

This PUBLIC BILL originated in the HOUSE OF REPRESENTATIVES, and, having this day passed as now printed, is transmitted to the LEGISLATIVE COUNCIL for its concurrence.

House of Representatives,

16th December, 1921.

Right Hon. Mr. Massey

FINANCE (No. 2).

ANALYSIS.

| | |
|---|---|
| <p>Title.</p> <p>1. Short Title.</p> <p style="text-align: center;">PART I.</p> <p style="text-align: center;">LAND AND INCOME-TAX.</p> <p>2. Special provisions as to debentures issued by Public Trustee for Land Settlement Association.</p> <p>3. Modification of provisions as to taxation of banking companies.</p> <p>4. Provisions applicable where companies profess to issue debentures free of income-tax.</p> <p>5. Special provisions with respect to income of co-operative dairy companies. Consequential repeal.</p> <p>6. State Advances Superintendent to be liable for income-tax.</p> <p>7. Section 84 of Land and Income Tax Act, 1916, amended.</p> <p>8. As to debentures issued by public or local authorities.</p> <p>9. Income-tax payable in respect of contracts of insurance effected with persons or foreign companies not carrying on business in New Zealand. Repeal.</p> <p>10. Section 7 of Finance Act, 1921 (reducing rates of income-tax payable by insurance companies) amended.</p> <p>11. Provision for rebates of income-tax in respect of prompt payment.</p> <p>12. Allowance by way of interest on income-tax paid in advance.</p> <p>13. Commissioner may allow deduction in respect of contributions to superannuation fund or benefit fund for employees.</p> <p style="text-align: center;">PART II.</p> <p style="text-align: center;">AMUSEMENTS-TAX</p> <p>14. Amended rates of amusements-tax. Consequential amendment. Repeal.</p> | <p>15. Amusements-tax to be payable on admission to sports meetings, &c. Consequential repeal.</p> <p>16. Penalty for failure to make returns as to amusements-tax.</p> <p style="text-align: center;">PART III.</p> <p style="text-align: center;">DUTIES PAYABLE IN RESPECT OF RACE MEETINGS.</p> <p>17. Increased rate of duty on stakes won in horse-racing.</p> <p>18. Increased rate of duty on totalizator dividends.</p> <p>19. Duration of operation of duties imposed by this Part.</p> <p>20. Repeal.</p> <p style="text-align: center;">PART IV.</p> <p style="text-align: center;">EXCISE DUTIES.</p> <p style="text-align: center;"><i>Beer Duty.</i></p> <p>21. Increased rates of duty on beer brewed in New Zealand. Consequential repeal.</p> <p style="text-align: center;"><i>Duty on Tobacco manufactured in New Zealand.</i></p> <p>22. Increased rates of duty on tobacco manufactured in New Zealand. Consequential repeal.</p> <p>23. Section 2 of Tobacco Act, 1908, amended.</p> <p>24. Section 3 of Tobacco Act, 1908, amended.</p> <p>25. Section 17 of Tobacco Act, 1908, amended.</p> <p>26. Restriction on use of tobacco-cutting machines.</p> <p>27. Section 2 of Tobacco Amendment Act, 1910, amended.</p> |
|---|---|

A BILL INTITULED

AN ACT to make Provision with respect to certain Matters relating Title to Finance.

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, 1921 (No. 2). Short Title

No. 92—2.

PART I.

LAND AND INCOME TAX.

Special provisions as to debentures issued by Public Trustee for Land Settlement Association.

2. For the purposes of paragraph (h) of section eighty-four of the Land and Income Tax Act, 1916, debentures executed by the Public Trustee acting as the agent of a land settlement association incorporated under the Land Settlement Finance Act, 1909, shall be deemed to be, and at all times heretofore to have been, debentures issued by a public authority within the meaning of the first-mentioned Act. 5

Modification of provisions as to taxation of banking companies.

3. (1.) In computing the assets and liabilities of any banking company for the purposes of section ninety-four of the Land and Income Tax Act, 1916, no account shall be taken of any debentures held by that banking company and issued, whether before or after the passing of this Act, by any company or by any local or public authority. 10 15

(2.) The income derived by a banking company from debentures issued by a company or by a local or public authority shall be assessable in the same manner in all respects as the income derived by any other taxpayer from such debentures.

