

STAMP AND CHEQUE DUTIES AMENDMENT BILL

EXPLANATORY NOTE

THIS Bill gives effect to the Budget proposals relating to stamp and cheque duties.

Clause 1 relates to the Short Title and commencement. The Bill is expressed to come into force on 6 August 1982.

Clause 2: Conveyance duty is computed on the value of the property conveyed by an instrument of conveyance at a graduated rate increasing with the value of the property. A conveyancing practice has developed whereby a number of instruments of conveyance are executed, each conveying a fractional interest of the whole property, which accordingly attracts a lower rate of conveyance duty overall.

This clause, in effect, values each fractional interest in property conveyed to the same person or spouse of that person as having the value of the aggregate of the fractional interests so conveyed. An allowance is made for the duty payable on each of the other instruments so that the same duty is paid as if the property was conveyed by one instrument rather than several.

Clause 3: Where a person holds or has held an interest in farm land or shares in a farming company valued at more than \$100,000, that person is not then eligible to receive the "first farm" exemption from conveyance duty on the conveyance to that person of other farm land or shares.

This clause increases the eligibility limit to \$150,000.

Hon. Mr Falloon

STAMP AND CHEQUE DUTIES AMENDMENT

ANALYSIS

Title	2. Conveyance duty
1. Short Title and commencement	3. Increase in financial limits for first farm exemption

A BILL INTITULED

An Act to amend the Stamp and Cheque Duties Act 1971

BE IT ENACTED by the General Assembly of New Zealand 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 Stamp and Cheque Duties Amendment Act 1982, and shall be read together with and deemed part of the Stamp and Cheque Duties Act 1971* (hereinafter referred to as the principal Act).

(2) This Act shall come into force on the 6th day of August 1982.

2. Conveyance duty—(1) Section 15 of the principal Act is hereby amended by inserting, after subsection (2A) (as inserted by section 2 of the Stamp and Cheque Duties Amendment Act 1981), the following subsections:

“(2B) Where—

“(a) An instrument of conveyance conveys an interest in property which is less than the whole of the interests in that property that could be conveyed (in this subsection referred to as a ‘lesser interest’); and

*1971, No. 51

Amendments: 1972, No. 6; 1974, No. 36; 1974, No. 135; 1975, No. 22; 1976, No. 120; 1977, No. 97; 1978, No. 125; 1980, No. 3; 1981, No. 7

“(b) That instrument of conveyance (in this subsection referred to as the ‘specified instrument’) is one of 2 or more instruments of conveyance each conveying a lesser interest in the same property to the same person,— 5
conveyance duty shall be computed on the specified instrument as follows:

“(c) The value of the lesser interest conveyed by the specified instrument shall be the sum of—
“(i) The value that would, except for this 10 paragraph, be the value of that lesser interest; and
“(ii) The sum of the values (ascertained other than pursuant to this paragraph) of every other lesser interest conveyed by every instrument of conveyance (other than the specified instrument) 15 referred to in paragraph (b) of this subsection upon which conveyance duty has previously been computed:

“(d) From the conveyance duty computed on the value of the lesser interest conveyed by the specified 20 instrument, there shall be deducted an amount equal to the sum of the amounts payable as conveyance duty on the other instruments of conveyance referred to in paragraph (c) (ii) of this subsection, and the balance shall be payable as the 25 conveyance duty on the specified instrument.

“(2c) In subsection (2B) of this section, the term ‘same person’ includes—

“(a) A person and the spouse of that person:

“(b) The spouse of that person.” 30

(2) Section 15 (3) of the principal Act is hereby amended by inserting, after the words “Notwithstanding the rates of conveyance duty specified in subsection (2A) of this section” (as inserted by section 2 (2) of the Stamp and Cheque Duties Amendment Act 1981), the words “and notwithstanding 35 subsections (2B) and (2C) of this section”.

(3) This section shall apply to every instrument of conveyance executed on or after the 6th day of August 1982.

3. Increase in financial limits for first farm exemption—(1) Section 22B (7) of the principal Act (as inserted by 40 section 2 of the Stamp and Cheque Duties Amendment Act 1977) is hereby amended by omitting from the definition of

the term "substantial interest" the expression "\$100,000" (as substituted by clause 3 of the Stamp and Cheque Duties (First Farm Exemption) Extension Order 1981*), and substituting the expression "\$150,000".

5 (2) The Stamp and Cheque Duties (First Farm Exemption) Extension Order 1981* is hereby consequentially revoked.

(3) This section shall apply to every instrument of conveyance of farm land or shares in a farming company
10 executed on or after the 6th day of August 1982; but where more than one instrument of conveyance is executed in respect of the same transaction, this section shall apply only if the earliest instrument is executed on or after that date.

*S.R. 1981/44