

Right Hon. Sir J. G. Ward.

LAND AND INCOME ASSESSMENT.

ANALYSIS

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A BILL INTITLED

AN ACT to amend the Land and Income Assessment Act, 1900. Title.

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

1. This Act may be cited as the Land and Income Assessment Act, 1907, and shall be read together with and deemed to form part of the Land and Income Assessment Act, 1900 (hereinafter referred to as the principal Act). Short Title.

2. In this Act, unless a contrary intention appears from the context or subject-matter,— Interpretation.

“Land” does not include mortgages, but otherwise has the same meaning as in the principal Act:

“Year” means a financial year ending on the thirty-first day of March.

3. Sections forty-four and forty-five of the principal Act, section five of the Land and Income Assessment Act Amendment Act, 1903, and the Schedule to the last-mentioned Act are hereby repealed; but all land-tax for any period prior to the year commencing on the first day of April, nineteen hundred and seven, Repeals.

shall continue to be assessed, levied, paid, and recovered as if the said sections and Schedule had not been repealed.

Graduated land-tax imposed.

4. (1.) Every person shall be liable to pay in each year, commencing with the year ending on the thirty-first day of March, nineteen hundred and eight, graduated land-tax at the rate hereinafter set forth on all land of which he was the owner at noon on the thirty-first day of March in the preceding year, and the unimproved value of which is five thousand pounds or more. 5

(2.) The provisions of this section are subject to any exemptions from graduated land-tax created by the principal Act. 10

Rate of graduated land-tax under £40,000.

5. If the unimproved value of the said land is not less than five thousand pounds but is less than forty thousand pounds, the rate of graduated land-tax payable in respect thereof shall be in accordance with the Schedule hereto.

Rate of graduated land-tax over £40,000.

6. (1.) If the unimproved value of the said land is not less than forty thousand pounds, the rate of graduated land-tax shall be a percentage determined in accordance with the provisions hereinafter contained of the said unimproved value. 15

(2.) If the unimproved value of the said land is not less than forty thousand pounds but is less than forty-one thousand pounds, the said percentage shall be eight shillings for every hundred pounds sterling of the said value. 20

(3.) For every additional thousand pounds of the said value over the amount of forty thousand pounds, the said percentage shall be increased by one-fifth of a shilling, and the percentage so increased shall be charged on the total unimproved value of the land in respect of which the said tax is assessed. 25

(4.) Notwithstanding the provisions hereinbefore contained for a progressive increase, the said percentage shall reach its maximum in the case of land of which the unimproved value is two hundred thousand pounds; and in this case, and in all cases in which the unimproved value exceeds two hundred thousand pounds, the said percentage shall be two pounds for every hundred pounds of the total unimproved value. 30

Increase of twenty-five per centum.

7. (1.) Notwithstanding anything hereinbefore contained, each of the said percentages determined as aforesaid shall be increased by twenty-five per centum thereof in the case of all land other than business premises as herein defined. 35

(2.) The term "business premises" means any piece of land included within the ~~superficial~~ area of a building used for business purposes, together with such additional land as ~~is contiguous thereto~~ immediately adjoins the said building and is used and occupied in connection therewith, and does not exceed in extent the ~~superficial~~ area of the building itself. 40

(3.) A building shall be deemed to be used for business purposes within the meaning of this section if it is exclusively or principally used ~~or intended to be used~~, whether by the owner or by any occupier or occupiers, for the purposes of any business, trade, or industry. 45

(4.) When the same person is the owner both of business premises and of other land, graduated land-tax shall be assessed in respect of the whole of such business premises and other land without the said increase of twenty-five per centum, and the said increase 50

shall then be calculated only on the amount of graduated land-tax that would be payable by him if he were not the owner of the business premises.

5 (5.) Nothing in this section contained shall affect the rate of graduated land-tax payable in accordance with the Schedule hereto.

New subclause.

(6.) This section shall commence to take effect with respect to the graduated land-tax payable for the year ending on the thirty-first day of March, nineteen hundred and nine.

10 8. (1.) Notwithstanding anything hereinbefore contained, every taxpayer who on the thirty-first day of March in any year is an absentee within the meaning of this section shall be assessed and liable for graduated land-tax at a rate greater by fifty per centum than the rate at which he would have been assessed independently
15 of this section.

