Upcoming Legislation - Taxation Reform Bill No.7

This article sets out the main points in the Taxation Reform Bill (No.7), which was introduced into Parliament on 5 August 1993. This Bill has passed its first reading, and been referred to the Finance and Expenditure Select Committee for consideration.

Please note that this Bill has not yet been passed by Parliament, so the following information is not law.

Tax rates for foreign investors eased

Non-resident portfolio investors who have less than a 10% holding in a New Zealand company will no longer have their income taxed twice. The underlying company tax will be credited, so total tax on most dividends paid to these investors will be 33% (the same as for New Zealand investors). This will apply to dividends paid after the Bill is enacted.

Underlying foreign tax credits introduced

The Bill introduces a new regime that will allow New Zealand taxpayers to claim a credit against their Foreign Dividend Withholding Payments for tax that the overseas company has paid. This will apply to dividends received after the Bill is enacted.

The Bill also makes several technical and remedial amendments to the CFC, FIF and BETA regimes.

Offshore reinsurance premiums now deductible

From 1 July 1993 New Zealand insurance companies will be able to claim a deduction for reinsurance premiums that they pay offshore. Claims received on these contracts will be assessable from that date. New Zealand insurance companies will also have to return their offshore insurance income for New Zealand tax purposes, and reinsurance premiums paid to overseas insurance companies will be subject to a 3.8% tax.

FBT uniform exemption extended

"Distinctive" uniforms provided to employees by an employer will be exempt from FBT in many circumstances, not just when they are worn on the employer's premises. This exemption will apply from the date the Bill is enacted.

Overseas FBT to be deductible

From 1 April 1994 any fringe benefit tax paid overseas will be deductible for New Zealand income tax purposes.

GST records for secondhand goods

From the date the Bill is enacted, GST-registered people will not have to hold a tax invoice for second hand goods they purchase up to the value of $50. This limit was previously $20.

Bailed livestock transition eased

The provisions applying to livestock bailments will be amended to ease the transition of bailors to the new livestock valuation regime, and to generally make the treatment of bailments more flexible. These changes will apply from 1 April 1992.

Forestry tax loophole closed

In June the Government announced that it would close a loophole that might allow forestry companies to avoid tax on the sale of forests. Once the Bill is passed, any dispositions of timber or timber rights by methods other than selling them will be treated as sales at market value for tax purposes. Buyers will be able to claim the cost of buying the timber when they harvest it, or the cost of the rights when they sell them. The rules for timber dispositions will apply from 24 June 1993 (the date of the Government's original announcement), and the rules for dispositions of timber rights will apply from 5 August 1993 (the date the Bill was introduced).

Double deduction loophole closed

The bill closes another loophole that allowed certain corporate groups to claim deductions for debt and share losses. It also rewrites the bad debts provisions so that deductions for bad debts arising from financial instruments can only be claimed under the accrual rules.

...and the telly loophole

The Bill also closes the loophole in section 222E of the Income Tax Act that allowed deductions for leased assets (such as domestic television sets) that are not used for business purposes. This amendment is back-dated to 1982, but it won't apply to lease payments already claimed in returns filed with Inland Revenue before 5 August 1993.

Hire purchase assignments clarified

The bill amends the hire purchase legislation which was enacted earlier this year, to clarify the treatment of transfers of hire purchase agreements where legal title in the asset changes hands. These amendments will apply to hire purchase agreements entered into on or after 1 April 1993 (the date the hire purchase regime came into effect).

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Test case procedure introduced

The bill establishes a procedure for hearing tax objections where there are several cases with a similar point in dispute between taxpayers and Inland Revenue. Test cases will be able to be advanced urgently, and similar cases deferred until the test case's outcome is known. This will apply from the date the Bill becomes law.

Case stated procedures amended

Taxpayers will have to take a more active role in preparing for their cases stated. They will have to describe in writing the specifics upon which their case is based, before the case is filed. This document will then become part of the Court record. This amendment will apply from 1 January 1994 for TRA cases, and from 1 April 1994 for High Court cases.

Family Support increases

The Bill gives effect to the increased Family Support rates announced on Budget night, which apply from 1 October 1993. As well, 1994/95 Family Support applications must be accompanied by birth certificates or other documentation to prove children's existence.

More IRD/DSW information sharing

Inland Revenue will be able to supply information we hold about Family Support recipients to Social Welfare, to identify taxpayers who are receiving double payments. Where a double payment is identified the recipient will be notified as required by the Privacy Act, and if s/he does not provide a good explanation Inland Revenue can stop payment.

