

New Zealand



ANALYSIS

Title.
1. Short Title.

PART I.

INCOME-TAX.

2. This Part to be read with Land and Income Tax Act, 1923.
3. Application of this Part.
4. Increasing rate of excess profits tax.
5. Amending basic rates of income-tax. Repeal.
6. Commissioner's discretion as to deductions in respect of contributions by employers to superannuation funds.

7. Deduction of income-tax from payments due to defaulters.

PART II.

NATIONAL SECURITY TAX AND SOCIAL SECURITY CHARGE.

8. Increasing rate of national security tax. Consequential increase in combined charge.
9. Commencement of liability for increased tax.
10. Authorizing companies to adjust dividends in respect of increased national security tax. Repeal.
11. Deduction at source of charge on income included in certain gross payments.

1942, No. 2

AN ACT to make Provision with respect to Public Finance and other Matters. Title.
[11th May, 1942

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 Finance Act, 1942. Short Title.

PART I.

INCOME-TAX.

This Part to be read with Land and Income Tax Act, 1923.

See Reprint of Statutes, Vol VII, p. 271

Application of this Part.

Increasing rate of excess profits tax.

1940, No. 22

Amending basic rates of income-tax.

1940, No. 3

2. This Part of this Act shall be read together with and deemed part of the Land and Income Tax Act, 1923.

3. Except where otherwise specially provided, this Part of this Act shall apply with respect to the tax for the year of assessment commencing on the first day of April, nineteen hundred and forty-two, and for every subsequent year.

4. Section three of the Excess Profits Tax Act, 1940, is hereby amended by omitting from subsection four the words "sixty per centum" and substituting the words "seventy-five per centum".

5. (1) The Schedule to the Land and Income Tax Amendment Act, 1940, is hereby amended by omitting "8s. 9d." from paragraph (a) of clause two, and substituting "8s. 8d."

(2) The said Schedule is hereby further amended by repealing clauses three and four, and substituting the following clauses:—

"Companies and Public Authorities.

"3. On all income not included within clause 2 of this Schedule the rate of income-tax for every £1 of the taxable income shall, in the case of companies and public authorities, be as follows:—

"(a) Where the taxable income does not exceed £6,300, the rate shall be 2s. 6d., increased by $\frac{1}{100}$ d. for every £1 of the taxable income:

"(b) Where the taxable income exceeds £6,300, the rate shall be 7s. 9d., increased by $\frac{1}{100}$ d. for every £1 of the taxable income in excess of £6,300, but so as not to exceed in any case the rate of 8s. 8d. in the £1.

"Other Taxpayers.

"4. (1) On all income not included within clause 2 of this Schedule the rate of income-tax shall, in the case of all taxpayers other than companies and public authorities, be as provided in this clause.

"(2) Where the total income derived by the taxpayer during the income year did not include any non-assessable income to which section 6 of the Land and Income Tax Amendment Act, 1931, applies, the rate shall be as follows:—

"(a) Where the taxable income is all earned income, the rate for every £1 thereof shall be the effective earned rate of tax for the taxable income:

- “(b) Where the taxable income is all unearned income, the rate for every £1 thereof shall be the effective unearned rate of tax for the taxable income:
- “(c) Where the taxable income includes both earned income and unearned income,—
- “(i) The rate for every £1 of so much of the taxable income as is earned shall be the effective earned rate of tax for the taxable earned income; and
- “(ii) The tax payable on so much of the taxable income as is unearned shall be the amount by which tax at the effective unearned rate on the taxable income exceeds tax at the effective unearned rate on the taxable earned income.
- “(3) Where the total income derived by the taxpayer during the income year included non-assessable income to which section 6 of the Land and Income Tax Amendment Act, 1931, applies, then, notwithstanding anything to the contrary in that section, the rate shall be as follows:—
- “(a) Where the taxable income is all earned income, the tax payable thereon shall be the amount by which tax at the effective earned rate on a taxable income equal in amount to the total of the taxpayer’s taxable income and of that non-assessable income exceeds tax at the effective earned rate on a taxable income equal in amount to that non-assessable income:
- “(b) Where the taxable income is all unearned income, the tax payable thereon shall be the amount by which tax at the effective unearned rate on a taxable income equal in amount to the total of the taxpayer’s taxable income and of that non-assessable income exceeds tax at the effective unearned rate on a taxable income equal in amount to that non-assessable income:
- “(c) Where the taxable income includes both earned income and unearned income,—
- “(i) The tax payable on so much of the taxable income as is earned shall be the amount by which tax at the effective earned rate on a taxable income equal in amount to the total of the taxable earned income and of that non-assessable income exceeds tax at the effective earned rate on a taxable income equal in amount to that non-assessable income; and
- “(ii) The tax payable on so much of the taxable income as is unearned shall be the amount by which tax at the effective unearned rate on a taxable income equal in amount to the total of the taxpayer’s taxable income and of that non-assessable income exceeds tax at the effective unearned rate on a taxable income equal in amount to the total of the taxable earned income and of that non-assessable income.”

Repeal.
1940, No. 26

Commissioner's
discretion as
to deductions
in respect of
contributions
by employers to
superannuation
funds.

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

Deduction of
income-tax
from payments
due to
defaulters.

(3) Section three of the Finance Act (No. 3), 1940, is hereby consequentially repealed.

