

SOCIAL SECURITY AMENDMENT BILL

EXPLANATORY NOTE

This Bill amends the Social Security Act 1938.

PART I

FINANCIAL PROVISIONS

Clause 2 provides that except as otherwise provided Part I of the Bill is to apply to the social security charge on income derived during the year ended 31 March 1953 and subsequent years.

Clause 3 alters the due dates of payment of the charge on income other than salary or wages from 1 June and 1 November to 7 June and 7 November. The last days for payment without incurring a penalty of ten per cent will still be 7 July and 7 December. The amendment effected by section 14 of the Finance Act (No. 2) 1952 fixed the last day for payment as the seventh day of the month following the due date. While this operated satisfactorily in respect of the instalment months of June and November it was found that in respect of assessments issued by the Commissioner it precluded the fixing of the last date for payment as other than the seventh day of the month following the due date shown on the notice of assessment issued by the Department. The position is now remedied by this clause, which fixes the due dates for payment of the July and November instalments as 7 June and 7 November and provides that the last day for payment in any case shall be one month after the due date. The amendment is purely a machinery one.

Clause 4 repeals subsection (6) of section 125 of the principal Act. That subsection followed the imposition of social security charge on company profits and the consequential exemption of dividends from the charge. It was designed to ensure that where the aggregate of dividends paid exceeded available profits after payment of tax and charge, and the excess dividend was paid out of prior profits which had not been subject to the charge, the amount of the excess would be added to the company's chargeable income and charge paid thereon. On account of the effluxion of time and the normal absorption of prior profits which has taken place since 1939 the provision is no longer necessary to serve its original purpose. It has been found that its effect is now to impose social security charge on capital and similar profits arising from realization of capital assets on the winding up of a company.

Clause 5 enables losses incurred to be set off against income for the six following years instead of three years. This amendment is consequential on the amendment for income tax purposes contained in section 8 of the Land and Income Tax Amendment Act 1953.

Clause 6 applies to insurance companies resident in New Zealand other than life insurance companies, and makes such companies liable to pay social security charge on income derived from insurance business carried on outside New Zealand. The exemption hitherto enjoyed by these companies in respect of this income was due to an oversight in the framing of section 127 of the principal Act. The amendment now places insurance companies resident in New Zealand in the same position in respect of overseas income as all other companies resident in New Zealand. This provision is to apply to the income year ending on 31 March 1954 and subsequent years.

PART II

MEDICAL AND HOSPITAL BENEFITS, AND OTHER RELATED BENEFITS

Clause 7 amends section 81 of the principal Act to make it apply to all benefits under Part III except pharmaceutical benefits, instead of only medical, hospital, and pharmaceutical benefits. Section 81 provides that a benefit cannot be claimed as of right if and so far as the injured person is entitled to workers' compensation or special damages in respect of the same matter.

Hon. Mr Bowden

SOCIAL SECURITY AMENDMENT

Title.	ANALYSIS	
1. Short Title.	5. Extending period for setting off losses against subsequent income.	
PART I		
FINANCIAL PROVISIONS		
2. Application of this Part.	6. Charge payable on overseas income of insurance companies.	
3. Due dates of payment of charge on income other than salary or wages.	PART II	
4. Repealing special provision as to assessment of income of companies.	MEDICAL AND HOSPITAL BENEFITS, AND OTHER RELATED BENEFITS	
	7. Section 81 of principal Act amended.	

A BILL INTITULED

AN ACT to amend the Social Security Act 1938. 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 Social Security Amendment Act 1953, and shall be read together with and deemed part of the Social Security Act 1938 (hereinafter referred to as the principal Act). Short Title.
1938, No. 7

10 PART I

FINANCIAL PROVISIONS

2. Except as otherwise provided herein, this Part of this Act shall apply with respect to the charge on income derived during the year that ended on the 15 thirty-first day of March, nineteen hundred and fifty-three, and during every subsequent year. Application
of this Part.

