

HOUSE OF REPRESENTATIVES

Supplementary Order Paper

Friday, the 5th Day of November 1976

LAND AND INCOME TAX AMENDMENT (NO. 2) BILL

Proposed Amendments

Hon. Mr WILKINSON, in Committee, to move the following amendments:

Clause 17: To insert, after subclause (6) on page 16, the following subclauses:

(6A) Section 110B (1) (a) of the principal Act is hereby amended by omitting from subparagraph (iii) the words "of that Act:", and substituting the words "of that Act; and".

(6B) Section 110B (1) (a) of the principal Act is hereby further amended by adding, after subparagraph (iii), the following subparagraph:

"(iv) Payments of national superannuation under Part I of the Social Security Act 1964:".

(6C) Section 2 of the Income Tax Assessment Act 1957 is hereby amended by adding to the definition of the term "employer", after paragraph (c), the following paragraph:

"(d) In relation to payments of national superannuation under Part I of the Social Security Act 1964, the Director-General of Social Welfare:".

(6D) Section 2 of the Income Tax Assessment Act 1957 is hereby further amended by inserting in the definition of the term "salary or wages", after the words "and also includes", the words "all payments of national superannuation under Part I of the Social Security Act 1964, and".

Clause 25: To insert in line 15 on page 22, before the word "Section", the expression "(1)".

To add after line 24 on page 22 the following subsections:

(2) Section 112 of the principal Act is hereby further amended by inserting in the proviso to paragraph (k) of subsection (1), after the words "paragraph (c)" (as inserted by section 13 (3) (c) of the Land and Income Tax Amendment Act 1969), the words "or paragraph (cc)".

(3) Subsection (2) of this section shall be deemed to have come into force on the 5th day of November 1973 (being the date of the passing of the Land and Income Tax Amendment Act 1973) and shall apply with respect to any loss incurred in any sale or other disposition made on or after the 10th day of August 1973.

Clause 29: To insert in the proposed new section 117E, after subclause (4) on page 29, the following subsection:

“(4A) Where any taxpayer is the lessor of any new plant or machinery, no deduction by way of an investment allowance shall be allowed in respect of that plant or machinery in calculating the assessable income of that taxpayer.”

To omit subparagraph (iv) of paragraph (a) of subsection (2) of the proposed section 117F in lines 29 and 30 on page 31, and substitute the following subparagraphs:

“(iv) Slaughtering livestock and associated processing, preparing, storing, packing, curing, chilling, or freezing slaughtered livestock or the products thereof:

“(ivA) Preparing, storing, packing, curing, chilling, or freezing fish or meat:

To omit from subsection (2) of the proposed section 117H the expression “; or” in lines 22, 29, 31, 33, and 39 on page 39, and substitute in each case a colon.

To insert in paragraph (d) of subclause (4), after the words “Land and Income Tax Amendment Act” in line 8 on page 43, the expression “1971”.

Clause 34: To omit lines 39 to 43 on page 49 and lines 1 to 5 on page 50, and substitute the following lines:

incurred for the purposes of the supply or prospective supply of services outside New Zealand in relation to construction projects or courses of educational training or the furnishing of technical advice or assistance,—”

EXPLANATORY NOTE

Clause 17: The effect of the amendments made by subclauses (6A) to (6D) is that for tax purposes, other than the provisions relating to deductions for expenditure or loss incurred in the production of income from employment, payments of national superannuation are to be treated as salary or wages.

Clause 25 makes a consequential amendment to section 112 of the principal Act which should have been made in 1973, and makes it apply from that earlier date accordingly.

Clause 29: The first amendment makes it clear that the lessor of new plant or machinery is not entitled to an investment allowance in respect of that plant or machinery.

The second amendment is a drafting amendment to clarify the operations to which the present subparagraph (iv) applies.

The third and fourth amendments correct drafting errors.

Clause 34 provides that the deduction proposed under this clause in relation to expenses incurred in the furnishing of bid bonds is only to apply in respect to the supply of specified services, and not to the supply of goods.
