

Supplementary Order Paper

HOUSE OF REPRESENTATIVES

Wednesday, the 7th Day of September 1966

LAND AND INCOME TAX AMENDMENT BILL

Amendments Proposed by His Excellency the Governor-General

Clause 4, subclause (1): To omit from subparagraph (iii) of paragraph (d) of the definition of the expression "policy of life insurance" in subsection (1) of the proposed substituted section 85 of the principal Act the words "to effect a policy of insurance to which subparagraph (i) of this paragraph applies at ordinary rates" in lines 21 to 24 on page 4, and substitute the words "to effect at ordinary rates a policy of insurance of the kind referred to in subparagraph (i) of this paragraph".

Clause 4, subclause (1): To omit from paragraph (b) of subsection (6) of the proposed substituted section 85 of the principal Act the words "that period" in line 46 on page 5, and substitute the words "the period of five years immediately preceding the date on which the contributions are withdrawn".

Clause 7, subclause (4): To omit from the proposed substituted subsection (10) of section 98 of the principal Act the words "taxpayer dying after the thirty-first day of August, nineteen hundred and fifty" in lines 38 and 39 on page 8, and substitute the words "deceased taxpayer".

To insert in that subsection, before the word "taxpayer" in line 42 on page 8, the word "deceased".

Clause 25, subclause (2): To omit from the proposed substituted subsection (5) of section 129B of the principal Act the words "in respect of the income" in line 13 on page 20, and substitute the words "in calculating the assessable income".

Clause 25, subclause (7): To omit the words "in respect of the income" in line 40 on page 20, and substitute the words "in calculating the assessable income".

Clause 30, subclause (1): To insert the word "life" before the word "insurance" in subsection (1) of the proposed substituted section 149 of the principal Act (in line 17), and also before the word "insurance" wherever it appears in paragraph (a) of subsection (8) of the said section 149 (in lines 4, 7, and 16 on page 25), and also before the word "insurance" in subsection (11) of the said section 149 (in line 7 on page 26).

To omit from paragraph (a) of subsection (11) of the said section 149 the words "to which this subsection applies" in lines 16 and 17 on page 26, and substitute the words "which carries on in New Zealand the business of life reinsurance as aforesaid".

To omit from paragraph (b) of subsection (11) of the said section 149 the words "part of policies in respect of which a company to which this subsection applies" in lines 23 to 25 on page 26, and substitute the words "part of policies of life insurance on human life in New Zealand in respect of which a company which carries on in New Zealand the business of life reinsurance as aforesaid".

Clause 30, subclause (8): To insert, after the word "amended" in line 20 on page 29, the words "as from the commencement of section 5 of the Land and Income Tax Amendment Act 1965".

Clause 37, subclause (1): To add to subsection (1) of the proposed substituted section 172BB of the principal Act the following proviso:

"Provided that nothing in this definition shall be deemed to render liable to excess retention tax any company (whether incorporated before or after the commencement of this section) which would not have been a privately controlled company within the meaning of the section for which this section was substituted by section 37 of the Land and Income Tax Amendment Act 1966.

EXPLANATORY NOTE

Clause 4, subclause (1): The first amendment is a drafting amendment only, made for the purposes of clarification, in order to ensure that the words "at ordinary rates" appear immediately after the words to which they relate.

The second amendment is also a drafting amendment, made in order to make it clear that there must have been a regular pattern of contributions during the period of five years immediately before the date on which they were withdrawn and not for any shorter period.

Clause 7, subclause (4): The reference to 31 August 1950 may now be regarded as spent, and the amendments make general provision not related to that date.

Clause 25: These amendments make it clear that if the deduction under the new formula results in a loss or an increase in a loss, that loss may be carried forward against income in subsequent years.

Clause 30, subclause (1): These amendments make it clear that the provisions of the new section 149 of the principal Act apply only to income derived from the business of true life insurance and not from any other kind of insurance on human life (e.g., accident insurance).

The amendments to subsection (11) of the new section 149 are intended to remove any doubts as to the application of the section to companies carrying on reinsurance business of the application provisions of the clause.

Clause 30, subclause (8): This amendment makes clear the date from which the replaced section 149 of the principal Act is deemed to have been amended.

Clause 37, subclause (1): The proviso proposed to be added is intended to ensure that the new definition of "privately controlled company" will not render liable to excess retention tax any company that would not have been liable if the former definition had not been replaced.