6. The Commissioner shall have and be deemed to have always had an absolute discretion as to whether or not a deduction should be allowed under section eighty-two of the Land and Income Tax Act, 1923, of the whole or any part of any amount set aside or paid as mentioned in that section.

7. (1) Where any taxpayer has made default in the payment of any income-tax payable by him for the year of assessment commencing on the first day of April, nineteen hundred and forty-two, or for any previous or subsequent year, the Commissioner may from time to time by notice in writing require any person to deduct from any amount payable or to become payable by that person to the taxpayer such sum as may be specified in the notice, and to pay every sum so deducted to the Commissioner to the credit of the taxpayer within such time as may be specified in the notice.

(2) This section shall bind the Crown.

(3) Where any notice under this section relates to any wages or salary, the sums required to be deducted therefrom shall be computed so as not to exceed a deduction at the rate of one-twentieth per week of the income-tax due and payable by the taxpayer at the date of the notice, or at the rate of twenty per centum of the wages or salary, whichever rate is the less.

(4) Any notice under this section may be at any time revoked by the Commissioner by a subsequent notice to the person to whom the original notice was given (hereinafter referred to as the debtor), and shall be so revoked at the request of the taxpayer at any time when the Commissioner is satisfied that all income-tax then due and payable by the taxpayer has been paid, and that the Commissioner holds to the credit of the taxpayer an amount not less than the amount of the income-tax (if any) to become due and payable by him during the then current year of assessment.

(5) A copy of every notice given under this section in respect of any taxpayer and of the revocation of any such notice shall be given to the taxpayer by the Commissioner.

(6) Whenever pursuant to a notice under this section any deduction is made from any amount payable to

any taxpayer the taxpayer shall be entitled to receive from the debtor a statement in writing of the fact of the deduction and of the purpose for which it was made.

(7) The sum deducted from any amount pursuant to a notice under this section shall be deemed to be held in trust for the Crown, and, without prejudice to any other remedies against the debtor or any other person, shall be recoverable in the same manner in all respects as if it were income-tax payable by the debtor.

(8) Every person commits an offence and shall be liable on summary conviction to a fine not exceeding one hundred pounds who—

- (a) Fails to make any deduction required by a notice under this section to be made from any amount payable by him to a taxpayer:
- (b) Fails after making any such deduction to pay the sum deducted to the Commissioner within the time specified in that behalf in the notice.

PART II.

NATIONAL SECURITY TAX AND SOCIAL SECURITY CHARGE.

8. (1) Section sixteen of the Finance Act, 1940, is hereby amended by inserting in subsection two, after the words "one penny", the words "and one half-penny".

Increasing
rate of
national
security tax.
1940, No. 6

(2) Section seventeen of the Finance Act, 1940, is hereby consequentially amended by omitting from subsection two the word "tenpence", and substituting the word "eightpence".

Consequential
increase in
combined
charge.

9. (1) The last preceding section shall apply with respect to the national security tax and combined charge on all salaries and wages derived in respect of any period after the tenth day of May, nineteen hundred and forty-two. For the purposes of this section the expression "salaries and wages" includes all income to which section one hundred and eighteen of the Social Security Act, 1938, applies.

Commencement
of liability
for increased
tax.

1938, No. 7

(2) Subject to subsection three hereof, the last preceding section shall apply with respect to the national security tax and combined charge on all income (other than salaries and wages) derived (or deemed by the Social Security Act, 1938, or by any regulations thereunder to have been derived) during the year ended on the thirty-first day of March, nineteen hundred and forty-two, or during any subsequent year.

(3) The last preceding section shall not apply with respect to any instalments of the national security tax or combined charge that became due and payable before the first day of May, nineteen hundred and forty-two, or are deemed by the Social Security Act, 1938, to have become due and payable before that date.

10. (1) Section twenty-one of the Social Security Amendment Act, 1939, as amended by section five of the Finance Act (No. 3), 1940, is hereby further amended by omitting from subsection one the word "tenpence", and substituting the word "eightpence".

(2) Section five of the Finance Act (No. 3), 1940, is hereby repealed.

11. (1) Where the Minister of Finance is satisfied that any payments to be made or credited to any person or class of persons will as to part thereof constitute income of that person or class of persons within the meaning of Part IV of the Social Security Act, 1938, the provisions of subsection four of section one hundred and eighteen of that Act may be applied in respect of those payments so as to authorize the collection of the charge on that income as if it were salary or wages.

(2) The Commissioner of Taxes may determine, on such basis as he thinks fit, the amount or proportion of salary, wages, or other income included in any payment or class of payments to which subsection one or subsection four of section one hundred and eighteen of the Social Security Act, 1938, applies and for the purposes of Part IV of that Act, notwithstanding anything to the contrary in section one hundred and twenty-seven thereof or in any other enactment, the amount or proportion so determined in respect of any payment shall be deemed to be income, and the balance of the payment shall be deemed not to be income. Any determination by the Commissioner under this subsection may be at any time revoked or varied by him.

(3) Where any acts have been done before the passing of this Act and by virtue of this section the acts would have been valid and lawful if this section had been in force when they were done, the acts shall be deemed to have been validly and lawfully done under the authority of this section.

Authorizing companies to adjust dividends in respect of increased national security tax. 1939, No. 31 1940, No. 26

Repeal.

Deduction at source of charge on income included in certain gross payments. 1938, No. 7