Inland Revenue can also supply Social Welfare with information to help them recover debts from liable parents and past beneficiaries. The information we can supply is the person's last known address and the address of his/her employer.

These amendments will apply from the date the Bill becomes law.

Business tax changes

The Bill contains a number of taxpayer-friendly amendments to the business tax rules. It removes the potential for **double taxation of remitted debts under the loss carry-forward rules** by ensuring that losses will not be reduced by any remitted debt that is taxed as a dividend. **More than one method of accounting** for financial instruments will be allowed. **Part-year losses** may be grouped in a year following the year they are incurred. Insurance companies that do not issue shares will be exempted from measuring shareholder interests, as a result of an amendment to the definition of **special corporate entity**.

Miscellaneous amendments

- The Bill corrects minor drafting errors in the depreciation and petroleum mining regimes.
- It clarifies that entities listed in section 197A to 197J that were exempt from tax at the time they acquired assets cannot claim first-year depreciation.
- PAYE and ACC deductions can be collected and recovered as one sum.
- Section 353(5A) is being amended to reflect the recent grouping provision requirements.
- A mineral mining company may form a consolidated group only with other mineral mining companies.
- From 26 April 1993 the dividend definition will be amended to include benefits passed by a company to associate companies
- Investment income earned by National Provident's Pension National and Lump Sum National superannuation schemes will no longer be double taxed.
- From 1 July 1993 superannuation funds that lend to or invest in another superannuation fund cannot avoid tax on interest.
- Airport, port and energy companies are included in the local authority trading enterprise definition for purposes of the wholly-owned group intercorporate dividend exemption.
- Crown Health Enterprises are added to the list of companies that are prohibited from maintaining imputation credit accounts.
- The gift duty exemption applying to Court-ordered matrimonial property transfers will be limited to transfers of matrimonial property between spouses.
- The Ministry of Transport will return GST on motor vehicle registration fees from 1 April 1994.
- Social Welfare will be exempted from the requirement to make student loan repayment deductions from income-tested benefits until 31 March 1994.
- The unmarried specified exemption rate will be used to calculate surcharge liability where the spouse of someone receiving means-tested residential care disability services is paid the unmarried rate of National Superannuation.

Depreciation Determinations - Fees and Procedures

Introduction

The Income Tax (Depreciation Determinations) Regulations 1993 were made recently, and came into force on 5 August 1993. These regulations set out the procedures and the fees chargeable where a person asks Inland Revenue to make a determination under the new depreciation regime.

Background

Under the new depreciation regime (contained in sections 107A to 108M of the Income Tax Act 1976) taxpayers can request the following depreciation determinations:

(a) A determination by the Commissioner under section 108I, to allow a taxpayer to claim a special or provisional economic depreciation rate for any depreciable property.

(b) A determination by the Commissioner under section 108J(6), to allow a greater than normal maximum pooling value for any depreciable asset.

(c) A determination by the Commissioner under section 108K, to allow a taxpayer to deduct the remaining tax value of any depreciable property.

The regulations set out the procedures to follow and fees payable when a taxpayer makes such an application.

Procedures

To apply for a determination, a taxpayer must use the approved form, and send in any other necessary information. The approved forms are:

- IR 260A - Application for a provisional rate of depreciation
- IR 260B - Application for a special rate of depreciation
- IR 260C - Application for a higher maximum pooling value
- IR 260D - Application for a deduction for an obsolete asset.

For applications for a special or provisional depreciation rate, or for a higher maximum pooling level, Inland Revenue must prepare a draft determination and send it to the applicant. At the same time, we will set a date by which the applicant must notify us if s/he wants to hold a conference to discuss the determination. This date must be at least ten working days after the draft determination is sent to the applicant.

If the applicant wishes to hold a conference, or if we decide to hold such a conference, we will set a time, date and place for the conference, and notify the applicant accordingly.

Once the conference has been held, or at the end of the allowable time for calling a conference, Inland Revenue can proceed to finalise the determination arising from an application.

Fees

For all determination applications except applications for a provisional depreciation rate, there are some fees that the applicant must pay. These fees are:

(a) An initial fee of $50, due when the application is lodged

(b) A processing fee of $30 per hour for every hour (or part-hour) after the first two hours that Inland Revenue spends processing the application

(c) a reimbursement fee where Inland Revenue engages consultants to advise on the estimated useful life or estimated residual value of the property covered by the application. This fee will be the amount that Inland Revenue pays the consultants, limited to a maximum of $300.

