

*Hon. Mr. Nash.*

FINANCE (No. 2).

ANALYSIS.

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## A BILL INTITULED

Title. AN ACT to make Provision with respect to Public Finance and other Matters.

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:— 5

Short Title. 1. This Act may be cited as the Finance Act (No. 2), 1937.

## PART I.

## LAND TAX AND INCOME TAX. 10

This Part to form part of Land and Income Tax Act, 1923.

2. This Part of this Act shall be read together with and deemed part of the Land and Income Tax Act, 1923 (hereinafter in this Part referred to as the principal Act).

Special provisions for assessment for income-tax of petroleum-mining companies.

3. (1) This section applies to New Zealand companies in respect of which the Commissioner is satisfied that their sole or principal source of income is the business of mining in New Zealand for petroleum, but does not apply to any such company the business of which includes the refining, distribution, or transportation of petroleum. 15 20

(2) Notwithstanding anything to the contrary in the principal Act, the taxable income derived in any year by any company to which this section applies shall, except as hereinafter provided, be deemed to be the amount of dividends paid to shareholders in that year, but a company shall not be deemed to have derived taxable income in any year unless at the end of that year the aggregate amount of dividends theretofore paid to shareholders exceeds the aggregate amount theretofore expended by the company and deemed by the Commissioner for the purposes of this section to be irrecoverable. 25 30

(3) For the purposes of this section the dividends paid to the shareholders of a company shall be deemed to include— 35

(a) All sums distributed in any manner and under any name among the shareholders of the company:

(b) The paid-up value of any shares allotted by the company to any of its shareholders to the extent to which the paid-up value represents the capitalization of the whole or any part of the profits of the company: 40

(c) Any credit given by the company to any of its shareholders in respect of the amount unpaid on any shares that are not fully paid-up:

5 (d) The value of any other property of any kind whatsoever given by the company to any of its shareholders as such.

(4) For the purposes of this section the aggregate amount expended by a company and deemed to be irrecoverable shall, on any date, be taken to be the  
10 aggregate amount theretofore expended by the company in prospecting or mining in New Zealand for petroleum or for purposes necessarily incidental thereto, reduced by the selling value, as determined by the Commissioner, of assets (not including any petroleum that has  
15 not been recovered from the earth) resulting from such aggregate expenditure.

(5) In any year for which a company to which this section applies is not exempt from income-tax by virtue of the foregoing provisions of this section, the taxable  
20 income of the company for that year shall not exceed the difference between the aggregate amount of the dividends theretofore paid to shareholders of the company and the aggregate amount theretofore expended by the company and deemed to be irrecoverable as  
25 aforesaid.

4. (1) In lieu of furnishing a return in accordance with the provisions of subsection one of section eight of the principal Act for any year ending on the thirty-first day of March, any taxpayer may, with  
30 the consent of the Commissioner, elect to furnish a return for the year ending on the date of the annual balance of his accounts, and in any such case the income derived during that year shall for the purposes of the principal Act be deemed to have been derived  
35 during the year ending on the thirty-first day of March nearest to that date. For the purposes of this section the thirtieth day of September in any year shall be deemed to be nearer to the last preceding thirty-first day of March than to the next succeeding thirty-first day  
40 of March.

With consent of Commissioner, taxpayer may furnish returns for period ending on date of annual balance.

(2) Any election made by a taxpayer for the purposes of this section shall continue in force unless and until it is altered by the taxpayer with the prior approval in writing of the Commissioner.

45 (3) Subsection two of section eight of the principal Act is hereby repealed. Repeal.

Section 135  
of principal  
Act modified.

5. (1) On application for relief made in writing by or on behalf of any taxpayer who (whether before or after the passing of this Act) has become liable for the payment of any additional tax pursuant to the provisions in that behalf of section one hundred and thirty-five of the principal Act, the Commissioner, if having regard to the circumstances of the case he thinks it equitable so to do, may, subject to the provisions of this section, grant relief to the taxpayer—

(a) By the remission of the whole or part of such additional tax; or

(b) Where such additional tax has been paid in whole or in part, by the refund to the taxpayer of the whole or any part of such tax that has been paid, with or without the remission of any part of such additional tax that has not been paid.

(2) No amount of tax in excess of twenty-five pounds shall be remitted or refunded under this section except with the approval of the Minister of Finance.

