

Hon. Sir J. G. Ward.

LAND AND INCOME ASSESSMENT ACT AMENDMENT.

ANALYSIS.

<p>Title.</p> <p>1. Short Title.</p> <p>2. Definitions amended.</p> <p>3. Section 8 of principal Act amended.</p> <p>4. Repeal.</p> <p>5. Period of tax.</p> <p>6. Section 18 of principal Act amended.</p> <p>7. Repeal. Valuations of land to be made under Government Valuation of Land Act. Repeals.</p> <p>8. Objections to assessment of tax.</p> <p>9. Appeal. Repeals.</p> <p>10. Objection to assessment not to suspend payment of tax. Repeal.</p> <p>11. Section 38 of principal Act amended.</p> <p>12. Lease with option of purchase.</p> <p>13. Section 45 of principal Act amended.</p> <p>14. Provisions of sections 49 and 50 of principal Act extended.</p> <p>15. Section 51 of principal Act amended.</p>	<p>16. Section 52 of principal Act amended.</p> <p>17. Section 54 of principal Act amended.</p> <p>18. Income of mining companies.</p> <p>19. Section 59 of principal Act amended.</p> <p>20. Section 66 of principal Act amended.</p> <p>21. Section 73 of principal Act amended.</p> <p>22. Where full tax not paid before company wound up or partnership dissolved.</p> <p>23. Payment of income-tax on interest on deposits. Repeal.</p> <p>24. Income-tax of non-permanent resident to be deducted.</p> <p>25. Administrative powers of Commissioner extended.</p> <p>26. Section 85 of principal Act amended.</p> <p>27. Procedure to enforce registration of mortgages. Repeals.</p> <p>28. Section 95 of principal Act repealed.</p> <p>29. Taxation of subsidiary company.</p> <p>30. Act to apply to returns for 1906.</p>
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A BILL INTITULED

AN ACT to amend "The Land and Income Assessment Act, 1900." Title.

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

5 1. The Short Title of this Act is "The Land and Income Assessment Act Amendment Act, 1906"; and it shall form part of and be read together with "The Land and Income Assessment Act, 1900" (hereinafter referred to as "the principal Act"). Short Title

10 2. Section three of the principal Act is hereby amended as follows:— Definitions amended.

15 (a.) By repealing the definition of "assessment," and substituting the following in lieu thereof: " 'Assessment' means an estimate of the amount on which land-tax or income-tax is payable by any taxpayer, and includes the amount of such tax and also all matters comprised in any return required under this Act";

20 (b.) By repealing the word "articles" in the definition of "business," and substituting in lieu thereof the word "memorandum"; and

25 (c.) By repealing the definitions of "capital value" of land, "capital value" of a mortgage, "district," "improvements," "unimproved value," and "value of improvements."

30 3. Section eight of the principal Act is hereby amended by repealing the words "for the purpose of carrying into effect the provisions of this Act," and substituting in lieu thereof the words "for the purposes of this Act and 'The Deceased Persons' Estates Duties Act, 1881.'" Section 8 of principal Act amended.

Repeal.
Period of tax.

4. Section ten of the principal Act is hereby repealed.
5. Section fourteen of the principal Act is hereby amended by adding the following subsection:—

“(3.) In all cases the tax shall be deemed to be for the year immediately preceding that in which it is assessed.”

Section 18 of
principal Act
amended.

6. Section eighteen of the principal Act is hereby amended by repealing paragraphs (2) to (8), and substituting in lieu thereof the following:—

“(2.) Returns of land and of income shall be made annually, and shall contain for each year full and complete statements—

“(a.) Of all land owned by the taxpayer at noon on the thirty-first day of March; and

“(b.) Of all income derived or received by the taxpayer during the year ending on the thirty-first day of March immediately preceding that in and for which tax is to be charged; provided that where such return cannot be conveniently made, the Commissioner in his discretion may, for the purpose of assessment, accept a return made up to the date of the annual balance of the taxpayer’s books, or he may accept an estimated return which shall be adjusted on the completion of such annual balance.”

Repeal.
Valuations of land
to be made under
Government Valua-
tion of Land Act.

7. (1.) Section nineteen of the principal Act is hereby repealed, and the following substituted in lieu thereof: “For the purposes of this Act the value of any land shall be that appearing in the district valuation roll made under ‘The Government Valuation of Land Act, 1896,’ and for the time being in force.”

Repeals.

(2.) Sections nine, thirty-five, and one hundred and four of the principal Act are hereby repealed.

Objections to
assessment of tax.

8. (1.) Objections to any assessment of income-tax or land-tax may be made by or on behalf of the taxpayer assessed in such manner, within such time, and on such terms and conditions as are prescribed.

(2.) Every such objection shall be heard and determined by a Magistrate alone, who for that purpose, and whatever the amount involved, shall have all the powers he possesses in his ordinary jurisdiction.