(d) an additional reimbursement fee if the applicant requests a conference and Inland Revenue's consultant attends the conference, or if the applicant asks that Inland Revenue's consultant undertakes further work. The amount of this fee will be the amount that Inland Revenue pays the consultant (this is not limited to $300). However, Inland Revenue will advise the applicant of the likely fees before engaging the consultant for further work, so the applicant can decide whether or not to continue with the application.

Before Inland Revenue engages a consultant, we will take into account the information that the applicant provides. We will not unreasonably require a consultant's advice if the information already provided by the applicant is sufficient to work out an appropriate depreciation rate.

An applicant who withdraws an application is still liable for all processing or consultation fees incurred up until the date Inland Revenue is advised of the withdrawal.

In exceptional circumstances, Inland Revenue may waive all or some of any fees payable by the applicant.

National Standard Costs for Livestock

The Appendix to this Tax Information Bulletin contains the determination of 1993 livestock National Standard Costs, and some examples of how to use these. There are also a number of other livestock-related matters covered in it, including the livestock information from TIB Volume Five, No.1. We've repeated this last section so all the livestock information appears in one place.

Questions We’ve Been Asked

This section of the Tax Information Bulletin sets out the answers to some day-to-day questions that we've received. We've published these as they may be of general interest to readers.

These items are based on letters we’ve received. A general similarity to items in this package will not necessarily lead to the same tax result. Each case will depend on its own facts.

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Employment Status of Locum

A physiotherapist asked whether she should be classed as self-employed or as an employee in her work as a locum.

Any individual person's employment status will be determined by referring to his/her individual contract of employment, and on the facts of each particular case. This is especially relevant in situations where the contract concerned provides for the terms to be negotiated, as this could result in a variation between contracts within the same profession.

In this particular case the contract indicated that the locum was self-employed rather than an employee. The following features of her contract supported this:

- the specified period of the contract
- her ability to schedule her own work and hours
- she was responsible for her own professional liability, loss of profits, health insurance and ACC levies
- she could advertise/promote her own work
- there was no holiday/severance pay, etc
- there was no guarantee of work/earnings

Tax Code for Student Allowance

Section 50C - Transitional tax Allowance: A student asked why she could not use the transitional tax code "T" for the student allowance she receives while at University. She did not have any other earnings while she received the student allowance.

The "T" tax code is available to any taxpayer who is a "Qualifying person" for the purposes of the Income Under $9,880 Rebate (Transitional Tax allowance). To meet this criteria a taxpayer must be a "Full-time earner", which means s/he must be engaged in remunerative work for 20 or more hours in any particular week.

Study does not meet the definition of "remunerative work" in section 50C(1). The student in this case is not entitled to claim the rebate. She could not use the "T" tax code unless she was engaged in remunerative work, and earned $190 or less per week - $9,880 per year (including the student allowance).

Low Income Rebate for Visitor to New Zealand

Section 56 - Rebates for Absentees: An overseas visitor had worked for 12 weeks of the five months she spent in New Zealand. She asked why her low income rebate was calculated on an increased assessable income figure, and why the rebate calculated was then reduced.

Section 50D allows a rebate where a taxpayer's income for the year is less than $9,500. If a taxpayer either arrives in or leaves New Zealand in the income year, and s/he was a non-resident for New Zealand income tax purposes before arriving in New Zealand, section 50D(2) applies. Under this section, the taxpay-

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er's assessable income is multiplied by the number of days in the income year, and divided by the number of days s/he was personally present in New Zealand. The rebate is then calculated on this grossed up amount.

Section 56 applies to the low income rebate of an absentee (defined in section 37 as a person who is not a resident in New Zealand at any time during the income year). Under section 56(1) an absentee's low income rebate must be reduced in proportion to the number of weeks s/he was actually working (if paid for regular pay periods), otherwise in proportion to the number of days of work that s/he was paid.

Under section 241 the taxpayer in this case was not a resident of New Zealand at any time during the income year. This means that both section 50D(2) and section 56(1) applied to her rebate.

This example shows how to calculate the rebate when both of these sections apply:

A taxpayer was in New Zealand for 150 days, and earned $6,000 during 12 weeks of paid employment.