(3) The foregoing provisions of this section shall apply with respect to tax payable for the year of assessment ending on the thirty-first day of March, nineteen hundred and thirty-eight, but shall not apply with respect to tax payable for any former year.

(4) Any refund of tax under this section may be made without further appropriation than this section.

6. (1) In any case where it is shown to the satisfaction of the Commissioner—

(a) That any taxpayer has suffered such loss or is in such circumstances that the exaction of the full amount of the tax has entailed or would entail serious hardship; or

(b) That, owing to the death of any person who if he had not died would have been liable to pay tax, the dependants of that person are in such circumstances that the exaction of the full amount of the tax has entailed or would entail serious hardship,—

he may, subject to the provisions of this section, release the taxpayer or the executor or administrator of the deceased taxpayer (as the case may be) wholly or in part from his liability, and may make such alterations in the assessment as are necessary for

In cases of serious hardship Commissioner may grant relief to taxpayer.

that purpose; and may, if the tax as previously assessed or any part thereof has been already paid, refund any tax paid in excess of the amount of the assessment as altered pursuant to this section.

5 (2) No amount of tax in excess of twenty-five pounds shall be remitted or refunded under this section except with the approval of the Minister of Finance.

(3) No refund shall be made under this section of any tax that has been paid for any year of assessment 10 prior to the year of assessment ending on the thirty-first day of March, nineteen hundred and thirty-eight.

(4) Any refund of tax under this section may be made without further appropriation than this section.

(5) This section is in substitution for section one 15 hundred and sixty-nine of the principal Act, and that section is hereby accordingly repealed. Repeal.

7. For the purpose of determining the liability of the State Advances Corporation to land-tax as the mortgagee in possession of the lands comprised in any 20 mortgage which has been transferred to the Corporation pursuant to Part V of the State Advances Corporation Act, 1934-35, possession by the State Advances Superintendent or other predecessor in title of the Corporation shall not be taken into account for the purposes of the 25 proviso to section sixty-five of the principal Act. As to liability of State Advances Corporation for land-tax as mortgagee in possession of lands comprised in mortgages transferred to the Corporation. 1934-35, No. 42

## PART II.

### MISCELLANEOUS.

8. (1) During the financial year ending on the 30 thirty-first day of March, nineteen hundred and thirty-eight, there shall, without further appropriation than this section, be paid out of the Consolidated Fund into the Public Service Superannuation Fund, the Teachers' Superannuation Fund, and the Government Railways Superannuation Fund respectively such 35 amounts, not exceeding in the aggregate the sum of *two hundred thousand* pounds, as the Minister of Finance may from time to time direct. Authorizing payment of additional subsidies from Consolidated Fund into several Superannuation Funds.

(2) The amounts payable under this section are in addition to any other moneys payable out of the 40 Consolidated Fund into any of the said Funds.

(3) Section twenty-three of the Finance Act, 1936, is hereby repealed. Repeal. 1936, No. 16

Modification, in respect of Thames Hospital Board, of provisions of Hospitals and Charitable Institutions Act relating to apportionment of annual expenditure. See Reprint of Statutes, Vol. III, p. 725

9. (1) Notwithstanding anything to the contrary in the Hospitals and Charitable Institutions Act, 1926 (hereinafter in this section referred to as the said Act), the capital value of the rateable property in the Borough of Waihi, as on the thirty-first day of December, nineteen hundred and thirty-seven, and on the corresponding date in each year thereafter, shall, for the purposes of section forty-nine of the said Act, be deemed to be the approximate capital value thereof determined in accordance with the said section or the sum of five hundred and sixty thousand pounds (whichever is the greater).

(2) Notwithstanding anything to the contrary in section forty-nine of the said Act, the Thames Hospital Board in making an apportionment of its estimated expenditure for any year among the contributory local authorities within its district shall first apportion to the Waihi Borough Council (as a special contribution towards the expenditure of the Board) an amount computed in accordance with the *next succeeding* subsection, and shall apportion the balance among all the contributory local authorities within its district (including the Waihi Borough Council) in accordance with the provisions of the said section.