Due dates of
payment of
charge on
income other
than salary
or wages.
1948, No. 78
1952, No. 81

3. (1) Section one hundred and twenty of the principal Act is hereby amended by repealing subsection one (as substituted by section twenty-four of the Finance Act (No. 2) 1948 and amended by section fourteen of the Finance Act (No. 2) 1952), and 5 substituting the following subsection:

“(1) The charge imposed by this Part of this Act in respect of income other than salary or wages (not being income to which section one hundred and eighteen of this Act applies) shall be due and payable by equal 10 instalments on the seventh day of June and the seventh day of November in the year following the financial year for which that income was derived.”

(2) Section one hundred and twenty of the principal Act is hereby further amended by omitting from sub- 15 section three (as amended by section fourteen of the Finance Act (No. 2) 1952) the words “fails to pay any instalment of the charge on income other than salary or wages on or before the seventh day of the month following that in which the instalment became 20 due”, and substituting the words “makes default for more than one month after the due date thereof in the payment of any instalment of the charge on income other than salary or wages”.

(3) Subsection *one* of this section shall apply with 25 respect to the charge on income derived during the year ending on the thirty-first day of March, nineteen hundred and fifty-four, and during every subsequent year.

(4) Subsection two of this section-- 30

(a) In the case of all companies, and in the case of all persons in respect of whom the Commissioner has fixed a new date as the due date for the payment of any instalment of the charge, shall apply with respect to the 35 charge on income derived during the year that ended on the thirty-first day of March, nineteen hundred and fifty-three, and during every subsequent year:

(b) In all other cases, shall apply with respect to 40 the charge on income derived during the year ending on the thirty-first day of March, nineteen hundred and fifty-four, and during every subsequent year.

(5) Section twenty-four of the Finance Act (No. 2) 1948, No. 78
 1948, and section fourteen of the Finance Act (No. 2) 1952, No. 81
 1952 are hereby consequentially repealed.

5 4. (1) Section one hundred and twenty-five of the principal Act is hereby amended by repealing subsection six. Repealing special provision as to assessment of income of companies.

(2) The following enactments are hereby consequentially repealed:

10 (a) Section four of the Social Security Amendment Act 1940: 1940, No. 5

(b) Paragraph (b) of subsection six of section three of the Land and Income Tax Amendment Act 1941: 1941, No. 18

15 (c) Section twelve of the Finance Act (No. 2) 1947. 1947, No. 45

5. (1) Section one hundred and twenty-six of the principal Act is hereby amended by omitting the word "three" wherever it occurs, and substituting in each case the word "six". Extending period for setting off losses against subsequent income.

20 (2) This section shall not apply with respect to any loss incurred before the financial year that commenced on the first day of April, nineteen hundred and forty-nine.

25 6. (1) Section one hundred and twenty-seven of the principal Act is hereby amended by inserting, after subsection one, the following subsection: Charge payable on overseas income of insurance companies.

30 "1A. For the purposes of the assessment of the charge payable by any company resident in New Zealand and carrying on the business of insurance or guarantee against loss, damage, or risk of any kind whatever, except life assurance, the term "income" also includes all income derived from insurance business carried on out of New Zealand, and in calculating the income derived from insurance business carried on out of New Zealand paragraph (b) of section 93 of the Land and Income Tax Act 1923 shall not apply." See Reprint of Statutes, Vol. VII, p. 311

35 (2) This section shall apply with respect to the charge on income derived during the year ending on the thirty-first day of March, nineteen hundred and fifty-four, and during every subsequent year.

PART II

MEDICAL AND HOSPITAL BENEFITS, AND OTHER RELATED
BENEFITS

Section 81 of
principal Act
amended.
1949, No. 38

7. (1) Section eighty-one of the principal Act is hereby amended by repealing subsection one (as amended by section thirty of the Social Security Amendment Act 1949), and substituting the following subsection: 5

See Reprint
of Statutes,
Vol. V, p. 597

“(1) To the extent to which, in respect of any injury, any person has recovered or is entitled to recover any compensation under the Workers’ Compensation Act 1922, on account of any matter, or has recovered or is entitled to recover special damages in respect of any matter, he shall not be entitled as of right to claim any benefit under this Part of this Act (other than a pharmaceutical benefit) in respect of the same matter: 10 15

“Provided that in any such case the Minister may authorize the making of a provisional payment out of the Social Security Fund in respect of any treatment actually given or services actually rendered or goods actually supplied.” 20

(2) This section shall come into force on the first day of January, nineteen hundred and fifty-four.