

LAND AND INCOME TAX AMENDMENT BILL.

EXPLANATORY MEMORANDUM.

Clause 2: This clause relates to the special exemption up to £300 allowable in respect of income-tax. Under the present law the maximum deduction of £300 is reducible by £1 for every £1 of assessable income in excess of £600, so that the exemption is gradually diminished and disappears entirely with an assessable income of £900. The clause provides that this process of reduction shall commence with an income in excess of £450; from £450 to £750 the proposed reduction in the amount of the exemption is £1 for every £2 of income in excess of £450; from £750 upwards the reduction is at the rate of £1 for £1, until, again, the exemption disappears at £900.

Clause 3: By section 116 of the Land and Income-tax Act, 1923, every company that has issued debentures is made the agent of its debenture-holders for the making of returns and the payment of debenture-tax. The clause proposes to extend to companies a privilege that was extended to local authorities in 1921: that is, a company may rid itself of its statutory obligation to make returns and pay tax on behalf of its debenture-holders by supplying to the Commissioner of Taxes certified particulars as to the debentures and their holders sufficient to enable the Commissioner to make a personal assessment.

Hon. Mr. Downie Stewart.

LAND AND INCOME TAX AMENDMENT.

ANALYSIS.

Title.
1. Short Title.

- 2. Amending provisions of principal Act as to special exemption for purposes of income-tax.
- 3. Amending provisions as to debentures issued by companies.

A BILL INTITULED

AN ACT to amend the Land and Income Tax Act, 1923.

Title.

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 Land and Income Tax Amendment Act, 1927, and shall be read together with and deemed part of the Land and Income Tax Act, 1923 (hereinafter referred to as the principal Act).

Short Title.

2. Section seventy-four of the principal Act is hereby amended by repealing subsection one, and substituting the following subsection :—

Amending provisions of principal Act as to special exemption for purposes of income-tax.

(1) From the yearly assessable income of every person, other than a company or an absentee, there shall, for the purpose of assessing income-tax on that income, be deducted by way of special exemption the sum of three hundred pounds, diminished at the rate of one pound for every two pounds of the excess of that income over four hundred and fifty pounds and not over seven hundred and fifty pounds, and further diminished at the rate of one pound for every pound of the excess of that income over seven hundred and fifty pounds, so as to leave no deduction under this section when the yearly assessable income amounts to or exceeds nine hundred pounds."

3. (1) The duty to act as the agents of debenture-holders imposed on companies by section one hundred and sixteen of the principal Act shall not apply with respect to debentures issued to any person resident in New Zealand if the company that has issued such debentures has supplied to the Commissioner, before it has been assessed in any year for income-tax in respect of the income derived from those debentures, a certified list specifying the numbers of the debentures or other particulars sufficient to identify them, the names, addresses, and descriptions of the persons to whom the debentures have been issued, the interest derived or derivable therefrom, and such other particulars as may be prescribed.

Amending provisions as to debentures issued by companies.
Cf. 1923, No. 21, s. 119

(2) Where any such list is supplied the person named therein 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 thereof, unless 5
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 debentures 10
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 respect 15
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 be recovered by the former holder from such subsequent holder accordingly. 20

(5) This section shall commence to operate in respect of income-tax payable for the year of assessment, commencing on the first day of April, nineteen hundred and twenty-eight.