Step 1 - Section 50D(2) calculation - grossing up the income:

$6,000 x $^{365}/_{150}$ = $14,600 (grossed-up income)

Step 2 - Rebate calculation [s.50D (2)] (calculating the abatement)

Grossed up income	$14,600	
Less	$ 9,500	
	$ 5,100	x 0.04 = $204.00 (abatement)

Step 3 - Calculating the rebate

Maximum rebate	$855.00
Less abatement	$204.00
	$651.00 (rebate on grossed-up income)

Step 4 - Section 56(1) calculation

$651.00 x $^{12}/_{52}$ = $54.25 Rebate

Payments to Clergy Employed by Church

Section 61(54) - Income of Religious Workers Exempt Where No Monetary Remuneration Received: A church administrator asked whether payments made to their clergy by way of reimbursements for accommodation costs (including mortgage payments, house insurance, rates and power charges, plus small payments to help with personal living costs) are exempt from income tax.

Unmarried clergy who receive no remuneration from their church - but who have the cost of all their necessities paid by the church - are exempt from income tax under section 61(54). A further requirement for the tax exemption is that the conditions of service of the clergy are such that no monetary remuneration or other rewards are payable by the church.

In this case the clergy receive more than that allowed by section 61(54). They either have full accommodation costs paid for, or the expenses of maintaining their homes are met. In addition the clergy of this church receive a monthly stipend to cover personal living costs. The Commissioner has no discretion to extend section 61(54) to cover these types of payments. Therefore, the income that these clergy receive from the church will be assessable for income tax

purposes.

Overpayments Made to Growers by the Kiwifruit Marketing Board

Section 65 - Items Included in Assessable Income: A kiwifruit orchardist asked how overpayments made by the Kiwifruit Marketing Board in the 1993 income year are to be treated for taxation purposes.

Under section 65(2)(a) payments made to growers during the 1993 income year are assessable in their hands in that year, as they form part of the growers' business income in that year. Under section 104 any repayments will only be deductible for tax purposes in the year they are repaid or deducted from payments to growers by the Board.

One way of lessening the tax consequences of the expected reduction in 1994 and future years' income is to use the income equalisation scheme provided for in sections 175 to 185. This scheme is designed to level out the year-to-year fluctuations in primary sector incomes. Growers could make deposits in the 1993 income year and deduct them from that year's assessable income. Refunds from the scheme are assessable in the year the taxpayer withdraws them. This way, those growers with high 1993 incomes can transfer the assessability of all or part of that income to 1994 and up to four future years.

Builders - Accounting for Unimproved Land at Balance Date

Section 67 - Profits or Gains from Land Transactions: A builder purchased land on which to erect dwellings for subsequent sale. He asked whether a block of land on which he has not yet made any improvements should be taken into account as trading stock at the end of the income year.

Under section 67(4)(c) a builder is assessable on all profits or gains from selling property after making improvements to it. However, the unsold land is not brought into account as trading stock at balance date because section 85(1)(e) specifically excludes land from the definition of "trading stock" used in that section. Therefore, the builder does not account for the land for tax purposes until it has been sold or disposed of.

Sale of Land after District Plan amended

Section 67(4)(d) - Land Sales Where Re-Zoning Changes Exist: A kiwifruit orchardist asked whether the profit on land sold as a result of a change in a District Council's District Scheme would be assessable for income tax purposes. The changes give an automatic right, for properties in excess of four hectares to create one extra title, and properties in excess of twelve hectares to create two additional titles.

Generally, section 67(4)(d) provides that any profit arising from the alteration of an operative District Plan, or any other change to the classification of land (such as the removal of a restriction or covenant) will be treated as assessable income. To be taxable under this section the land must be held by the vendor for less than 10 years and the Commissioner must be satisfied that at least 20% of the profits arose through the reclassification of the land.

However, section 67(6) exempts from tax any such profit if it arose from land that the taxpayer acquired for the purpose of carrying on a farming or agricul-

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tural business, and if the taxpayer sold the land to a person who would continue to use it for carrying on a farming or agricultural business.

In this case the extra title created and sold was not of sufficient area to realistically expect the purchasers to continue a farming or agricultural "business" of an economic kiwifruit orchard. The profit on the sale of the title was assessable to the vendor.

Reimbursement of Travel Costs from Home to Work

Section 73 - Power to Exempt Employees' Allowances: An employer paid a reimbursement allowance to one of his employees for travel by private car between the employee's home and the employer's premises. The employer asked if this allowance was taxable in the hands of the employee. Travelling expenses were part of the employee's contract, but the employee worked normal hours and the travel was from one side of the city to the other, so sufficient public transport was available.

It is an established principle that the cost of travel between home and work in normal circumstances is a private expense, and that any reimbursement of private expenditure is taxable to the employee. However, section 73 allows the Commissioner to exempt from income tax any allowance paid to an employee to cover "... additional transport costs incurred by that employee in travelling between his home and his place of work ... where those additional transport costs were attributed to the following factors".