Provisions applicable where companies profess to issue debentures free of income-tax.

4. (1.) Nothing in section one hundred and sixty-two of the Land and Income Tax Act, 1916, shall be so construed as to render void any contract, agreement, or arrangement made or entered into by any company to the effect that the interest on any debentures issued by that company shall be free of income-tax; and all such contracts, agreements, and arrangements heretofore made are hereby declared to be valid and effective in accordance with this section unless the company is expressly or impliedly prohibited, by its memorandum or articles of association, from making or entering into any such contract, agreement, or arrangement. 20 25

(2.) Where any debentures issued by a company purport to be issued free of income-tax the company shall be liable for the payment of the income-tax payable in respect thereof, and the debenture-holders shall be entitled to receive the full amount of interest payable pursuant to the debentures. 30

(3.) Nothing in section twenty-five of the Land and Income Tax Amendment Act, 1920, shall apply with respect to income-tax paid by a company pursuant to any contract, agreement, or arrangement as aforesaid, and the said section (in so far as it applies to tax paid in respect of income on debentures) is hereby declared to be applicable only to such tax as is paid by the company as the agent of the debenture-holder, and is deducted by the company from the interest expressed by the debenture to be payable to the debenture-holder. 35 40

Special provisions with respect to income of co-operative dairy companies.

5. (1.) In calculating the assessable income of any co-operative company incorporated in New Zealand and having for its object or one of its objects the manufacture of cheese, dried milk, or butter, there shall be deductible from the gross income of the company, in so far as it is derived from the treatment, manufacture, and sale of products of milk, an amount equal to the amount paid or payable by the company during the income-year to suppliers of milk to the company, so far as such amount is paid or payable in respect of milk or butter- 45 50

fat supplied, and is apportioned among the suppliers in proportion to the quantity of milk or butter-fat supplied by them.

(2.) This section is in substitution for section twenty-seven of the Land and Income Tax Amendment Act, 1920, and that section 5 is hereby accordingly repealed.

6. Section fourteen of the Land and Income Tax Amendment Act, 1920 (amending section eighty-four of the Land and Income Tax Act, 1916), is hereby amended by inserting, after the words "other than the Public Trustee," the words "and the State 10 Advances Superintendent."

7. Section eighty-four of the Land and Income Tax Act, 1916, is hereby amended by omitting from paragraph (c) the words "by the Commissioners of," and substituting the word "from."

8. (1.) The duty to act as the agents of debenture-holders, 15 imposed on local and public authorities by section twenty-four of the Land and Income Tax Amendment Act, 1920, shall not apply with respect to any debentures issued by any such local or public authority if that local or public authority supplies to the Commissioner of Taxes, before it has been assessed in any year for income-tax in 20 respect of the income derived from such debentures, a certified list specifying the numbers of those debentures or other particulars sufficient to identify them, the names of the persons to whom those debentures have been issued, with their addresses and descriptions, and such other particulars as may be prescribed.

(2.) Where any such list is supplied the person named therein 25 as the holder of any debentures shall be personally responsible for the making of returns, and shall be assessable and liable for income-tax (though not to the exclusion of any other person) in respect of the income derived from those debentures at the rate fixed in respect 30 thereof, unless and until he satisfies the Commissioner, before he has been assessed for income-tax in any year, that he has transferred or assigned the debentures, and has given notice to the Commissioner in the prescribed form of the name, address, and description of the transferee or assignee.

(3.) Every person being the transferee or assignee of any 35 debentures shall in like manner remain personally liable in respect thereof (though not to the exclusion of any other person), unless and until he has given notice to the Commissioner in the prescribed form of the transfer or assignment of the same.

(4.) Any tax paid by the former holder of any debentures in 40 respect of the income derived therefrom by a subsequent holder shall be deemed to be paid on behalf of that subsequent holder so far as it does not exceed the tax to which the subsequent holder might himself have been liable in respect of such debentures, and may 45 be recovered by the former holder from such subsequent holder accordingly.

9. (1.) Where any person in New Zealand enters into a contract 50 of insurance or guarantee against loss, damage, or risk of any kind whatever (not being a contract of life insurance) with any person or foreign company not carrying on business in New Zealand, such last-mentioned person or such company shall be liable to income-tax under the principal Act at a rate of *ten* per centum of the amount of premium paid or payable by such first-mentioned person in respect of such contract.