(3) The amount to be specially apportioned to the Waihi Borough Council in any year pursuant to the *last preceding* subsection shall be the appropriate percentage (as herein defined) of the gold duty received by the Council during the financial year ended on the last preceding thirty-first day of March, in accordance with the provisions in that behalf of the Gold Duty Act, 1908. For the purposes of this subsection the expression "the appropriate percentage" means, in respect of gold duty received by the said Council—

- (a) During the financial year ending on the thirty-first day of March, nineteen hundred and thirty-eight: Twenty per centum:
- (b) During the financial year ending on the thirty-first day of March, nineteen hundred and thirty-nine: Eighteen per centum:
- (c) During the financial year ending on the thirty-first day of March, nineteen hundred and forty: Sixteen per centum:

Ibid., Vol. VII, p. 264

- (d) During the financial year ending on the thirty-first day of March, nineteen hundred and forty-one: Fourteen per centum:
- 5 (e) During the financial year ending on the thirty-first day of March, nineteen hundred and forty-two: Twelve per centum:
- 10 (f) During the financial year ending on the thirty-first day of March, nineteen hundred and forty-three, or during any financial year thereafter: Ten per centum.
- (4) The provisions of the said Act as to the recovery from and payment of contributions by contributory local authorities shall apply with respect to the special contributions apportioned to the Waihi Borough Council pursuant to this section.
- 15 (5) If at any time after the passing of this Act it appears to the Governor-General, on petition by the Thames Hospital Board or by any contributory local authority, that the provisions of this section should be reviewed by reason of material changes in the circumstances of the Board or of any contributory local authority, he may by Order in Council appoint a Commission under the Commissions of Inquiry Act, 1908, consisting of a Magistrate alone or of a Magistrate and
- 20 two other persons, to inquire and report as to whether, in the opinion of the Commission, the liability of the Waihi Borough Council as a contributory local authority of the Thames Hospital Board should be reduced, and, if so, whether a reduction of its liability should be effected by a reduction of the notional capital value of the rateable property in the borough, or by a reduction of the appropriate percentages specified in subsection
- 25 *three* hereof, or by a combination of both such methods.
- 30 (6) If a Commission appointed under the *last preceding* subsection recommends that a reduction should be effected in the liability of the Waihi Borough Council the Governor-General may by Order in Council effect such reduction in the manner and to the extent recommended by the Commission. Such Order in
- 35 Council shall have effect according to its tenor as if it were enacted in this section, and the foregoing provisions of this section shall thereafter be read subject thereto.
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Provision for  
granting  
further relief  
to the  
ratepayers of  
the Rangitaiki  
Land Drainage  
District.

See Reprint  
of Statutes,  
Vol. IV,  
pp. 574, 581

10. Whereas by the Rangitaiki Land Drainage Act, 1910, and its amendments, the Minister of Lands is empowered to make and levy rates over certain lands within the district constituted by that Act for the repayment of moneys borrowed for the purposes of the said Act, for the payment of interest on such moneys, and for the payment of the expenses of the general administration of that Act: And whereas by section twenty-two of the Finance Act, 1925, the capital sum (as at the date of the passing of that Act) in respect of which rates were leviable as aforesaid was reduced to the sum of two hundred and five thousand pounds: And whereas by section twelve of the Finance Act, 1927 (No. 2), further relief was granted to the ratepayers of the said district by way of the capitalization of certain interest charges and of portion of the rates made and levied for the year ended on the thirty-first day of March, nineteen hundred and twenty-seven: And whereas it is desired to grant further relief to the ratepayers of the said district in accordance with this section: Be it therefore enacted as follows:—

(1) The total amount of the capital sum as at the thirty-first day of March, nineteen hundred and thirty-seven, in respect of which the Minister of Lands may make and levy rates pursuant to section six of the Rangitaiki Land Drainage Act, 1910, is hereby fixed at the sum of two hundred and five thousand pounds, and the said capital sum, together with interest thereon at such rate as the Minister of Finance may determine, shall be recovered by way of a rate levied pursuant to the provisions of the said section. Such rate shall be an annually recurring rate extending over a period of fifty years as from the said thirty-first day of March, nineteen hundred and thirty-seven.

(2) Nothing in this section shall be construed to limit or affect the power of the Minister of Lands to make and levy rates in respect of the expenses of the general administration of the Rangitaiki Land Drainage Act, 1910, and the amendments thereof.

