



## ANALYSIS

Title 1. Short Title and commencement	2. Revised assessments where assets sold after deduction of depreciation allowances
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1988, No. 133

**An Act to amend the Income Tax Act 1976**

[30 July 1988]

BE IT ENACTED by the Parliament of New Zealand as follows:

**1. Short Title and commencement**—(1) This Act may be cited as the Income Tax Amendment Act (No. 4) 1988, and shall be read together with and deemed part of the Income Tax Act 1976 (hereinafter referred to as the principal Act).

(2) This Act shall be deemed to have come into force on the 29th day of July 1988.

**2. Revised assessments where assets sold after deduction of depreciation allowances**—(1) Section 117 (1) of the principal Act is hereby amended by inserting in paragraphs (i) and (ii) of the second proviso, after the words “comprises a building (other than a temporary building)” in each place where they appear, the words “; being a building sold or otherwise disposed of before the 29th day of July 1988 or subject to an unconditional contract of sale at the close of the 28th day of July 1988,”.

(2) Section 117 of the principal Act is hereby further amended by inserting, after subsection (1), the following subsection:

“(1A) Where the Commissioner has, for any year of assessment, allowed a deduction in respect of the depreciation of any building and the taxpayer at any time afterwards sells or otherwise disposes of that building for a consideration below the amount—

“(a) To which, in any case where that building was used by the taxpayer wholly in the production of the assessable income of the taxpayer, the value of that building has been reduced by the allowance of all such deductions; or

“(b) To which, in every other case, the value of that building would, in the opinion of the Commissioner, have been reduced by the allowance of all such deductions if that building had been used by the taxpayer wholly in the production of the assessable income of the taxpayer,—

no deduction shall be allowed from the assessable income derived by the taxpayer for any amount by which the value of that building, reduced by the sum of all deductions allowed by the Commissioner to the taxpayer in respect of the depreciation of that building, exceeds the amount received on the sale or other disposal of that building.”

(3) Section 117 (2) of the principal Act is hereby amended by inserting, after the words “acquired by the taxpayer”, the words “before the 29th day of July 1988 or under an unconditional contract of sale in force at the close of the 28th day of July 1988”.

(4) Section 117 (3) of the principal Act is hereby amended by inserting, after paragraph (b), the following paragraph:

“(ba) The replacement asset was acquired before the 29th day of July 1988 or under an unconditional contract of sale in force at the close of the 28th day of July 1988; and”.