

SALES TAX AMENDMENT BILL

EXPLANATORY NOTE

THIS Bill amends section 5 of the Sales Tax Amendment Act 1933.

Clause 1 is the Short Title.

Clause 2: At present, under section 5 (2) of the 1933 Amendment Act, where taxable goods are sold by someone who is not a licensed wholesaler to a licensed wholesaler, or to a manufacturing retailer for use in the manufacture by him of taxable goods, the purchaser, when he makes his monthly return of sales tax payable on goods sold or manufactured by him, is entitled to deduct from that tax the amount of sales tax that would have been payable if the goods purchased by him had been sold by a wholesaler to a retailer at the price at which he purchased them. This has the effect that when goods are sold to a licensed wholesaler by someone who is not a licensed wholesaler, and are then resold by him, he can deduct in his return more than the amount originally received by the Crown in sales tax.

This clause rewrites section 5 (2) so that the amount deductible in such cases is limited to the sales tax paid in the first instance. The amount he may deduct will however include any discount that was allowed for prompt payment in the first instance.

Hon. Mr Shelton

SALES TAX AMENDMENT

ANALYSIS

Title
1. Short Title

2. Deduction from sales tax where
taxable goods sold to wholesaler
or manufacturing retailer

A BILL INTITULED

An Act to amend the Sales Tax Act 1932-33

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

1. Short Title—This Act may be cited as the Sales Tax
Amendment Act 1968, and shall be read together with and
deemed part of the Sales Tax Act 1932-33*.

**2. Deduction from sales tax where taxable goods sold to
10 wholesaler or manufacturing retailer**—Section 5 of the Sales
Tax Amendment Act 1933 is hereby amended by repealing
subsection (2) (as substituted by section 14 (3) of the Customs
Acts Amendment Act 1942), and substituting the following
subsection:

*1957 Reprint, Vol. 13, p. 643
Amendments: 1958, No. 33, Part IV; 1960, No. 27, Part III; 1961, No. 10;
1961, No. 57, Part II; 1963, No. 37, Part IV; 1967, No. 2, Part III

No. 125—1

“(2) In any case to which this section applies, the wholesaler or manufacturing retailer, as the case may be, shall, in the return furnished by him in accordance with section 14 of the principal Act, be entitled to deduct from the sales tax payable on goods sold or manufactured by him during the month to which the return relates the amount of sales tax originally paid by a wholesaler, manufacturing retailer, or importer in respect of any such goods. The amount that may be deducted under this subsection shall be deemed to include the amount of any discount lawfully deducted from the last-mentioned sales tax on its payment, but not to include any additional sales tax added to it as a penalty for late payment.”