- The time of day the employee is required to perform the duties of employment.
- The carriage of any plant, machinery etc. for use in that employment.
- The fulfilling of any obligation under any Act.
- The temporary change in the work place of the employee.
- Any other condition of work of the employee.
- The absence of a public passenger transport system serving the place of work.

This case does not meet the requirements of the legislation. The taxpayer is only travelling in normal circumstances, and is not incurring any additional transport costs as a result of any of the factors set out above. The reimbursement allowance that the employer pays will be taxable in the hands of the employee.

Damages Caused by Dog

Section 104 - Expenditure or Loss Incurred in Production of Assessable Income: A farmer asked whether a compensation payment he made for damages caused by one of his dogs is deductible. The dog had attacked and killed a number of sheep in the farmer's district.

Section 104 allows a deduction for expenditure incurred in gaining or producing assessable income, or necessarily incurred in carrying on a business for that purpose. Where a dog which causes damage is a dog used in the production of assessable income (i.e., a working dog), a deduction is allowable for any expense incurred in respect of that dog. However, where the dog is not a working dog, section 106(1)(j) prohibits a deduction, as the expenditure will be considered of a private nature.

In this case a deduction was not allowable as the dog was kept for hunting, which was a hobby of the farmer.

Deduction of Legal Expenses in regards to Loss of Capital

Section 104 - Expenditure or Loss Incurred in Production of Assessable Income: A taxpayer asked whether he could deduct legal expenses that he incurred in attempting to recover a loss of privately-invested savings.

For an expense to be deductible under section 104 it must be either incurred in the production of assessable income, or incurred in carrying on a business for that purpose.

In this case the taxpayer is not in the business of advancing money, so the costs incurred in attempting to recover a capital asset (the savings) are not tax deductible under section 106(1)(a). They have not been incurred in the production of income.

Educational Seminars

Section 104 - Expenditure or Loss Incurred in Production of Assessable Income: An agent, acting on behalf of a group of doctors wishing to attend an overseas seminar, requested approval for travel and accommodation expenses to be deductible for those doctors who were self-employed. Approval was given for the following expenses to be deductible from the doctors' assessable income:

1. A doctor who travels to a destination alone and specifically for viewing the course material is entitled to a deduction for the full costs of travel, course expenses and accommodation costs.
2. Where the doctors are accompanied by their families the participants would be entitled to deduct the cost of their own air fares, course expenses and the costs of a single room only rate of accommodation.
3. A doctor going alone but combining course attendance with some leisure activities is eligible for a deduction to the extent of the cost of air fares, course fees and accommodation for the days attending the course only.
4. A doctor travelling with family who combines course attendance with some leisure activities will be eligible for a deduction to the extent of the doctor's own air fares, course fees and accommodation for the days attending the course only.
5. If the doctor travels to more than one venue then the same rules apply.

Cost of Parking Space

Section 104 - Expenditure or Loss Incurred in Production of Assessable Income:
A self-employed business consultant asked whether he could deduct the cost of leasing parking space next to his office, for his car used for business during the day. The consultant is regularly called out during the day to other businesses to give advice, and usually uses his car for the travelling involved.

Section 104 allows a deduction for expenses incurred in the production of assessable income, or necessarily incurred in carrying on a business for that purpose. In this case the taxpayer is allowed a deduction for the cost of leasing parking space as the expense is necessary to allow him to effectively operate his business.

If a car is used extensively for business purposes a deduction will be allowed for the cost of using a parking space. However, where a taxpayer is merely using a car as a matter of convenience for travel between home and place of business, the expenditure is of a private nature and not deductible. If the taxpayer was an employee, no deduction would be permitted from employment income.

Private Living Area in Hotel

Section 106(1)(j) - Expenditure or Loss of Private Nature: A publican asked whether he had to take into account that he lived on his hotel premises, when deducting expenditure incurred in providing hotel premises on which he operated his business.

Section 104(b) allows a deduction for expenditure incurred in carrying on a business for the purpose of gaining or producing assessable income. However, section 106(1)(j) prohibits a deduction for expenditure incurred which is of a private or domestic nature. The provision of the hotelier's private quarters is considered private expenditure, and therefore is not deductible in terms of this section.

