

1972/62



THE LIMITATION OF DIVIDENDS REGULATIONS 1972

ARTHUR PORRITT, Governor-General

ORDER IN COUNCIL

At the Government Buildings at Wellington this 27th day of March 1972

Present:

THE RIGHT HON. J. R. MARSHALL PRESIDING IN COUNCIL

PURSUANT to the Economic Stabilisation Act 1948, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, hereby makes the following regulations.

ANALYSIS

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REGULATIONS

1. Title—These regulations may be cited as the Limitation of Dividends Regulations 1972.

2. Commencement and expiry—(1) These regulations shall come into force on the 28th day of March 1972.

(2) These regulations shall continue in force until the close of the 27th day of March 1973, and shall then expire.

3. Interpretation—(1) In these regulations, unless the context otherwise requires,—

“Capital”, in relation to a private company, means the share capital of the company and, in relation to any other company, means the issued and allotted capital of the company, irrespective, in both cases, of the amount paid up on any share:

“Company” means a company formed and registered under the Companies Act 1955, or an existing company as defined in that Act:

“Dividend year” means the period of 12 months ending with the 27th day of March:

“Rate of dividend” means the dividend declared or paid on any share in the capital of a company determined as a proportion of the amount paid or credited as paid on that share:

“Share” includes stock.

(2) For the purposes of these regulations and for the avoidance of doubt, it is hereby declared that the distribution by a company of any of its profits (including capitalised profits) to all or any of its shareholders as such shall constitute the payment of a dividend by that company irrespective of the means used to effect that distribution and whether or not the distribution involves the issue or allocation of bonus shares or debentures.

4. Administration of regulations—The powers and functions of the Minister under these regulations and any powers or functions which the Minister may exercise under the Act for the purposes of these regulations shall be exercised by the Minister of Finance.

5. Limitation of dividends—Except with the consent of the Minister, no company shall—

- (a) In respect of any share forming part of its capital, declare or pay any dividend which, together with any other dividend declared or paid by the company in respect of that share in the dividend year ending with the 27th day of March 1973, exceeds in rate of dividend the greater of—
 - (i) The rate of dividend paid by the company in respect of that share in the immediately preceding dividend year; or
 - (ii) The rate of dividend obtained by averaging the rates of dividend paid by the company in respect of that share in each of the 3 immediately preceding dividend years:
- (b) Declare or pay any dividend in respect of any share forming part of its capital which has been allotted or is deemed to have been allotted since the commencement of these regulations.

6. Granting or refusal of consent—(1) Any consent for the purposes of regulation 5 of these regulations may—

- (a) Be granted wholly or partly and either unconditionally or subject to such conditions as the Minister thinks fit;
 - (b) Be refused.
- (2) Any condition subject to which any such consent is granted may from time to time, at any time before any dividend is declared or paid pursuant to the consent, be revoked, varied, or added to by the Minister.

7. New companies—The consent of the Minister shall not be required under regulation 5 of these regulations to the declaration or payment by a company, in the dividend year ending with the 27th day of March 1973, of a dividend in respect of any share forming part of its capital if—

- (a) That dividend, together with any other dividend declared or paid by the company in respect of that share in that dividend year, does not exceed, in rate of dividend, 5 percent; and
- (b) The company has never declared or paid a dividend in respect of that share before the commencement of these regulations; and
- (c) The company has been incorporated since the commencement of these regulations or for less than 12 months at the date of the commencement of these regulations.

8. **Evasion of regulations**—No person shall enter into any transaction or make any contract or arrangement, whether orally or in writing, for the purpose of or having the effect of, in any way, directly or indirectly, defeating, evading, or circumventing the operation of these regulations in any respect.

P. J. BROOKS,
Clerk of the Executive Council.

EXPLANATORY NOTE

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations limit for a period of 12 months the dividends that may be paid by companies. It is an offence against section 18 of the Economic Stabilisation Act 1948 to act in contravention of the provisions of these regulations.

Issued under the authority of the Regulations Act 1936.

Date of notification in *Gazette*: 27 March 1972.

These regulations are administered in the Reserve Bank of New Zealand.