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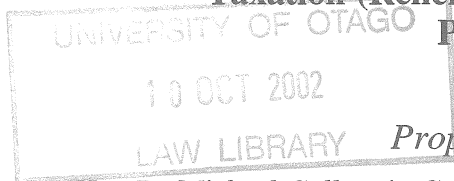
No 9

House of Representatives

Supplementary Order Paper

Tuesday, 8 October 2002

Taxation (Relief, Refunds and Miscellaneous Provisions) Bill



Proposed amendments

Hon Dr Michael Cullen, in Committee, to move the following amendments:

Clause 18

To omit (from line 25, page 12) “**section DF 9** (as added by **section 17**)” and substitute “**section DF 8B** (as added by **section 16**)”.

To omit (from lines 32 and 33, page 12 and lines 1 to 4, page 13), all the words, and substitute the following:

“(2) The taxpayer is treated as incurring at the time of sale any provision for contingent monetary remuneration transferred to the purchaser in respect of the transferring employees.”

To insert (after line 11, page 13) the following:

“(c) when section EF 1 is applied in respect of the taxpayer, the transferred amounts will be treated as remaining unpaid in the income year in which the time of sale falls and will be excluded from any amounts taken into account under section EF 1(1) in subsequent income years.”

To omit (from lines 16 to 22, page 13), all the words, and substitute the following:

“(6) In this section, ‘time of sale’, means the date on which an agreement for the sale of a business (or part of a business) is settled by the transfer of the vendor’s interest and the transfer or payment of the purchaser’s consideration.”

To insert (in line 27, page 13), after “the taxpayer”, the words “other than on sale of a business”.

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To omit (from lines 33 to 35, page 13) all the words, and substitute the following:

- “(3) When section EF 1 is applied in respect of the taxpayer, the transferred amounts will be treated as remaining unpaid in the income year in which the transfer falls and will be excluded from any amounts taken into account under section EF 1(1) in subsequent income years.”

To omit (from lines 1 to 6, page 14) all the words, and substitute the following:

- “(2) **Subsection (1)** (excepting new **section DF 10(5)**) applies to the 1997–98 and subsequent income years if a taxpayer has claimed a deduction in a return of income for the 1997–98 or a subsequent income year.
- “(3) In **subsection (1)**, new **section DF 10(5)** applies on and after the date this Act receives the Royal assent.”

Clause 28

To omit all the words from line 33 on page 19 to line 19 on page 20, and substitute the following:

- “(ab) if bloodstock that is a broodmare is,—
- “(i) on or after 1 April 2001, first used by the taxpayer for breeding purposes in the course of the conduct of the business by the taxpayer of breeding bloodstock; or
- “(ii) on or after 1 April 2001, purchased with the intention of being used for breeding purposes by the taxpayer in the course of the conduct of the business by that taxpayer of breeding bloodstock; or
- “(iii) owned in the course of the conduct of the business of breeding bloodstock and, on or after 1 April 2001, the taxpayer first has the intention of using that bloodstock for breeding purposes— then, in relation to the first income year in which the broodmare (being a broodmare which at the end of that income year is 2 years of age or older) is—
- “(iv) first used by the taxpayer for breeding purposes in the course of the conduct of the business by the taxpayer of breeding bloodstock; or
- “(v) purchased with the intention of being used for breeding purposes by the taxpayer in the course of the conduct of the business by that taxpayer of breeding bloodstock; or
- “(vi) owned in the course of the conduct of the business of breeding bloodstock and that taxpayer has the intention of using that bloodstock for breeding purposes,—

the amount that remains after deducting from the cost price the specified write-down determined under subsection (4)(d) in relation to the broodmare.”

To omit (from lines 20 and 21, page 20), all the words, and substitute the following:

“(3) In section EM 1(1)(b), ‘subsection (4)’ is replaced by ‘subsection (4)(a), (b), or (c)’.”