The following formula is used to establish the amount of expenditure which is not deductible in these circumstances:

$^{a}/_{b}$ - x c x 50% (The 50% is set by Inland Revenue to recognise the private business use of the premises)

where -

a = Area of the hotel used for hotelier's private quarters.

b = The total area of the hotel.

c = Total expenditure on -

- interest or rent
- rates
- power
- telephone rental
- insurance
- "other costs"

The other costs are any other expenses not solely attributable to the hotelier or to the business.

Accordingly, the hotelier is entitled to deduct expenses incurred in providing the establishment on which to run his business, but he must make an adjustment to those expenses for private expenditure, calculated using the above formula.

In some circumstances the formula will arrive at an unfair result. If this happens taxpayers should contact their local Inland Revenue Office. For further information on this topic see Tax Information Bulletin No. 4, October 1989.

Tax Treatment of Royal Navy Pension

Section 336D - Determination of "Other Income": A New Zealand resident national superannuitant asked what percentage of his British Royal Navy pension he should include when calculating his national super surcharge.

Pensions and annuities paid from funds that are subject to New Zealand tax

rules are non-assessable (i.e. free of taxation), and only 50% of such a pension is included when calculating surcharge. Overseas superannuation payments are fully taxable in the recipient's hands and count fully for surcharge calculation purposes.

Foreign schemes are still taxed under the old regime because the New Zealand Government does not have the ability to impose our superannuation tax regime on other countries. Foreign countries typically provide tax concessions for contributions to superannuation schemes, and for earnings of superannuation funds, but tax the pensions when paid out. Since we cannot tax the investment income, (as we do with New Zealand superannuation schemes), earned on the pensioner's behalf by the overseas scheme, it is not appropriate to allow the pension payments to be free of tax in New Zealand or to exempt part of the pension from the surcharge.

FBT on Employer-paid Child Care

Section 336N - Interpretation: An employer asked about the Fringe Benefit Tax (FBT) implications of either paying childcare agencies directly for the childcare of employee's children, or of reimbursing employees for the cost of the childcare.

Section 336N(1) of the Act defines "fringe benefit" to include "any benefit of any other kind whatever, received or enjoyed by the employee." Where an employer pays or has a liability to pay for the childcare provided to an employee's children, the employer must pay FBT on that benefit. Where the cost of the childcare is paid to the employee by way of reimbursement, the amount of the reimbursement will be taxable in the hands of the employee, so the employer must deduct PAYE from the reimbursement.

Where childcare facilities are provided by an employer on the employer's premises, the value of that childcare is not taxable to the employee, neither is FBT payable by the employer. The provision of the facility by the employer does not come within the definition of "monetary remuneration" so it is not taxable to the employee. Section 336N(1)(n) specifically exempts from fringe benefit tax any benefit supplied to the employee on the employer's premises.

Calculating FBT where Vehicle used Privately less than when Available

Section 336O - Value of Fringe Benefit: An accountant acting on behalf of an employer asked whether the Commissioner could exercise any discretion to calculate the employer's FBT liability on the actual number of days the employer's motor car was **used** privately by the employee, rather than the number of days the motor car was **available** for private use.

Under section 336O(1) the value of any fringe benefit of a motor vehicle provided to an employee is calculated based on the number of days of "... private use or enjoyment, or the **availability for private use or enjoyment**, of a motor vehicle ...". The Commissioner has no discretion under this section to alter the basis for calculating the fringe benefit provided to an employee.

Deducting Withholding Tax from Payments to Actors

Section 338 - Tax deductions to be Made by Employers: An actor's agent asked who was responsible for deducting withholding tax from payments to actors.

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The payments in question are those made by a film production company to an actor via the actor's agent.

Part B, paragraph 4, of the Schedule to the Income Tax (Withholding Payments) Regulations 1979 ("withholding payment regulations") includes as a withholding payment specified payments to resident entertainers, and requires withholding tax to be deducted from these payments at the rate of 20 cents per $1. The person who must deduct and account for the tax deduction is the person who made the specified payment. This is the person to whom the actor rendered services for a "specified activity". Specified activity is defined in the withholding payment regulations as meaning: "... in relation to any ... resident entertainer, means any activity or performance "

Therefore, where the specified payment relates to the performance of a specified activity, the person who is making that payment is required to deduct withholding tax.

In the situation described above, the production company has contracted with the actor for his or her services. The actor may require the payment to be made to his/her agent, but the agent is only acting as an intermediary. The agent is not making the specified payment, nor has the agent engaged the actor's services for the purpose of conducting a specified activity. This means the production company is responsible for deducting withholding tax (at 20 cents per $1) from the actor's fee.

