

INTRODUCTION COPY

Hon. V. S. Young

INCOME TAX (POSTPONEMENT OF NATIONAL SUPERANNUITANT SURCHARGE) AMENDMENT

ANALYSIS

Title	1. Short Title 2. Postponement of surcharge
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A BILL INTITULED

An Act to postpone the implementation of the tax surcharge on national superannuitants

1. Short Title—This Act may be cited as the Income Tax
5 (Postponement of National Superannuitant Surcharge)
Amendment Act 1984, and shall be read together with and
deemed part of the Income Tax Act 1976 (hereinafter referred
to as the principal Act).

2. Postponement of surcharge—Part XA of the principal
10 Act (as inserted by section 17 of the Income Tax Amendment
Act 1984) is hereby amended by deleting from section 336C
(2) the words “1st day of April 1985”, and substituting the
words “1st day of April 1988”.

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INCOME TAX (REDUCTION) AMENDMENT BILL

EXPLANATORY NOTE

The purpose of this Bill is to reduce by 10 percent the existing basic rates of income tax payable by individuals and certain other taxpayers. The reduction will take effect from 1 December 1985.

Although for technical reasons the Bill is expressed as setting the final rates of tax for the 1986-87 income year and subsequent years, its primary intention is to provide interim tax relief pending the implementation of the measures announced by the Minister of Finance on 20 August 1985.

The estimated cost of the tax reduction is \$310,000,000 in the 1985-86 financial year.

Clause 1 relates to the Short Title.

Clause 2 substitutes a new scale of tax rates for the 1985-86 income year. The rates set out in this scale have been averaged out to take into account the combined effect of 8 months on the existing scale and 4 months on the new scale, on the basis that the new scale will apply from 1 December 1985.

Clause 3 substitutes a new scale of tax rates for the 1986-87 income year and subsequent years. This scale reduces by 10 percent the current rates of tax.

Clause 4 amends the basic PAYE and other tax deduction provisions to reflect the 10 percent reduction in basic tax rates.

Paragraph (a) achieves this in respect of PAYE deductions by requiring employers to subtract from any amount calculated on the basis of the existing PAYE tables a figure equal to 10 percent of that amount.

Paragraph (b) alters the relevant figure in respect of employees with "No declaration" tax codes.

Paragraph (c) and *subclause (2)* alter the rate of deductions for secondary employment and extra emoluments from 33c per \$1 to 29.7c per \$1.

Subclauses (3) and (4) provide that the deductions are to apply from 1 December 1985.

Hon. W. F. Birch

INCOME TAX (REDUCTION) AMENDMENT

ANALYSIS

Title	3. Basic rates of income tax for individuals and certain other taxpayers for income year commencing on 1 April 1986 and subsequent years
1. Short Title	4. Basic tax deductions Schedules
2. Basic rates of income tax for individuals and certain other taxpayers for income year that commenced on 1 April 1985	

A BILL INTITULED

An Act to reduce the basic rates of income tax for individuals and certain other taxpayers commencing from the 1st day of December 1985

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

10 **1. Short Title**—This Act may be cited as the Income Tax (Reduction) Amendment Act 1985, and shall be read together with and deemed part of the Income Tax Act 1976 (hereinafter referred to as the principal Act).

15 **2. Basic rates of income tax for individuals and certain other taxpayers for income year that commenced on 1 April 1985**—(1) The First Schedule to the principal Act is hereby amended by repealing Part B (as substituted by section 21 (1) of the Income Tax Amendment Act 1984), and substituting the new Part B set out in the **First Schedule** to this Act.

20 (2) **Subsection (1)** of this section shall apply with respect to the tax on income derived in the income year that commenced on the 1st day of April 1985.

(3) The Income Tax Amendment Act 1984 is hereby consequentially amended by repealing sections 21 and 22 and the Second and Third Schedules.

3. Basic rates of income tax for individuals and certain other taxpayers for income year commencing on 1 April 1986 and subsequent years—(1) The First Schedule to the principal Act is hereby amended by repealing on the 1st day of April 1986 Part B (as substituted by **section 2** of this Act), and substituting on that date the new Part B set out in the **Second Schedule** to this Act. 5

(2) **Subsection (1)** of this section shall apply with respect to the tax on income derived in the income year commencing on the 1st day of April 1986 and in every subsequent year. 10

(3) **Section 2** of this Act and the **First Schedule** to this Act shall be deemed to have been repealed on the 1st day of April 1986.

