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No 195

House of Representatives

Supplementary Order Paper

Thursday, 4 October 2001

Taxation (Annual Rates, Taxpayer Assessment and Miscellaneous Provisions) Bill

Proposed amendments

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

Clause 21

To omit (from lines 24 and 25, page 13) “the accrual rules” and substitute “Part EH”.

Clause 39

To omit subsections (1) and (2) (lines 29 to 37, page 22 and lines 1 to 5, page 23) and substitute the following:

- “(1) For the purpose of section BD 2(2)(e), a taxpayer who incurs expenditure on research or development is treated as not having incurred expenditure of a capital nature if the taxpayer—
- “(a) recognises the expenditure as an expense for financial reporting purposes under either paragraph 5.1 or paragraph 5.2 of Financial Reporting Standard No 13 1995 (Accounting for Research and Development Activities); or
 - “(b) does not recognise the expenditure as an asset for financial reporting purposes as a result of applying paragraph 5.4 of Financial Reporting Standard No 13 1995; or
 - “(c) recognises the expenditure as an expense for financial reporting purposes by virtue of paragraph 2.3 (relating to materiality) of Financial Reporting Standard No 13 1995 and would be required to recognise the expenditure as an expense for financial reporting purposes under either paragraph 5.1 or paragraph 5.2 of the standard or by virtue of paragraph 5.4 of the standard if the expenditure had been material and if any one of those paragraphs had been applied to the expenditure.

To omit subsection (4) (lines 22 to 28, page 23).

To omit (from line 29, page 23) “(2)” and substitute “(3)”.

To omit (from line 1, page 24) “, (2)”.

Clause 60

To omit (from line 32, page 32) “, DJ 9A(2)”.

Clause 79

To omit (from line 18, page 40) “FC” and substitute “FB”.

To omit (from line 1, page 41) “FC” and substitute “FB”.

Clause 178

To omit subclause (22) (lines 25 to 29, page 76).

Clause 228

To insert (after line 16, page 103) the following:

- (2) In section 11(9), the following is inserted after the definition of **aircraft**:

“**consumable stores** means—

- “(a) goods that passengers and crew on board an aircraft or a ship intend to consume; and
“(b) goods necessary to operate or maintain an aircraft or a ship including fuel and lubricants but excluding spare parts and equipment”.

To insert (after line 2, page 104) the following:

- (4A) In section 11(9), the following is inserted after the definition of **sealed bag system**:

“**ship** has the meaning set out in section 2 of the Maritime Transport Act 1994.”

To omit (from line 3, page 104) “(4)” and substitute “(4A)”.

Explanatory note

This Supplementary Order Paper amends the Taxation (Annual Rates, Taxpayer Assessment and Miscellaneous Provisions) Bill.

In *clause 21*, the definition of interest is amended to correctly refer to expenditure incurred under Part EH, as a consequence of the new interest deductibility rule now applying from the 1997-98 income year.

Clause 39 is amended to ensure that a taxpayer may apply the research and development (R&D) rules if the taxpayer treats their R&D expenditure, for tax purposes, as an expense after applying paragraphs 5.1, 5.2, or 5.4 of Financial Reporting Standard No 13 1995.

Various cross-references amendments are also made.

Clause 60 is consequentially amended as a result of the amendment to *clause 39*.

Clause 79 is amended to correct its section number.

Clause 178 is amended to omit *subclause (22)*.

Clause 228 is amended to reinstate the definition of **consumable stores**.