Note: A resident actor must include this income in a tax return each year. A non-resident actor (or other entertainer) has the option of accepting the withholding tax as a "final Tax" or furnishing a return of income claiming expenses.

Business Losses and Family Support

Section 374B - Determination of Assessable Income: A taxpayer asked how business losses affected the calculation of family support.

Business losses are disregarded when calculating assessable income for family support purposes. However, under section 374B(2)(b) where two or more businesses are carried on by the taxpayer and the Commissioner is satisfied the businesses are "of the kind that are normally carried on in association with each other", such businesses may be deemed to be one business. In effect, this allows a loss to be offset against any profit otherwise derived.

Whether or not two businesses can be treated as one depends on whether Inland Revenue is satisfied that the nature of the businesses is such that they are normally carried on in association with each other. This is a subjective matter, and we will determine it a on case by case basis. We cannot give a blanket ruling.

An example of two such businesses is a taxpayer who has a motorcycle repair shop which also has a franchise for retailing new bikes. The retail business and the repair business are considered to be associated businesses, so they would be treated as one for family support purposes.

Remission of Underestimation Additional Tax after a Legislation Change

Section 384 - Additional Tax Where Income Tax Underestimated: An accountant, acting on behalf of his client, asked whether underestimation additional tax charged on his client's 1992 residual income tax could be remitted. The additional tax was imposed as a result of the accountant recalculating his client's

1992 terminal tax, after filing a new notice of election for changing the method of livestock valuation in the 1992 year.

Section 384(3) allows for underestimation additional tax to be remitted where the Commissioner is satisfied that the taxpayer's residual income tax payable was higher than what was estimated due to -

(a) A change to the Act or any regulation relating to income tax on or after the 1st day of the month in which the 3rd instalment of provisional tax is due; or

(b) The Commissioner making public a change to a previous ruling on or after the 1st day of the month in which the 3rd instalment of provisional tax is due; or

(c) The adoption of an incorrect interpretation of a provision of the Act which was reasonable given the circumstances of the case.

In this case the underestimation additional tax was remitted because the election was made after a change to a previously adopted ruling that the Commissioner made. If Inland Revenue is satisfied that the underestimation was due to this change, paragraph (b) of section 384(3) applies.

Publication of Tax Offender's Name

Section 427 - Publication of Names of Tax Evaders: A taxpayer previously found guilty of failing to properly account for PAYE asked why his name had been published in the Gazette when he had since begun properly handling his tax affairs.

Under section 427 the Commissioner has a statutory obligation to list the names and particulars of taxpayers who have been adjudged culpable of any one of a number of offences under the Act. As this taxpayer had committed an offence under section 368(1) the Commissioner had no discretion as to whether his name should be publicised or not.

However, there is discretion available to the Commissioner not to publicise the names of culpable taxpayers where a taxpayer has voluntarily disclosed information as to an offence or evasion, before Inland Revenue begins any investigation or makes an enquiry.

Goods and Services Tax Act 1985

Sale of Recently Purchased Section

Section 6 - Meaning of Term "Taxable Activity": A taxpayer purchased a section of land, then resold it and purchased another section. He asked whether he should have registered for GST, and whether the profit on sale was taxable for income tax purposes. The taxpayer bought the first section for $40,000 with the intention of building a private residence for himself on it, but another more suitable section came on the market later. He resold the original section for $50,000, and bought the more suitable section.

Section 51 requires a taxpayer to register for GST where s/he carries on a "taxable activity" and total supplies of goods or services exceed $30,000 per annum. Section 6(1)(a) defines a taxable activity as:

"Any activity which is carried on continuously or regularly by any person, whether or not for a pecuniary profit, and involves ... the supply of goods and

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services".

In this case the activity of buying and selling the section would not constitute a "continuous or regular" activity so the taxpayer should not register for GST.

Section 67(4)(a) of the Income Tax Act 1976 includes as assessable income:

"All profits or gains derived from the sale or other disposition of any land if the land was acquired for the purpose or intention ... of selling or otherwise disposing of it:"

Therefore, any profit that a taxpayer made by purchasing a section with the intention of reselling it will be assessable.

In this case the taxpayer is not liable to register for GST, nor is the profit made on reselling of the section assessable for income tax purposes, as the taxpayer's intention at the time of buying the section was to build a home for himself on it.

Estate and Gift Duties Act 1968

Gift Duty on Matrimonial Property Transfer

Section 75A - Exemption for Certain Dispositions of Matrimonial Property: A taxpayer asked whether any transfer of property made under an agreement under the Matrimonial Property Act 1976 was exempt from gift duty.