Tax payable by
absentee.

(2.) Every person shall be deemed to be an absentee for the purposes of this section unless he has been personally present in New Zealand for at least one-half of the period of four years immediately preceding the year in and for which he is assessed for graduated
20 land-tax :

Provided that no person who has acquired all his land in New Zealand within the said period of four years shall be deemed to be an absentee if he has been personally present in New Zealand for at least one-half of the period which has elapsed between the time
25 when he first acquired any of that land and the commencement of the year in and for which he is assessed for graduated land-tax.

(3.) If an absentee taxpayer is liable to be assessed for graduated land-tax jointly with any other taxpayer who is not an absentee, they shall be assessed and liable jointly as if neither was an absentee,
30 and the absentee taxpayer shall also be separately assessed and liable in accordance with the provisions of section *thirteen* hereof for the additional tax imposed by this section.

New subclause.

35 (4.) This section shall not apply to companies, but shall apply to shareholders in companies in accordance with the provisions of section *eleven* of this Act.

40 9. (1.) The owner of any life estate ~~in possession~~ or of any other freehold estate ~~in possession~~ less than the fee-simple shall be deemed for the purposes of this Act to be the owner of the fee-simple *to the exclusion of any person entitled in reversion or remainder*, and shall be assessed and liable for graduated land-tax accordingly.

Life tenant liable
as if owner of
fee-simple.

Struck out.

(2.) No person owning a freehold estate which is not in possession shall be liable to pay graduated land-tax in respect thereof.

45 (3.) For the purposes of this Act a freehold estate shall be deemed to be in possession notwithstanding the existence of any trust or of any estate of leasehold or of any estate by way of mortgage or other security.

50 10. (1.) Any person owning any leasehold estate in land, whether legal or equitable, shall be deemed for the purposes of this Act (though not to the exclusion of the liability of any other person) to be the owner of the fee-simple of the land, and shall be assessed and liable for graduated land-tax accordingly.

Lessees liable as if
owners.

Deduction from tax payable by owner of leasehold estate.

(2.) In the case of the owner of a leasehold estate in land there shall be deducted from the amount of graduated land-tax so payable by him in respect of that land (so far as it exceeds the graduated land-tax, if any, that would be payable by him in respect of the value of his leasehold estate independently of this section) the amount of graduated land-tax (if any) payable in respect of that land by the owner of any freehold estate or of any precedent leasehold estate in the said land or any part thereof. 5

(3.) The provisions of this section shall not apply to leasehold estates *in any business premises as hereinbefore defined*, or in any land of the Crown, or in any Native land, or in any land vested in any person who in respect thereof is wholly exempted from land-tax both ordinary and graduated. 10

New subclause.

(4.) The provisions of this section shall not apply to any leasehold estate existing at the time of the passing of this Act, unless the owner of such leasehold estate or his predecessor in title has been at any time within five years next before the passing of this Act the owner at law or in equity of a freehold estate in the land which is subject to such lease. 15 20

Shareholders liable as if owners of the company's land.

11. (1.) For the purposes of this Act all land owned by a company shall be deemed (though not to the exclusion of the liability of the company or of any other persons) to be owned in common by the shareholders of that company in the proportions which their interests in the paid-up capital of the company bear to the total paid-up capital, and the said shareholders shall be individually assessed and liable for graduated land-tax accordingly in manner provided by subsections three and four of section thirteen hereof, and shall be entitled to the same deduction as is therein provided. 25 30

Struck out.

Deduction from tax payable by shareholder.

(2.) In the case of every shareholder there shall be deducted from the graduated land-tax so payable by him in respect of the land of the company such part of the amount of the graduated land-tax payable in respect of the said land by the company as is proportionate to his interest in the paid-up capital of the company. 30 35

(3.) The term shareholder shall for the purposes of this *and the next succeeding* section include all persons on whose behalf a share in the company is held by a trustee or by any other person.

(4.) The provisions of this section shall extend to all land which is deemed to be owned by a company under any of the provisions of this Act. 40

Two companies having the same shareholders to be deemed one.