(3.) No objection shall be heard in open Court.

(4.) Subject to regulations, the practice and procedure of the Magistrate’s Court in civil cases shall so far as applicable apply, and the burden of proof shall lie on the objector.

(5.) When disposing of the objection, the Magistrate may make such order as to costs as he thinks fit.

(6.) The assessment roll shall, where necessary, be altered so as to accord with the Magistrate’s decision.

Appeal.

9. (1.) The decision of the Magistrate on any objection shall be subject to appeal to the Supreme Court on point of law in the manner hereinafter mentioned.

(2.) Within thirty days after the decision to be appealed against has been given, the appellant shall give notice of appeal, and (except where he is the Commissioner) shall also give security for costs to such amount and in such form as are approved by the Magistrate.

(3.) Notice of appeal shall be given by leaving with the Magistrate’s Clerk and serving on the respondent a notice in writing briefly stating the point of law forming the ground of appeal.

(4.) The Magistrate's Clerk shall transmit the notice of appeal, and also a copy of the assessment, the objection thereto, and the decision of the Magistrate (which together shall form the case on appeal), to the Registrar of the Supreme Court at the place where the appeal is to
5 be heard.

(5.) The Registrar shall within seven days after receipt of the case on appeal enter the same for hearing at the next practicable sitting of the Supreme Court.

(6.) If at such hearing the appellant does not appear to prosecute
10 the appeal it shall be deemed to be abandoned.

(7.) On the hearing of the appeal the Supreme Court may make such order as it thinks fit.

(8.) Sections twenty-four to thirty-one of the principal Act are hereby repealed. Repeals.

15 10. (1.) The obligation to pay and the right to receive and recover any tax shall not be suspended by any objection or appeal, but if the objector or appellant succeeds in his objection or appeal the amount (if any) of tax received by the Commissioner in excess of the amount
20 was properly payable shall forthwith be repaid to him by the Commissioner.

(2.) Section thirty-four of the principal Act is hereby repealed. Repeal.

11. Section thirty-eight of the principal Act is hereby amended by inserting after the words "joint account" the words "or as co-bene-
25 ficiaries under a will or instrument where the land is worked as one estate."

12. Section thirty-nine of the principal Act is hereby amended by adding thereto the following subsection:— Lease with option of purchase.

30 "(2.) A lease of land containing an option of purchase shall not be deemed to be a sale of land on credit or deferred payment so long as such option remains unexercised."

13. Section forty-five of the principal Act is hereby amended by inserting after the words "joint account" the words "or as co-beneficiaries under a will or instrument where the land is worked as one
35 estate."

14. The provisions of sections forty-nine and fifty of the principal Act shall, *mutatis mutandis*, apply to local authorities and other statutory public bodies in respect of any debentures issued by them in New Zealand, or subsequently held in New Zealand, and the interest whereon
40 is paid or payable in New Zealand.

15. Section fifty-one of the principal Act is hereby amended by repealing the words "from such business," and also the words "all profits from investments of any kind other than investments in land, and including also."

45 16. Section fifty-two of the principal Act is hereby amended by inserting after the words "required by law" the words "or on such other amount in every one hundred pounds of such average as is fixed by the Land-tax and Income-tax Act for the time being in force."

17. Section fifty-four of the principal Act is hereby amended by inserting after the words "derived from," in paragraph (1), the word
50 "insurance," and by adding thereto the following paragraph:—

“(1A.) No deduction shall be made from such income in respect of premiums paid for reinsurance with companies not carrying on business in New Zealand.”

Income of mining
companies.

18. Section fifty-six of the principal Act is hereby amended by adding to paragraph (1) thereof the following proviso :—

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“ Provided that where any such company has returned to its shareholders in dividends an amount equal to the paid-up capital, such company’s income shall be deemed to be a sum equal to the whole of the dividends paid to shareholders in such year.”

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Section 59 of
principal Act
amended.

19. Section fifty-nine of the principal Act is hereby amended—

(a.) By adding to paragraph (1) the words “ originating and carried on in New Zealand; and also from any business originating in New Zealand and carried on outside New Zealand ” :

(b.) By repealing paragraph (3) :

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(c.) By adding to paragraph (4) the following proviso :—

“ Provided that income-tax shall not be assessed on interest payable out of New Zealand in respect of any Government debentures ” :

(d.) By adding to paragraph (5) the words “ and from all lands reserved or set apart as endowments for any public purpose and occupied for pastoral purposes ” :

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(e.) By repealing the words “ other than the Native owner thereof, or, as the case may be, the owner thereof in fee-simple,” in paragraph (6) :

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(f.) By repealing the words “ whether the owner of such land or not ” in paragraph (7) :

(g.) By inserting the following paragraph :—

“(10A.) From dealing in the purchase, sale, or other disposition of real property, or of the shares of any company whatsoever” :

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(h.) By repealing paragraph (b).