4. Basic tax deductions—(1) The Second Schedule to the principal Act (as substituted by section 45 (1) of the Income Tax Amendment Act (No. 2) 1977) is hereby amended— 15

(a) By adding to clause 2 (as substituted by section 26 (1) of the Income Tax Amendment Act 1982) the words “, less an amount equal to 10 percent of the appropriate amount so specified”: 20

(b) By omitting from clause 3 (as substituted by section 26 (1) of the Income Tax Amendment Act 1982 and amended by section 23 (1) of the Income Tax Amendment Act 1984) the expression “\$648” in both places where it occurs, and substituting in each case the expression “\$774”: 25

(c) By omitting from clause 6 (as substituted by section 23 (2) of the Income Tax Amendment Act 1984) the expression “33c”, and substituting the expression “29.7c”. 30

(2) The Second Schedule to the principal Act (as so substituted) is hereby further amended by omitting from clause 9 (as amended by section 23 (4) of the Income Tax Amendment Act 1984) the expression “33c”, and substituting the expression “29.7c”. 35

(3) **Subsection (1)** of this section shall apply with respect to every tax deduction from payments of salary or wages for every pay period ending on or after the 1st day of December 1985.

(4) **Subsection (2)** of this section shall apply with respect to every tax deduction from every payment of an extra emolument made on or after the 1st day of December 1985. 40

(5) The Income Tax Amendment Act 1984 is hereby consequentially amended by repealing subsections (1) and (4) of section 23.

SCHEDULES
FIRST SCHEDULE

Section 2

NEW PART B OF FIRST SCHEDULE TO PRINCIPAL ACT

"PART B

Rates Referred to in Paragraph (b) of Clause 9, or Clause 10 of Part A

On so much of the income as—	The rate of tax for every \$1 shall be— Cents
Does not exceed \$6,000	19.33
Exceeds \$6,000 but does not exceed \$25,000	31.90
Exceeds \$25,000 but does not exceed \$30,000	43.60
Exceeds \$30,000 but does not exceed \$38,000	54.23
Exceeds \$38,000	63.80

SECOND SCHEDULE

Section 3

NEW PART B OF FIRST SCHEDULE TO PRINCIPAL ACT

"PART B

Rates Referred to in Paragraph (b) of Clause 9 or Clause 10 of Part A

On so much of the income as—	The rate of tax for every \$1 shall be— Cents
Does not exceed \$6,000	18.00
Exceeds \$6,000 but does not exceed \$25,000	29.70
Exceeds \$25,000 but does not exceed \$30,000	40.59
Exceeds \$30,000 but does not exceed \$38,000	50.49
Exceeds \$38,000	59.40

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Hon. V. S. Young

INCOME TAX (REPEAL OF NATIONAL SUPERANNUITANT SURCHARGE) AMENDMENT

ANALYSIS

Title	2. Repeal of national superannuitant surcharge
1. Short Title and commencement	3. Consequential amendments and repeals

A BILL INTITULED

An Act to repeal the tax surcharge on national superannuitants

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

1. Short Title and commencement—(1) This Act may be cited as the Income Tax (Repeal of National Superannuitant Surcharge) Amendment Act **1985**, and shall be read together
10 with and deemed part of the Income Tax Act 1976 (hereinafter referred to as the principal Act).

(2) This Act shall come into force on the 1st day of April 1986.

2. Repeal of national superannuitant surcharge—The
15 principal Act is hereby amended by repealing Part XA (as inserted by section 17 (1) of the Income Tax Amendment Act 1984 and amended by sections 2 to 4 of the Income Tax Amendment Act 1985).

3. Consequential amendments and repeals—(1) The principal Act is hereby consequentially amended—

- (a) In section 2, by repealing the definition of the term “national superannuitant surcharge” (as inserted by section 17 (2) of the Income Tax Amendment Act 1984): 5
 - (b) In section 57 (1), by omitting the words “and national superannuitant surcharge”, and also the words “and that surcharge” (as inserted by section 17 (3) of the Income Tax Amendment Act 1984): 10
 - (c) In section 356 (1), by repealing paragraph (ab) (as inserted by section 17 (4) of the Income Tax Amendment Act 1984).
- (2) The following enactments are hereby consequentially repealed: 15
- (a) Section 17 of the Income Tax Amendment Act 1984:
 - (b) The Income Tax Amendment Act 1985.