



**NEW ZEALAND**

**ANALYSIS**

<p>Title.</p> <ol style="list-style-type: none"> <li>1. Short Title.</li> <li>2. Application of Act.</li> <li>3. Personal exemption increased to £230.</li> <li>4. Special exemption for dependent relatives increased to £65.</li> <li>5. Special exemption for dependent relatives extended to foster-children.</li> <li>6. Special exemption where taxpayer is married.</li> <li>7. Special exemption for life insurance premiums, etc., increased to £175.</li> <li>8. Extending period for setting off losses against future profits to six years.</li> <li>9. Extending period for allowance of special depreciation on buildings and plant.</li> </ol>	<ol style="list-style-type: none"> <li>10. Extending period for allowance of initial depreciation on farm equipment and accommodation for farm workers.</li> <li>11. Revised assessment where assets sold after deduction of initial depreciation allowance.</li> <li>12. Initial depreciation allowance on accommodation for business workers.</li> <li>13. Definition of term "dividends" amended.</li> <li>14. Rate of income tax on interest from 1953 Development Loans.</li> <li>15. Commercial income of New Zealand Broadcasting Service subject to income tax.</li> <li>16. Abolition of register of bearer debentures and other securities.</li> <li>17. Extending exemption of Cornwall Park Trustees from land tax.</li> </ol>
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1953, No. 27

**Title.** AN ACT to amend the Land and Income Tax Act 1923.  
[19 October 1953]

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

**Short Title.** 1. This Act may be cited as the Land and Income Tax Amendment Act 1953, and shall be read together with and deemed part of the Land and Income Tax Act 1923 (hereinafter referred to as the principal Act).

See Reprint of Statutes, Vol. VII, p. 271

2. Except as otherwise provided herein, this Act shall apply with respect to the tax for the year of assessment that commenced with the first day of April, nineteen hundred and fifty-three, and for every subsequent year.

3. (1) Section seventy-four of the principal Act is hereby amended by omitting from subsection one (as substituted by paragraph (a) of subsection one of section six of the Land and Income Tax Amendment Act 1936 and amended by section thirteen of the Finance Act 1939) the words "two hundred pounds", and substituting the words "two hundred and thirty pounds".

Application  
of Act.

Personal  
exemption  
increased to  
£230.

1936, No. 34  
1939, No. 3

(2) Section thirteen of the Land and Income Tax Amendment Act 1939 is hereby consequentially amended as follows:

1939, No. 34

(a) By omitting from paragraph (a) and from paragraph (b) of subsection three the words "two hundred pounds", and substituting in each case the words "two hundred and thirty pounds":

(b) By omitting from subsection five (as substituted by subsection one of section four of the Land and Income Tax Amendment Act 1949) the words "four hundred pounds", and substituting the words "four hundred and sixty pounds":

1949, No. 29

(c) By omitting from paragraph (a) of subsection six (as substituted by subsection two of section four of the Land and Income Tax Amendment Act 1949) the words "two hundred pounds", and substituting the words "two hundred and thirty pounds":

(d) By omitting from subsections nine and ten the words "two hundred pounds" wherever they occur, and substituting in each case the words "two hundred and thirty pounds".

(3) Section thirteen of the Finance Act 1939 is hereby consequentially repealed.

4. (1) Section eleven of the Land and Income Tax Amendment Act 1939 is hereby amended by omitting from subsection one the words "fifty pounds", and substituting the words "sixty-five pounds".

Special  
exemption  
for dependent  
relatives  
increased  
to £65.

(2) The said section eleven is hereby consequentially further amended by omitting from subsection three the words "fifty pounds" wherever they occur, and substituting in each case the words "sixty-five pounds".

Special exemption for dependent relatives extended to foster-children. 1939, No. 34

5. Section eleven of the Land and Income Tax Amendment Act 1939 is hereby amended by inserting in subsection two, after the words "and includes a former wife of the taxpayer", the words "and also includes any child, not being a child or stepchild of the taxpayer, who is supported by the taxpayer as a foster-child".

Special exemption where taxpayer is married. 1932-33, No. 40 1945, No. 37

6. (1) Section four of the Land and Income Tax Amendment Act 1932-33 is hereby amended by omitting from subsection one (as amended by paragraph (a) of section three of the Land and Income Tax Amendment Act 1945) the words "one hundred pounds diminished at the rate of two pounds for every complete pound of the excess of the income derived by his wife during the income year over fifty pounds", and substituting the words "one hundred pounds diminished at the rate of one pound for every complete pound of the excess of the income derived by his wife during the income year over one hundred pounds".

(2) The said section four is hereby consequentially further amended by omitting from subsection two (as amended by paragraph (c) of the said section three of the Land and Income Tax Amendment Act 1945) the words "one hundred pounds", and substituting the words "two hundred pounds".