To insert (after line 21, page 20) the following:

“(3A) After section EM 1(1)(b), the following is inserted:

“(ba) in relation to a broodmare to which **paragraph (ab)** applies and an income year succeeding the income year to which **paragraph (ab)** applies, the amount that remains after deducting from the closing value of that bloodstock for the immediately preceding income year (or where no value was taken into account by the taxpayer at the end of the immediately preceding income year, its cost price), the specified write-down determined under **subsection (4)(d)** in relation to that bloodstock.”

To omit (from line 22, page 20), all the words and substitute the following:

“(4) In section EM 1(1)(c), ‘paragraphs (a) and (b)’ are replaced by ‘paragraphs (a), (ab), (b), and (ba)’.”

Clause 51

To omit (from line 25, page 31) “31 March 2003” and substitute “30 September 2003”.

Clause 55

To insert (after line 11, page 39) the following:

“(5A) After the definition of **continental shelf**, the following is inserted:

“**contingent monetary remuneration**, in sections DF 10, DF 11, EF 1, and EF 1A, means monetary remuneration, the obligation to pay which is, at the relevant time, still contingent on continuation of the employee in employment or some similar factor”.

Clause 56

To omit (from line 10, page 44) “shares” and substitute “voting interests, market value interests, or voting interests and market value interests.”

Clause 56A

To omit (from lines 7 and 8, page 47) “the date this Act receives the Royal assent” and substitute “1 July 2002”.

Clause 76

To omit (from lines 20 and 21, page 58) “on giving” and substitute “not to give”.

To omit (from line 9, page 59) “July” and substitute “December”.

Clause 76A

To omit (from line 13, page 59) “July” and substitute “December”.

Clause 78

To omit (from line 13, page 69) “, in writing, setting out” and substitute “stating”.

To insert (after line 17, page 69) the following:

“(1A) The Commissioner may require a taxpayer, or a person on a taxpayer’s behalf, to apply for financial relief under **subsection (1)(a)** in writing.”

To omit (from lines 5 and 6, page 73) “on the date that the Commissioner writes off outstanding tax” and substitute “according to the taxpayer’s return of income for the income year immediately before the income year in which the outstanding tax is written off”.

To omit (from lines 24, 26, 28, and 30, page 74, and lines 2 and 3, page 75) “July” and substitute “December”.

Clause 79

To omit (from line 32, page 75) “July” and substitute “December”.

Clause 80A

To omit (from lines 9 and 10, page 77) “the date this Act receives the Royal assent” and substitute “1 August 2002”.

Clause 82

To omit (from lines 28 and 29, page 77) “the date this Act receives the Royal assent” and substitute “1 August 2002”.

Clause 84

To omit (from lines 28 and 29, page 78) “the date this Act receives the Royal assent” and substitute “1 August 2002”.

Clause 85

To omit (from lines 4 to 9, page 79) all the words and substitute the following:

- “(1) Section 14(3) is replaced by:
- “(3) Penalty or default interest, or a charge in the nature of penalty or default interest, imposed under a contract for the supply of goods and services or an enactment (other than under section 132 of the Rating Powers Act 1988) is treated as being consideration for an exempt supply.”
- “(2) **Subsection (1)** applies on and after 10 October 2000.”

Explanatory note

This Supplementary Order Paper amends the Taxation (Relief, Refunds and Miscellaneous Provisions) Bill.

Clause 18 is amended to correct an internal cross reference, consequential to the proposed striking out of clause 17, to clarify the application of new sections

DF 10 and DF 11, and to clarify the meaning of the term “time of sale” used in those sections.

Clause 28 is amended to ensure the correct application of amendments to section EM 1.

Clause 51 is amended to extend the duration of the option provided to qualifying unit trusts and group investment funds in new section MJ 4.

Clause 55 is amended to insert a definition of **contingent monetary remuneration**, for the purposes of clause 18.

Clause 56 is amended to correctly refer to voting interests and market value interests.

Clause 56A is amended to change the application date to 1 July 2002.

Clauses 76, 76A, 78, and 79 amend the provisions relating to financial relief. The main amendment changes the application date from 1 July 2002 to 1 December 2002.

Clauses 80A, 82, and 84 are amended to change their application dates to 1 August 2002.

Clause 85 is amended to clarify the scope of the amendment to section 14(3) of the Goods and Services Tax Act 1985.