12. (1.) If two or more companies consist substantially of the same shareholders, these companies shall be deemed for the purposes of the graduated land-tax to be a single company, and shall be jointly assessed and liable accordingly, with such rights of contribution or indemnity between themselves as shall be just. 45

(2.) For the purposes of this section two companies shall be deemed to consist substantially of the same shareholders if not less than three-fourths of the paid-up capital of each of them is held by or on behalf of shareholders in the other. Shares in one company held by or on behalf of another company shall for this purpose be deemed to be held by shareholders in the last-mentioned company. 50

13. (1.) Whenever two or more persons (hereinafter called joint owners) own land jointly or in common, whether as partners or otherwise, they shall be assessed and liable for graduated land-tax in accordance with the provisions of this section.

Joint owners to be assessed both jointly and severally.

5 (2.) The joint owners shall be jointly assessed and liable in respect of the land so owned by them jointly or in common (hereinafter called the joint estate) as if it was owned by a single person, without regard to their respective interests in the same, and without taking into account any land owned by any one of them in severalty,
10 or jointly or in common with any other person.

(3.) Each joint owner shall in addition be assessed and liable in respect of his individual interest in the joint estate together with any other land owned by him in severalty and with his individual interests in any other land.

15 (4.) In the case of each joint owner there shall be deducted from the tax so payable by him ~~in respect of his individual interest in the joint estate~~ under the provisions of the *last preceding* subsection (*so far as such tax exceeds the graduated land-tax that would be payable by him if he owned no interest in any joint estate*) his
20 share of the tax so payable in respect of the joint estate.

(5.) The share of a joint owner in the tax so payable in respect of the joint estate shall bear the same proportion to the amount of that tax as his interest in the joint estate bears to the whole value of that estate.

25 14. (1.) When two or more persons own land in severalty but occupy it jointly, whether as partners or on joint account or otherwise, the same graduated land-tax shall be payable by them and by each of them as if they owned the whole of the said land jointly, in the proportions which the unimproved values of the lands so severally
30 owned bear to one another, and for the purposes of this Act they shall be deemed to be joint owners of the said lands accordingly.

Joint occupiers to be liable as if joint owners.

(2.) Without limiting in any way the meaning of the term joint occupation, two or more persons shall be deemed to occupy lands jointly within the meaning of this section, if those lands are occupied,
35 worked, or managed by any one or more of such persons on behalf of all of them or on a joint account, or if those lands are occupied, worked, or managed by any other person as trustee for or otherwise on behalf of all of those persons.

40 15. When any agreement has been made for the sale of land, whether before or after the passing of this Act, the buyer shall be deemed to be the owner of the land for the purposes of this Act (though not to the exclusion of the liability of any other person) so soon as he has obtained possession of the land so purchased, whether the agreement has been completed by conveyance or not.

Buyer in possession liable although conveyance has not been executed.

45 *Struck out.*

16. (1.) No sale of land, whether made before or after the passing of this Act, shall be effective so as to exempt the seller from liability in respect of graduated land-tax until all of the following conditions have been fulfilled:—

Seller to remain liable until certain conditions fulfilled.

50 (a.) The sale must have been completed by a duly registered transfer or conveyance.

(b.) Possession of the land must have been delivered to the purchaser.

55 (c.) At least one-fourth of the purchase-money of the said land must have been paid by the purchaser to the seller.

New subclause.

Seller to remain liable until certain conditions fulfilled.

16. (1.) When any agreement has been made for the sale of land, whether before or after the passing of this Act, and whether the same has been completed by conveyance or not, the seller shall be deemed to remain the owner of the land for the purposes of this Act (though not to the exclusion of the liability of any other person) until possession of the land has been delivered to the purchaser and at least fifteen per centum of the purchase-money has been paid. 5

(2.) In estimating the amount of purchase-money which has been so paid, all money owing by the purchaser to the seller and secured by any mortgage or other charge on the land, and all money lent to the purchaser by the seller, and all money owing by the purchaser to any other person, and directly or indirectly guaranteed by the seller, shall be deemed to be unpaid purchase-money. 10

Tax payable by buyer may be deducted from amount payable by seller.

