date" in subsection (1). By omitting from paragraphs (a) and (b) of subsection (2) the words "before the 1st day of April 1972" wherever they occur, and substituting in each case the words "on or before the terminating date". By omitting from paragraph (b) of subsection (3A) the words "On or after the specified terminating date", and substituting the words "After the terminating date". By omitting from paragraph (d) of subsection (3A) the words "The period commencing on the specified terminating date", and substituting the words "The period commencing on the day after the terminating date".
Section 117D (as inserted by section 25 (1) of the Land and Income Tax Amendment Act 1970)	By omitting from paragraph (b) of the definition of the expression "development plan" and from the definition of the expression "qualifying contract" in subsection (1) and from subsection (5) the words "before the terminating date" wherever they occur, and substituting in each case the words "on or before the terminating date". By repealing the definition of the expression "the terminating date" in subsection (1). By omitting from paragraph (b) of subsection (5) the words "On or after the terminating date", and substituting the words "After the terminating date". By omitting from paragraph (d) of subsection (5) the words "The period commencing on the terminating date", and substituting the words "The period commencing on the day after the terminating date".

SECOND SCHEDULE—*continued*

ENACTMENTS CONSEQUENTIALLY AMENDED—*continued*

Section Amended	Amendment
Section 119D (as inserted by section 16 (1) of the Land and Income Tax Amendment Act (No. 2) 1963 and amended by subsections (1) to (3) of section 26 of the Land and Income Tax Amendment Act 1970)	By omitting from paragraph (b) of subsection (1) the words "ending not later than the 31st day of March 1972", and substituting the words "ending not later than the terminating date". By omitting from paragraphs (c), (d), and (e) of subsection (1) the words "not later than the end of the income year ending with the 31st day of March 1972", and substituting in each case the words "on or before the end of the income year ending with the terminating date". By omitting from subsection (1A) and from paragraph (b) of the definition of the expression "development plan" in subsection (5) the words "before the specified terminating date" wherever they occur, and substituting in each case the words "on or before the terminating date". By omitting from paragraph (b) of subsection (1A) the words "On or after the specified terminating date", and substituting the words "After the terminating date". By omitting from paragraph (c) of subsection (1A) the words "The period commencing on the specified terminating date", and substituting the words "The period commencing on the day after the terminating date". By repealing the definition of the expression "the specified terminating date" in subsection (5).
Section 119G (as inserted by section 19 (1) of the Land and Income Tax Amendment Act 1968 and amended by subsections (1) and (3) of section 11 of the Land and Income Tax Amendment Act (No. 2) 1969 and section 27 of the Land and Income Tax Amendment Act 1970)	By omitting from paragraphs (a) and (b) of subsection (1) the words "not later than the 31st day of March 1972", and substituting in each case the words "on or before the terminating date". By omitting from subsection (2) and from paragraph (b) of the definition of the expression "development plan" in subsection (6) the words "before the terminating date" wherever they occur, and substituting in each case the words "on or before the terminating date".

SECOND SCHEDULE—*continued*

ENACTMENTS CONSEQUENTIALLY AMENDED—*continued*

Section Amended	Amendment
Section 119G—*continued*	By omitting from paragraph (b) of subsection (2) the words "On or after the terminating date", and substituting the words "After the terminating date". By omitting from paragraph (c) of subsection (2) the words "The period commencing on the terminating date", and substituting the words "The period commencing on the day after the terminating date". By repealing the definition of the expression "the terminating date" in subsection (6).
Section 129A (as inserted by section 11 of the Land and Income Tax Amendment Act (No. 2) 1962 and amended by section 29 (1) of the Land and Income Tax Amendment Act 1970 and earlier enactments)	By omitting from subsection (2) the words "before the 1st day of April 1974", and substituting the words "on or before the terminating date".
Section 129AA (as inserted by section 30 of the Land and Income Tax Amendment Act 1970)	By omitting from subsection (2) the words "before the 1st day of April 1974", and substituting the words "on or before the terminating date".
Section 129B (as inserted by section 20 of the Land and Income Tax Amendment Act (No. 2) 1963 and amended by section 15 (3) of the Land and Income Tax Amendment Act (No. 2) 1969 and by section 31 (1) of the Land and Income Tax Amendment Act 1970)	By omitting from subsection (5) the words "(being the income year that commenced on the 1st day of April 1969 or any of the 4 income years next succeeding that income year)", and substituting the words "(being any income year commencing on or after the 1st day of April 1969 and ending on or before the terminating date)".

SECOND SCHEDULE—*continued*

PART II

OTHER ENACTMENTS

Enactment	Section Amended	Amendment
The Land and Income Tax Amendment Act (No. 2) 1963	Section 18 (as amended by section 29 (2) of the Land and Income Tax Amendment Act 1970 and earlier enactments)	By omitting from subsection (4) the words "before the 1st day of April 1974", and substituting the words "on or before the terminating date in relation to section 129A of the principal Act".
The Land and Income Tax Amendment Act 1966	Section 25 (as amended by section 31 (2) of the Land and Income Tax Amendment Act 1970 and earlier enactments)	By omitting from subsection (6) the words "in the income year that commenced on the 1st day of April 1966 and in each of the 7 income years next succeeding that income year", and substituting the words "in any income year commencing on or after the 1st day of April 1966 and ending on or before the terminating date in relation to section 129B of the principal Act".
The Land and Income Tax Amendment Act (No. 2) 1969	Section 15 (as amended by section 31 (3) of the Land and Income Tax Amendment Act 1970)	By omitting from subsection (6) the words "in the income year that commenced on the 1st day of April 1969, and in the 4 income years next succeeding that income year", and substituting the words "in any income year commencing on or after the 1st day of April 1969 and ending on or before the terminating date in relation to section 129B of the principal Act".

This Act is administered in the Inland Revenue Department.