Section 66 of
principal Act
amended.

20. Section sixty-six of the principal Act is hereby amended by adding to paragraph (2) thereof the following proviso :—

“ Provided that where the Commissioner is satisfied that any such outgoing was directly incurred in production of income assessable under this Act he may allow the same to be deducted.”

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Section 73 of
principal Act
amended.

21. Section seventy-three of the principal Act is hereby amended by adding to paragraph (2) thereof the following proviso :—

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“ Provided that for the purposes of this paragraph ‘ defence on the merits ’ shall not include any question as to the assessment if no objection was lodged thereto within the prescribed time.”

Where full tax not
paid before com-
pany wound up or
partnership
dissolved.

22. Section seventy-seven of the principal Act shall, *mutatis mutandis*, apply in the case of the winding-up of a company or dissolution of a partnership, and the Commissioner shall have the same powers and remedies in respect of unpaid taxation—

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(a.) Against the liquidator (in the case of the winding-up of the company) as he would have had against the company before such winding-up; and

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(b.) Against each partner (in the case of the dissolution of a partnership) as he would have had if the partnership had continued.

23. (1.) Every banking company and every other company, firm, or person who in the course of business holds money on deposit and allows interest thereon, shall pay to the Commissioner income-tax on the total interest payable, at the maximum rate fixed by the Land-tax and Income-tax Act for the time being in force, and shall deduct the amount of such tax in paying the interest, and shall give the depositor a receipt showing the amount of tax paid on his behalf.

Payment of income-tax on interest on deposits.

(2.) Where it is proved to the satisfaction of the Commissioner that any amount so deducted and paid was in excess of the amount payable by the depositor in respect of his interest, or that no tax was payable, the amount of such excess, or the whole amount so deducted and paid, as the case may be, shall be refunded to the depositor by the Commissioner.

(3.) Section thirteen of "The Land and Income Assessment Act Amendment Act, 1903," is hereby repealed.

Repeal.

24. Every taxpayer who in any year employs any person who is not a permanent resident in New Zealand shall, before making a final payment of wages or other remuneration, deduct from such final payment the amount of income-tax payable by such person at the rate fixed by the annual Land-tax and Income-tax Act then in force, and shall then pay over to the Commissioner the amount so deducted.

Income-tax of non-permanent resident to be deducted.

25. Section eighty-three of the principal Act is hereby amended by adding thereto the following paragraph :—

Administrative powers of Commissioner extended.

"(1B.) The Commissioner may from time to time require any person (whether a taxpayer or not) to furnish in writing signed by such person any information in his knowledge, or power concerning the land, income, or assessment, of any person."

26. Section eighty-five of the principal Act is hereby amended by repealing the words "the public officer of a company, and also" in subsection four.

Section 85 of principal Act amended.

27. (1.) Where, by reason of the non-registration of a mortgage before the date on which land-tax is charged in any year, the capital value of the mortgage is not deducted in the assessment of the mortgagor, the following provisions shall apply :—

Procedure to enforce registration of mortgages.

(a.) The mortgagor may by notice in writing require the mortgagee to register the mortgage within twenty-one days after receipt of the notice.

(b.) If the mortgagee fails to register the mortgage within such twenty-one days, all tax paid in respect thereof by the mortgagor subsequent to the thirty-first day of March thereafter shall be deemed to have been paid on behalf of the mortgagee.

(c.) If the mortgagee registers the mortgage within such twenty-one days, and the Commissioner is apprised of the fact by notice in writing on or before the thirtieth day of April in that year, the Commissioner shall, after such inquiry as he thinks fit, make such fresh assessments and also such alterations in and additions to the assessment roll, and do all such things as are necessary to readjust the liability of all persons concerned to assessment and taxation in accordance with such fact, and they shall be liable accordingly.

(d.) Every such assessment, alteration, and readjustment shall take effect as on and from the date on which land-tax is charged in that year.

Repeals.

(2.) Sections eighty-nine, ninety, and ninety-one of the principal Act are hereby repealed. 5

Section 95 of principal Act repealed.

28. Section ninety-five of the principal Act is hereby repealed.

Taxation of subsidiary company.

29. Where the taxpayer is a company registered in New Zealand and such company is, in the opinion of the Commissioner, to all intents and purposes part of another company registered outside New Zealand, or of a firm whose head office is outside New Zealand, the Commissioner may, in assessing for income-tax, disregard the accounts as between the company registered in New Zealand and the company or firm not so registered, and declare that such company shall be assessed under the provisions of section twelve of the principal Act. 10

Act to apply to returns for 1906.

30. Returns of land and mortgages owned as at noon on the thirty-first day of March, one thousand nine hundred and six, and of income derived during the year ending on that day, may be required by the Commissioner to be made and may be revised in accordance with this Act, and all such returns shall be subject to the provisions of this Act. 15 20