Consequential repeal.

State Advances Superintendent to be liable for income-tax.

Section 84 of Land and Income Tax Act, 1916, amended.

As to debentures issued by public or local authorities.

Income-tax payable in respect of contracts of insurance effected with persons or foreign companies not carrying on business in New Zealand

(2.) Where the amount of premium paid or payable in respect of any such contract is not disclosed, the amount shall be deemed to be the same amount as would be chargeable in respect of a similar contract of insurance or guarantee effected with a company carrying on business in New Zealand. 5

(3.) For the purpose of the principal Act, every person who enters into a contract of insurance or guarantee as aforesaid shall be deemed to be the agent of the person or foreign company with whom such contract is made, and shall make returns and be assessable and liable for income-tax accordingly. 10

(4.) Every person who exports any goods from New Zealand shall, on making entry therefor under the Customs Acts, state in the entry whether or not such goods are insured, and, if so, the name and description of the person or company with whom such goods are insured, and the amount of the premium payable in respect thereof. 15

(5.) A copy of every such entry shall forthwith be transmitted by the Collector of Customs to the Commissioner of Taxes.

Repeal.

(6.) This section is in substitution for section twenty-three of the Land and Income Tax Amendment Act, 1920, and that section is hereby accordingly repealed. 20

Section 7 of Finance Act, 1921 (reducing rates of income-tax payable by insurance companies) amended.

10. Section seven of the Finance Act, 1921 (providing for a reduction of the rates of income-tax payable by insurance companies), is hereby amended, as from the commencement of that Act, by adding the following proviso:—

“Provided that nothing in this section shall apply so as to reduce the rates of income-tax payable in respect of income derived from debentures issued by a company or by a local or public authority.” 25

Provision for rebates of income-tax in respect of prompt payment.

11. (1.) Section six of the Finance Act, 1921, is hereby amended by adding the following proviso:— 30

“Provided that every taxpayer shall be entitled to a rebate of *five* per centum of so much of the amount of income-tax payable by him under this section as is paid before the expiration of twenty-one days after the due date thereof or after the date of demand, as the case may be.” 35

(2.) The rebate provided for by this section may be deducted and retained by the taxpayer when making the payment.

Allowance by way of interest on income-tax paid in advance.

12. (1.) Any taxpayer, on production to the Commissioner or other proper officer of a notice of assessment of income-tax for any year, may pay in advance any sum therein charged as income-tax for that year, and thereupon such officer shall, subject to such conditions as may be prescribed, make to the taxpayer an allowance from the amount of income-tax payable, calculated on that amount at the maximum rate for the time being allowed on deposits in the Post Office Savings-bank, for the period commencing on the date of payment and ending on the day appointed as the due date of payment: 40

Provided that interest shall not be allowed under this section save in respect of an amount of ten pounds or a multiple of ten pounds, or in any case unless the tax is paid not less than three months before the due date of payment. 50

(2.) Where, on the date of any payment as aforesaid the due date of payment has not been appointed, the due date of payment shall,

subject to the *next succeeding* subsection, be deemed to be the date corresponding with the due date for the last preceding year.

(3.) On the appointment of the due date for the payment of any tax, the Commissioner shall, on the request in writing of the taxpayer, make any adjustment that may be necessary in the amount of any allowance theretofore made under this section.

13. In calculating the assessable income of any employer the Commissioner may allow a deduction of any amount set aside or paid by the employer as or to a fund to provide individual personal benefits, pensions, or retiring-allowances to employees of that employer :

Commissioner may allow deduction in respect of contributions to superannuation fund or benefit fund for employees.

Provided that a deduction shall not be allowed under this section unless the Commissioner is satisfied that the fund has been established or the payment made in such a manner that the rights of the employees to receive the benefits, pensions, or retiring-allowances have been fully secured.

PART II.

AMUSEMENTS-TAX.

14. (1.) On and after the first day of January, nineteen hundred and *twenty-two*, amusements-tax under Part III of the Finance Act, 1917, shall be paid at the following rates, that is to say :—

Amended rates of amusements-tax.