1933, No. 43

(3) Section two of the Land and Income Tax Amendment Act 1933 is hereby amended by omitting from subsection one (as amended by paragraph (a) of section four of the Land and Income Tax Amendment Act 1945) the words "one hundred pounds diminished at the rate of two pounds for every complete pound of the excess of the income derived by her husband during the income year over fifty pounds", and substituting the words "one hundred pounds diminished at the rate of one pound for every complete pound of the excess of the income derived by her husband during the income year over one hundred pounds".

(4) The said section two is hereby consequentially further amended by omitting from subsection two (as amended by paragraph (c) of the said section four of the Land and Income Tax Amendment Act 1945) the words "one hundred pounds", and substituting the words "two hundred pounds".

(5) The Land and Income Tax Amendment Act 1945 1945, No. 37 is hereby consequentially amended by repealing paragraphs (a) and (c) of section three and paragraphs (a) and (c) of section four.

7. Section seventy-seven of the principal Act is hereby amended by omitting from subsection three (as substituted by section twelve of the Land and Income Tax Amendment Act 1939) the words "one hundred and fifty pounds", and substituting the words "one hundred and seventy-five pounds". Special exemption for life insurance premiums, etc., increased to £175. 1939, No. 34

8. (1) Section eighty-one of the principal Act is hereby amended as follows: Extending period for setting off losses against future profits to six years.

(a) By omitting from subsection three the word "three" wherever it occurs, and substituting in each case the word "six":

(b) By omitting from subsection four (as added by section nine of the Land and Income Tax Amendment Act 1936) the word "three-fourths" wherever it occurs, and substituting in each case the word "two-thirds". 1936, No. 34

(2) This section shall not apply with respect to any loss incurred before the income year that commenced with the first day of April, nineteen hundred and forty-nine.

9. (1) Section fifteen of the Land and Income Tax Amendment Act 1945 (as amended by section six of the Land and Income Tax Amendment Act 1952) is hereby further amended by omitting from subsection one the words "nineteen hundred and fifty-four", and substituting the words "nineteen hundred and fifty-five". Extending period for allowance of special depreciation on buildings and plant. 1952, No. 80

(2) Section six of the Land and Income Tax Amendment Act 1952 is hereby consequentially repealed.

Extending period for allowance of initial depreciation on farm equipment and accommodation for farm workers.

1950, No. 87  
1952, No. 80

**10.** (1) Section eight of the Land and Income Tax Amendment Act (No. 2) 1950 (as amended by section seven of the Land and Income Tax Amendment Act 1952) is hereby further amended by omitting from subsection five the words "nineteen hundred and fifty-four" wherever they occur, and substituting in each case the words "nineteen hundred and fifty-five".

(2) The said section eight is hereby further amended by omitting from paragraph (c) of subsection four the words "or a child of the taxpayer", and substituting the words "or husband or a child of the taxpayer or, in the case of a company, for the accommodation of a shareholder of the company or the wife or husband or a child of a shareholder of the company".

(3) Section seven of the Land and Income Tax Amendment Act 1952 is hereby consequentially repealed.

Revised assessment where assets sold after deduction of initial depreciation allowance.

**11.** (1) Section eight of the Land and Income Tax Amendment Act (No. 2) 1950 is hereby amended by adding to subsection one the following proviso:

"Provided that where the Commissioner has for any year of assessment allowed an initial depreciation allowance in respect of any plant, machinery, equipment, or building, and the taxpayer at any time afterwards sells the plant, machinery, equipment, or building at a price in excess of the amount to which the value of those assets has been reduced by the allowance, the Commissioner may make a revised assessment for that or any subsequent year without allowing that initial depreciation allowance or without allowing such portion thereof as he thinks fit, and may recover the additional amount of income tax accordingly. Subsection one of section ten of the Finance Act (No. 2) 1948 is hereby extended to apply for the purposes of this proviso."

1948, No. 78

(2) This section shall be deemed to have come into force on the passing of the Land and Income Tax Amendment Act (No. 2) 1950, and shall apply with respect to the tax for every year of assessment to which section eight of that Act applies.

Initial depreciation allowance on accommodation for business workers.

**12.** (1) Where the Commissioner is satisfied that any new building has, during any income year within the period specified in subsection five of this section, been erected by or for a taxpayer engaged in any business in New Zealand other than a farming or agricultural business in order to provide accommodation for any person employed by the taxpayer in connection

with that business, the Commissioner may in his discretion, subject to the provisions of this section, allow as a deduction in calculating the assessable income derived by that taxpayer from the business in the year in which the building is erected or first used for the purposes of that business an initial depreciation allowance of thirty per cent of the cost of the building:

Provided that where the Commissioner has for any year of assessment allowed an initial depreciation allowance in respect of any building, and the taxpayer at any time afterwards sells the building at a price in excess of the amount to which the value of the building has been reduced by the allowance, the Commissioner may make a revised assessment for that or any subsequent year without allowing that initial depreciation allowance or without allowing such portion thereof as he thinks fit, and may recover the additional amount of income tax accordingly. Subsection one of section ten of the Finance Act (No. 2) 1948 is hereby extended to apply for the purposes of this proviso.

