



HEAD OFFICE

INLAND REVENUE DEPARTMENT

WELLINGTON

PUBLIC INFORMATION BULLETIN NO. 5

This bulletin outlines the main themes of recent legislation concerning estate, gift and stamp duties and amusement tax.

LEGISLATION

The Estate and Gift Duties Amendment Act 1963.
The Stamp Duties Amendment Act 1963.
The Amusement Tax Amendment Act 1963.

ESTATE DUTY

OUTLINE OF AMENDMENT

The 1963 Act amends the Estate and Gift Duties Act 1955 by increasing the value limit of the estate duty exemption for the widow's succession from £10,000 to £12,000.

Previous Exemption

Previously section 17(1) of the principal Act provided for a deduction from the estate duty of so much of the duty as was attributable to the value of the widow's succession up to a maximum extent of £10,000.

New Exemption

The Amendment Act increases the value limit of the widow's succession up to £12,000 and provides that it is to take effect in the estates of persons dying on or after 11 July 1963; the date of the Budget Statement.

EFFECT OF NEW EXEMPTION

Estate Under £12,000 : Left Wholly to Widow

No estate duty is payable where an estate not exceeding £12,000 in value is left wholly to the widow.

Estate Over £12,000 : Widow Successor

Where the widow is a successor in an estate over £12,000 in value duty at the scale rates is reduced by the duty attributable to her succession or the amount of £12,000, whichever is the lesser.

Illustrative Table

The effect of the new exemption is illustrated by the following table comparing the duty at scale rates with the duty payable where the widow is the sole successor:

<u>Value of Estate</u>	<u>Estate Duty at Scale Rates</u>	<u>Estate Duty Payable Where Widow is Sole Beneficiary</u>
£ 10,000	£ 900	Nil
12,000	1,320	Nil
15,000	1,880	£ 376
20,000	3,000	1,200
30,000	6,000	3,600
60,000	18,000	14,400
100,000	40,000	35,200

GIFT DUTY

OUTLINE OF AMENDMENT

The Estate and Gift Duties Amendment Act 1963 further amends the principal Act by reframing the gift duty exemptions provided in section 47 for various payments made by employers to employees or the widows of deceased employees. The amendments will apply to gifts made on or after the 22 October 1963.

EXEMPTION FOR PAYMENTS BY EMPLOYERS TO EMPLOYEES

Previous Exemption

Section 47(c) of the principal Act provided a gift duty exemption for payments made by an employer to an employee on his retirement or by way of a gratuity or bonus during the course of the employment.

Some Payments Excluded

This exemption did not apply in cases where -

- (a) the payment was made by a firm or individual to an employee who was connected by ties of blood or marriage with the employer or any of the employers; and
- (b) the payment was made by a private company to an employee who was a director of the company or connected by ties of blood or marriage with a director.

New Exemption

The salient features of the amendment which inserts a new paragraph (c) into section 47 of the principal Act are -

FIRSTLY, references to the phrase "connected by ties of blood or marriage" have been omitted. Relationship qualifications are now restricted to the spouse and to blood relatives of the first and second degree; that is, to parents, grandparents, children, grandchildren and brothers and sisters.

SECONDLY, reference to a director of a private company is also omitted and is replaced by a restriction that excludes from exemption payments made by a public or private company to an employee where a half interest or more in the company is held for the benefit of one or more of the employee, his spouse, and blood relatives of the first and second degree.

FINALLY, the new paragraph (c) uses the expression "payments ... made in consequence of the retirement" instead of the formerly used expression "payments ... made on retirement". This alteration makes it clear that a series of payments or a pension is covered.

EXEMPTION FOR PAYMENTS BY EMPLOYER TO WIDOWS OF DECEASED EMPLOYEES

Paragraph (d) of section 47 of the principal Act provides an exemption for payments made to a widow by her deceased husband's employer. The amendment reframes this paragraph to keep it in line with the amended paragraph (c).

STAMP DUTY

OUTLINE OF AMENDMENT

The 1963 Amendment Act makes important changes to the provisions of the Stamp Duties Act 1954 which deal with refunds of stamp duty.

REFUND OF STAMP DUTY ERRONEOUSLY ASSESSED OR PAID IN ERROR OR EXCESS

In terms of sections 35 and 41 of the principal Act provision is made to refund stamp duty or penalty erroneously assessed on a document or paid in error or excess if application for the refund is made within three years after the date of payment.

The amendment extends the period during which application for a refund can be made to six years after the date of payment.

REFUND OF STAMP DUTY WHERE INSTRUMENT INOPERATIVE

Section 40 of the principal Act enables refunds to be made in cases where the duty has been properly assessed and paid but the document has failed to become fully operative and has been cancelled or destroyed.

The amendment extends the period during which application for a refund can be made from 12 months to six years after the date of execution of the instrument and removes the restriction which limited these refunds to ninety-five per cent of the duty paid.

REFUND OF CONVEYANCE DUTY WHERE AGREEMENT OR CONVEYANCE RESCINDED

Section 98 of the principal Act deals with a refund in the special case where ad valorem duty has been paid on a conveyance or agreement of sale which has not been carried into effect and has been rescinded.

Here again, the amendment extends the period during which application for a refund can be made from twelve months to six years after the date of execution of the instrument.

AMUSEMENT TAX

PURPOSE OF ACT

The Amusement Tax Amendment Act 1963 abolishes amusement tax in the lower price range of admissions to cinematograph theatres. It takes effect from and including the 15 July 1963.

RATES OF AMUSEMENT TAX

<u>Payment for Admission</u>	<u>Tax for Each Person</u>
1. To horse race meeting -	
Not exceeding 1s. 9d.	No tax.
Exceeding 1s. 9d but not exceeding 2s. 6d.	3d
Exceeding 2s. 6d. but not exceeding 3s.	4d
Exceeding 3s. but not exceeding 3s. 6d.	5d
Exceeding 3s. 6d.	2d., plus an additional 1d., for every 1s. or part of 1s. of the payment.
2. To exhibition of a cinematograph film -	
Not exceeding 3s. 11d.	No tax.
Exceeding 3s. 11d.	2d., plus an additional 1d., for every 1s. or part of 1s. of the payment.

Inland Revenue Department

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