(3.) When by virtue of this and the *last preceding* section the buyer and seller of land are both liable for graduated land-tax in respect thereof, there shall be deducted from the tax so payable by the seller in respect of the said land the amount of the said tax payable in respect thereof by the buyer. 15

No disposition to be effective so long as possession retained.

17. No conveyance, transfer, declaration of trust, settlement, or other disposition of land, *whether made before or after the passing of this Act*, shall be effective so as to exempt the person making the same, so long as he remains or is in possession or in receipt of the rents or profits of any such land, whether on his own account or on account of any other person, from any graduated land-tax which would have become payable in respect of such land had no such conveyance, transfer, declaration of trust, settlement, or other disposition taken place; and for the purposes of this Act the person so making the same shall, while he remains or is so in possession of the land or in receipt of the rents or profits thereof, be deemed (though not to the exclusion of the liability of any other person) the owner of the said land. 20 25 30

Equitable owners to be liable as if legal.

18. Subject to the other provisions of this Act, the owner of any equitable estate or interest in land shall be assessed and liable in respect of graduated land-tax as if the estate or interest so owned by him were legal, but there shall be deducted from the said tax so payable by him in respect of that estate or interest the amount of any graduated land-tax payable *paid* in respect thereof by the legal owner of the land. 35

Trustees to be liable as if beneficially entitled.

19. (1.) Any person in whom land is vested as a trustee, executor, or administrator shall be assessed and liable in respect of the graduated land-tax as if he were beneficially entitled to such land, save that when he is the owner of different lands in severalty in trust for different beneficial owners, who are not, by reason of joint occupation or otherwise, liable to be jointly assessed for graduated land-tax in respect of the same, the said tax so payable by him shall be separately calculated and assessed in respect of each of those lands; and save also that when a trustee is also the beneficial owner of other land, he shall be separately assessed in respect of that land, and of the land of which he is a trustee, unless by reason of joint occupancy, or for any other reason he is liable to be jointly assessed independently of this section. 40 45 50

New subclauses.

(2.) Notwithstanding anything in this section, a trustee executor, or administrator may be assessed for graduated land-tax in respect of the interest of any beneficiary in the land owned by the trustee, executor, or administrator at the rate at which the beneficiary himself is liable to be assessed, when by reason of the ownership of other land or for any other reason the beneficiary is liable to be assessed at a higher rate than that at which the trustee, executor, or administrator would be assessed independently of this section.

(3.) Section three of the principal Act is hereby amended by omitting from the proviso to the definition of "owner" the words "of assessing the rate of graduated tax or."

20. For the purposes of the graduated land-tax, no deduction from the unimproved value of the land shall be allowed in respect of any mortgage or other charge to which the said land is subject, or in respect of any unpaid purchase-money, and a mortgagor shall be assessed and liable for the said tax as if he were the legal owner of an unincumbered estate.

No deduction of mortgage-money or unpaid purchase-money.

21. (1.) No mortgagee or other person owning any legal or equitable estate or interest in any land by way of security for money shall be liable to pay graduated land-tax in respect of that mortgage or other estate or interest.

Mortgagees not liable.

(2.) Nothing in this section contained shall affect the provisions of section seventy-eight or section eighty-one of the principal Act, but the owner of a mortgage existing at the time of the passing of this Act shall not become liable under the provisions of those sections to pay any greater sum than he would have been liable to pay if this Act had not been passed.

(3.) Notwithstanding anything in this section contained, any mortgagee in possession of land or any other person who is in possession of land by way of a security for money shall be liable, so long

Mortgagees in possession liable like lessees.

Struck out.

as such possession continues, for graduated land-tax in the same manner as if he were the owner of a leasehold estate in the land in accordance with the provisions herein contained in respect of such an estate.

New.

deemed for the purposes of this Act, so long as such possession continues (though not to the exclusion of the liability of any other person), to be the beneficial owner of the estate or interest which is subject to such mortgage or other security, and shall be liable for graduated land-tax accordingly; but there shall be deducted from the tax so payable by him the amount of graduated land-tax (if any) paid in respect of such estate or interest by the mortgagor or other owner thereof.

21A. (1.) For the purposes of this Act all standing timber shall be assessed at half its value and no more, and the liability of all persons for graduated land-tax shall be determined accordingly.