1948, No. 78

(2) The initial depreciation allowance authorized by this section shall be in addition to any deduction which may be allowed under paragraph (a) of subsection one of section eighty of the principal Act.

(3) Where the taxpayer elects to receive an initial depreciation allowance under this section in respect of any building, he shall not be entitled to any special depreciation allowance in respect of that building under section fifteen of the Land and Income Tax Amendment Act 1945.

1945, No. 37

(4) Without limiting the discretion of the Commissioner under this section, it is hereby declared that the Commissioner may refuse in whole or in part to allow any deduction under this section in respect of any building—

(a) In any case where he is not satisfied that such records as may be required by him have been kept by or on behalf of the taxpayer:

(b) In any case where he is satisfied that the building has been erected for the accommodation of the taxpayer or the wife or husband or a child of the taxpayer or, in the case of a company, for the accommodation of a shareholder of the company or the wife or husband or a child of a shareholder of the company.

(5) This section shall apply only where the building was erected after the thirty-first day of March, nineteen hundred and fifty-three, and before the first day of April, nineteen hundred and fifty-five, but shall not apply with respect to tax for any year of assessment commencing before the first day of April, nineteen hundred and fifty-four, or later than the first day of April, nineteen hundred and fifty-five.

Definition  
of term  
“dividends”  
amended.  
1939, No. 34

**13.** Section twenty-two of the Land and Income Tax Amendment Act 1939 is hereby amended by omitting from paragraph (c) of subsection one the words “The value”, and substituting the words “The paid up value”.

Rate of income  
tax on interest  
from 1953  
Development  
Loans.

**14.** (1) This section applies to New Zealand Government stock issued in respect of—

(a) The 1953 National Development Loan, maturing on the fifteenth day of May, nineteen hundred and sixty-two, with interest at the rate of three and three-quarters per cent per annum on the nominal amount thereof; or

(b) The 1953 National Development Loan (Second Issue), maturing on the fifteenth day of May, nineteen hundred and sixty-two, with interest at the rate of three and three-quarters per cent per annum on the nominal amount thereof.

(2) Where the total income derived by any taxpayer in any income year includes interest on any stock to which this section applies and, if this section had not been passed, the amount of income tax payable in respect of that interest, together with the amount of social security charge (if any) payable in respect of that interest or any part thereof, would exceed an amount calculated at the rate of nine shillings and fourpence on each pound of that interest, the amount of the excess shall be allowed as a rebate from the total amount of income tax that would be payable by the taxpayer apart from the provisions of this section.

(3) For the purposes of this section the amount of income tax payable in respect of any such interest included in the total income of any taxpayer shall be deemed to be an amount equal to the difference between the income tax payable by that taxpayer on his taxable income and the income tax that would be payable by him if his taxable income were reduced by the amount of so much of that interest as is included in the taxable income.

(4) For the purpose of calculating the amount of interest on any stock to which this section applies that is included in the taxable income of any taxpayer—

(a) Any expenditure or loss exclusively incurred in the production of that interest shall be deducted from that interest:

(b) Any other expenditure or loss exclusively incurred in the production of the taxpayer's assessable income, and any losses which may be carried forward by the taxpayer under section eighty-one of the principal Act, and all special exemptions to which the taxpayer is entitled shall be deducted from the taxpayer's assessable income other than that interest so far as that other income extends and the balance (if any) shall be deducted from that interest.

15. Section seventy-eight of the principal Act is hereby amended by omitting from paragraph (b) (as amended by subsection one of section four of the Land and Income Tax Amendment Act 1940) the words "National Commercial Broadcasting Service", and substituting the words "New Zealand Broadcasting Service (in respect of the commercial activities of that Service)".

Commercial income of New Zealand Broadcasting Service subject to income tax. 1940, No. 3

16. (1) Section ten of the Land and Income Tax Amendment Act 1932-33 is hereby repealed.

Abolition of register of bearer debentures and other securities. 1932-33, No. 40  
1940, No. 7

(2) Section fifteen of the National Savings Act 1940 is hereby consequentially amended by repealing subsection one.

17. Section twenty-eight of the Finance Act 1929 is hereby amended by repealing subsection two, and substituting the following subsection:

Extending exemption of Cornwall Park Trustees from land tax. 1929, No. 29

"(2) For the year of assessment commencing on the first day of April, nineteen hundred and fifty-three, and for every year thereafter, the Trustees of Cornwall Park shall, in respect of lands vested in them, be assessed and liable for land tax at one-fourth of the rate (if any) that would be chargeable in respect thereof if this section had not been passed, or at the rate of one halfpenny in the pound of the unimproved value on which land tax is payable, whichever is the greater."