(a.) Where the price charged for the admission of any person to an entertainment does not exceed ninepence, no amusements-tax shall be payable :

(b.) Where the price charged for admission exceeds ninepence but does not exceed three shillings and sixpence, the amount of amusements-tax shall be *one penny* for every shilling or part of a shilling of such price :

(c.) Where the price charged for admission exceeds three shillings and sixpence, the amount of amusements-tax shall be *one penny* for every shilling or part of a shilling of such price together with, in addition to the amount of tax calculated as aforesaid, the sum of *one penny*.

(2.) Section fifty-eight of the Finance Act, 1917, is hereby amended by omitting the words "at the rates specified in the Fifth Schedule to this Act."

Consequential amendment.

(3.) The Fifth Schedule to the Finance Act, 1917, is hereby repealed.

Repeal.

15. (1.) Section sixty-two of the Finance Act, 1917, as amended by section nine of the Finance Act, 1918, is hereby amended by omitting from paragraph (d) (as set forth in the said section nine) the words "are devoted to the proper purposes of such society, institution, or committee, or."

Amusements-tax to be payable on admission to sports meetings, &c.

(2.) Section sixty-two of the Finance Act, 1917, is hereby further amended by omitting from paragraph (c) the words "one penny," and substituting the words "threepence."

(3.) Section eight of the Finance Act, 1918, is hereby repealed.

Consequential repeal.

16. Where the proprietor of any entertainment who has made arrangements, pursuant to section fifty-nine of the Finance Act, 1917, for the furnishing of returns of payments for admission to the

Penalty for failure to make returns as to amusements-tax.

entertainment, fails to furnish such returns in accordance with the terms of the arrangement, he shall be liable to a penalty of *five* pounds for every day in respect of which such default continues, and the amount of such penalty shall be recoverable as if it were amusements-tax.

5

PART III.

DUTIES PAYABLE IN RESPECT OF RACE MEETINGS.

Increased rate of duty on stakes won in horse-racing.

17. (1.) The duty of one per centum on all stakes won in respect of any horse-race, imposed by section eighty-one of the Finance Act, 1915, is hereby increased to *ten* per centum in respect of stakes won at any race meeting held after the passing of this Act. 10

(2.) The said section is hereby amended accordingly by omitting from subsection one the word "one," and substituting the word "ten."

Increased rate of duty on totalizator dividends.

18. (1.) The dividend duty of sixpence for every pound or fraction of a pound of the dividend payable on any horse-race, imposed by section eighty-two of the Finance Act, 1915, is hereby increased to one shilling for every pound or fraction of a pound of the dividend in respect of any horse-race at any race meeting held after the passing of this Act. 15

(2.) The said section eighty-two is hereby amended accordingly by omitting from subsection one the word "sixpence," and substituting the words "one shilling." 20

Duration of operation of duties imposed by this Part.

19. (1.) The rates of duties prescribed by the *two last* preceding sections shall continue in force until the thirty-first day of March, nineteen hundred and *twenty-four*, and shall thereupon be deemed to be abolished unless, before that date, the Governor-General by Order in Council prescribes that the rates aforesaid shall continue in force for a further period not exceeding six months. Every such Order in Council shall have effect according to its tenor. 25

(2.) As from the said thirty-first day of March, nineteen hundred and *twenty-four*, or as from the expiry of any extended period as aforesaid, the rates of duty on stakes and of dividend duty respectively in force at the commencement of this Act shall be revived, and shall thereafter be in force unless otherwise provided in an Act that may hereafter be passed. 30

(3.) All duties on stakes or dividends payable before the expiration of any such period as aforesaid may be recovered, notwithstanding the expiration of that period.

Repeal.

20. Section twenty-five of the Finance Act, 1920, is hereby repealed. 40

PART IV.

EXCISE DUTIES.

Beer Duty.

Increased rates of duty on beer brewed in New Zealand.

21. (1.) The rates of duty payable on beer brewed in New Zealand, of which the worts have been or are pitched for fermentation after the third day of November, nineteen hundred and twenty-one (being the date of a certain resolution passed by the House 45

of Representatives imposing an increased rate of duty on such beer) shall be as follows:—

- 5 (a.) Where the specific gravity of the worts used in the production of the beer does not exceed 1,047, the duty shall be at the rate of elevenpence and one halfpenny per gallon of the beer; and
- 10 (b.) Where the specific gravity of the worts exceeds 1,047, the duty per gallon shall be at the rate aforesaid increased by one-sixteenth of a penny for every unit of specific gravity above 1,047.
- (2.) This section is in substitution for section forty-five of the Finance Act, 1917, and that section is hereby accordingly repealed.