(2.) The increase of twenty-five per centum provided for in section seven of this Act shall not be added to any land-tax payable in respect of standing timber.

(3.) This section shall commence to take effect in respect of land-tax payable for the year commencing on the first day of April, nineteen hundred and seven.

No land-tax in respect of minerals, timber, or flax.

22. (1.) No land-tax, whether ordinary or graduated, shall be assessed or payable in respect of the value of any minerals, ~~timber, or flax~~; and for the purpose of any such tax the value of minerals ~~timber, or flax~~ shall not be taken into account in estimating the value of the land.

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(2.) The term "minerals" means all minerals, metals, coal, oil, gum, clay, stone, ~~or other valuable thing~~ gravel, sand, or precious stones existing on or beneath the surface of the land.

Income derived therefrom to be liable as income derived from business.

(3.) All income derived by any person from or by reason of the extraction, removal, sale, or treatment of minerals, ~~timber, or flax~~, whether by the owner of the land or by any other person, and whether the said income is derived by way of rent, royalties, commercial profit, or otherwise howsoever, shall, so far as it is derived from or received in New Zealand, be deemed to be income derived from business within the meaning of section fifty-nine of the principal Act, and income-tax shall be assessed and payable thereon accordingly.

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(4.) Nothing in this section contained shall affect the liability of any person to pay land-tax in respect of a mortgage.

(5.) This section shall commence to take effect in respect of land-tax and income-tax payable for the year commencing on the first day of April, nineteen hundred and seven.

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Struck out.

(6.) Notwithstanding anything contained in this section, if the Commissioner is of opinion that any land containing minerals or having standing timber or flax thereon is not being worked and used in good faith and to an adequate extent for the purpose of extracting the said minerals or of cutting the said timber or flax, such minerals, timber, or flax shall be excluded from the provisions of this section, and land-tax, both ordinary and graduated, shall be assessed and payable accordingly in respect of the value of such minerals, timber, or flax as if this section had not been in force.

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Repeal.

(7.) Section seven of the Land and Income Assessment Act Amendment Act, 1903, is hereby repealed.

Returns of land and income.

23. (1.) Returns of land owned at noon on the thirty-first day of March, nineteen hundred and seven, and of income derived during the year ending on that day, shall be made by every taxpayer as and when required by the Commissioner, and all returns of such land or income may be revised in accordance with this Act, and shall be subject to the provisions of this Act.

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(2.) In addition to any returns required to be made under the provisions of the principal Act, every taxpayer shall, as and when required by the Commissioner, make all such returns as are deemed by the Commissioner to be necessary for the purposes of this Act.

Struck out.

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(3.) Section eighty-three of the principal Act is hereby amended by adding thereto the following paragraph:—

"(5.) The Commissioner may require any person (whether a taxpayer or not) to furnish in writing any information in his possession or power concerning the land, income, property, or assessment of any person, and any person failing or refusing to furnish any information so required is guilty of an offence."

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SCHEDULE.
GRADUATED LAND-TAX.

Schedule.
Section 5.

Where the Total Unimproved Value of all the Land of any Taxpayer is not less than	And is less than	The Rate of Graduated Land-tax on such Total Unimproved Value is
£ 5,000	£ 7,000	One-sixteenth of a penny in the pound sterling.
7,000	9,000	Two-sixteenths of a penny in the pound sterling.
9,000	11,000	Three-sixteenths of a penny in the pound sterling.
11,000	13,000	Four-sixteenths of a penny in the pound sterling.
13,000	15,000	Five-sixteenths of a penny in the pound sterling.
15,000	17,500	Six-sixteenths of a penny in the pound sterling.
17,500	20,000	Seven-sixteenths of a penny in the pound sterling.
20,000	22,500	Eight-sixteenths of a penny in the pound sterling.
22,500	25,000	Nine-sixteenths of a penny in the pound sterling.
25,000	27,500	Ten-sixteenths of a penny in the pound sterling.
27,500	30,000	Eleven-sixteenths of a penny in the pound sterling.
30,000	35,000	Twelve-sixteenths of a penny in the pound sterling.
35,000	40,000	Thirteen-sixteenths of a penny in the pound sterling.