(3) Rates for the year ending on the thirty-first day of March, nineteen hundred and thirty-eight, may be made and levied in accordance with this section at any time after the passing of this Act (whether before or after the said date).

Ibid., p. 574



(4) The relief granted to the ratepayers of the said district by the operation of this section shall not be taken into consideration by an Adjustment Commission in adjusting the liabilities of any ratepayer who has  
 5 duly applied for an adjustment of his liabilities in accordance with the provisions of the Mortgagors and Lessees Rehabilitation Act, 1936. 1936, No. 33

(5) Section twelve of the Finance Act, 1927 (No. 2), and section five of the Finance Act (No. 2), 1935, are  
 10 hereby repealed. Repeal. See Reprint of Statutes, Vol. IV, p. 581 1935, No. 41

11. (1) Every person for the time being engaged under New Zealand articles on an intercolonial-trading ship within the meaning of the Shipping and Seamen Act, 1908, shall be deemed to be ordinarily resident in  
 15 New Zealand for the purposes of the Employment Promotion Act, 1936, unless, in the case of any such person who is not in fact ordinarily resident in New Zealand, he satisfies the Commissioner of Taxes that he is liable for tax of a like nature to employment tax  
 20 imposed in the country in which he is ordinarily resident. Seamen engaged under New Zealand articles on intercolonial-trading ships to be liable for employment tax. 1936, No. 3

(2) This section shall come into force on the first day of April, nineteen hundred and thirty-eight.

12. The grant by the Reserve Bank of New Zealand of accommodation by way of overdraft in aid of the  
 25 Dairy Industry Account or in aid of the Internal Marketing Account, pursuant to the authority conferred on it by section ten of the Primary Products Marketing Act, 1936, or by section nine of the Primary Products Marketing Amendment Act, 1937, as the case may be,  
 30 shall not, for the purposes of section fourteen of the Reserve Bank of New Zealand Act, 1933, be deemed to be, or at any time heretofore to have been, the making of unsecured loans or advances. Authority conferred on Reserve Bank to grant accommodation to Dairy Industry Account or Internal Marketing Account not restricted by section 14 of Reserve Bank of New Zealand Act, 1933.

13. The New Zealand Dairy Board is hereby  
 35 authorized to expend out of its funds the sum of two thousand five hundred and seventy pounds in the purchase from the Government Insurance Commissioner of a deferred annuity for the benefit of the person holding office as the Secretary of the Board on the commence-  
 40 ment of this Act, such annuity to commence to be payable on the retirement of the Secretary from the service of the Board. Authorizing New Zealand Dairy Board to purchase a deferred annuity for benefit of its Secretary on his retirement from the service of the Board. 1933, No. 11 1936, No. 5 1937, No. 21

Authorizing  
payment out  
of Dairy  
Industry  
Account in  
purchase of  
deferred  
annuities for  
former officers  
of New  
Zealand Dairy  
Board.

14. There may, without further appropriation than this section, be paid out of the Dairy Industry Account a sum or sums, not exceeding in the aggregate the sum of *five thousand five hundred* pounds, to be expended in the purchase from the Government Insurance Commissioner of deferred annuities for the benefit of those persons who, being formerly members of the staff of the New Zealand Dairy Board have, before the passing of this Act, been appointed as officers of the Primary Products Marketing Department. 5 10

Validating loan  
out of  
Consolidated  
Fund to  
the National  
Council of  
the Y.M.C.A.

15. The payment out of the Consolidated Fund by way of loan of the sum of one thousand pounds, made during the financial year ending the thirty-first day of March, nineteen hundred and thirty-eight, to the National Council of the Young Men's Christian Association of New Zealand (for the purpose of enabling the said Council to supply radio sets to workmen employed on public works) is hereby validated and declared to have been lawfully made. 15

Protection of  
Member of  
Parliament  
from operation  
of  
disqualification  
provisions of  
Electoral Act.

16. The provisions of the Electoral Act, 1927, or any other Act, as to the disqualification of members of the General Assembly shall not apply with respect to the payment of the sum of seventy-five pounds to James O'Brien, Esquire, in respect of his attendance as a delegate to a Conference of the Empire Parliamentary Association held in Sydney in the year nineteen hundred and thirty-eight. 20 25