Consequential repeal.

Duty on Tobacco manufactured in New Zealand.

15 22. (1.) There shall be levied, collected, and paid upon tobacco manufactured in New Zealand, at the time of making entry for home consumption, the following excise duties, that is to say:—

Increased rates of duty on tobacco manufactured in New Zealand.

- (a.) On tobacco, cut Two shillings and fourpence the pound.
- 20 (b.) On tobacco, fine cut, suitable for the manufacture of cigarettes Six shillings and threepence the pound.
- 25 (c.) On tobacco, cut or uncut, not suitable for the manufacture of cigarettes, and containing not less than seventy-five per centum by weight of leaf grown in New Zealand, and entered for home consumption not later than the thirty-first day of December, nineteen hundred and twenty-two ... One shilling the pound.
- 30 (d.) On other tobacco Two shillings and twopence the pound.
- 35 (e.) On cigars and snuff Four shillings the pound.
- (f.) On cigarettes—
- 40 (i.) If manufactured by machinery Five shillings and sixpence the pound.
- (ii.) If made by hand Four shillings the pound.

45 (2.) Save as provided in the *next succeeding* subsection, the duties hereinbefore prescribed shall be payable in respect of tobacco entered for home consumption after the third day of November, nineteen hundred and twenty-one (being the date of a certain resolution passed by the House of Representatives imposing rates of duty on tobacco manufactured in New Zealand).

50 (3.) In respect of tobacco of the class defined in paragraph (d) of subsection *one* hereof, entered for home consumption after the third day of November, nineteen hundred and twenty-one, and not

Finance (No. 2).

later than the twenty-third day of November, nineteen hundred and twenty-one, the duty shall be two shillings the pound, and on such tobacco entered for home consumption after the last mentioned date, the duty shall be as specified in the said paragraph.

Consequential
repeal.

(4.) This section is in substitution for subsection one of section three of the Tobacco Act, 1908, and that subsection and subsection one of section forty-nine of the Finance Act, 1917, are hereby accordingly repealed. 5

Section 2 of
Tobacco Act, 1908,
amended.

23. Section two of the Tobacco Act, 1908, is hereby amended by omitting from the definition of the terms "manufacture," "manufacturing," and "manufactured" all words after the words "any process of handling tobacco," and substituting the words "but does not include the making by hand, outside a bonded tobacco-factory, of cigarettes made from duty-paid fine-cut tobacco suitable for the manufacture of cigarettes." 10 15

Section 3 of
Tobacco Act, 1908,
amended.

24. Section three of the Tobacco Act, 1908, is hereby amended by omitting from subsection two the words "by any person duly authorized in that behalf."

Section 17 of
Tobacco Act, 1908,
amended.

25. Section seventeen of the Tobacco Act, 1908, is hereby amended by inserting, after the words "partially manufactured tobacco," the words "save by permission in writing of the Minister." 20

Restriction on use
of tobacco-cutting
machines.

26. Section twenty-eight of the Tobacco Act, 1908, is hereby amended as follows:—

(a.) By omitting from paragraph (a) of subsection one all words after the words "for sale," and substituting the words "but not so as to be suitable for the manufacture of cigarettes"; 25

(b.) By repealing paragraph (b) of subsection one;

(c.) By repealing subsection three;

(d.) By omitting from subsection five the words "the respective warrants aforesaid," and substituting the words "any such warrant as aforesaid"; and 30

(e.) By repealing subsection six, and substituting the following subsection:—

"(6.) Every person who has at any time in his possession or on his business premises, or in any way uses, any such cutting-machine except pursuant to the authority of a warrant as aforesaid, or makes, otherwise than in a bonded tobacco-factory, for sale any fine-cut tobacco suitable for the manufacture of cigarettes, is liable to a fine of not less than *twenty-five* pounds nor more than *two hundred* pounds, and in addition thereto the cutting-machine, and any tobacco or cigarettes, may be forfeited to the Crown." 35 40

Section 2 of
Tobacco
Amendment Act,
1910, amended.

27. Section two of the Tobacco Amendment Act, 1910, is hereby amended by adding to subsection two the words "of the same kind or classification." 45