A "disposition of property" includes "... any conveyance, transfer, assignment, settlement, delivery, payment, or other alienation of property, whether at law or in equity;"

If a disposition of matrimonial property is made to one partner under an agreement, and the value of all that partner's legal and equitable interests does not exceed 50 percent of the total of the matrimonial property, the disposition shall not constitute a gift. This means no gift duty will be payable.

Gaming Duties Act 1991

Gaming Machine Duty payable by Sports Club

A sports club asked why they had to pay gaming machine duty on their gambling machines.

Gaming machine duty is not aimed at individual operators, but it is a duty on the actual activity of gaming. The gaming machine duty is a duty on the amounts bet and lost by players of gaming machines, regardless of where those machines are located or who operates them. All gaming machine operators must collect the duty and return it to Inland Revenue.

(All kinds of duties, including those on tobacco, alcohol, and other gaming activities, do not seek to tax suppliers on their income. Individual operators are free to move to lower payout machines to compensate for the effect of the duty on their income level, subject to Internal Affairs restrictions.)

Using the income tax system is the best method to collect Gaming Machine Duty from different types of operators. If there are gaming machines being run for a profit and not for charity then such profits are fully taxable. Charitable organisations are exempt from income tax but still have to account for gaming machine duty.

Correction to Earlier Item

IRD Numbers on estate returns

We've received some questions about an earlier item on IRD Numbers on estate returns. This item was in "Questions we've been asked" in TIB Volume Four,

Legal Decisions - Case Notes

This section of the Tax Information Bulletin sets out brief notes of recent tax decisions made by the Taxation Review Authority, the High Court, the Court of Appeal and the Privy Council.

We have given each case a rating as a reader guide to its potential importance.

- • • • • • Important Decision
- • • • • Interesting Issues Considered
- • • • Application Of Existing Law
- • • Routine
- • Limited Interest

We've given full references to each case, including the citation details where it has already been reported. Details of the relevant Act and section will help you to quickly identify the legislation at issue. Short case summaries and keywords deliver the bare essentials for busy readers. The notes also outline the principal facts and grounds for the decision. Where possible, we have indicated if an appeal will be forthcoming.

These case reviews do not set out Inland Revenue policy, nor do they represent our attitude to the decision. These are purely brief factual reviews of decisions for the general interest of our readers.

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Correction

In TIB Volume Five No.1 we said that Inland Revenue would not be appealing the decision in TRA 92/108 and 92/109. This is not correct; in fact we will be appealing this decision.

Distribution from Company's Capital Reserve is a Dividend

Rating: • •

Case: TRA 93/67 and 93/68

Act: Income Tax Act 1976, sections 4, 65(2), and 75(1)

Keywords: *"dividends", "capital reserve", "distribution", "current account"*

Summary: A capital gain transferred from a capital reserve account to the shareholders' current accounts is a distribution from the company to the shareholders. It is therefore a dividend, and assessable income in the hands of the shareholders.

Facts: A husband and wife were shareholders in a company which realised a capital gain on the sale of a building. The capital gain was held in a capital reserve account. The minutes of the annual general meeting held in September 1989 recorded that:

- the capital reserve of $67,610.00 was distributed to the shareholders ($56,792.40 to his current account, and $10,817.60 to her current account)
- the balance sheet and accounts for the year ended 31 March 1989 be adopted.

The minutes were signed as correct by the husband as the chairman of the meeting. Judge Willy said that taking the minutes and accounts at face value, clearly the money was transferred from the capital reserve and credited to the current account and loan accounts of the two shareholders, and that the payments are dividends under section 4 of the Act.

However the objectors claimed that:

- the annual general meeting did not take place as recorded in the minutes, i.e., the meeting lacked a quorum and therefore any resolutions passed were null,
- the shareholders did not instruct the accountant to transfer the funds,
- on the evidence given by the accountant, the accountant transferred the funds in error, and
- the annual general meeting was not held within the time prescribed by the Companies Act.

Judge Willy considered each of these arguments and concluded that they failed.

Decision: Inland Revenue acted correctly in treating the distributions as dividends.

Comment: The taxpayer is not appealing this decision.

Charitable Status of the Medical Council of New Zealand

Rating: • •

Case: TRA 92/131 and 93/39

Act: Income Tax Act 1976, sections 2, 61(2), 61(25)

Keywords: *"public authority", "instrument of Executive Government"*

Summary: The Medical Council of NZ is an instrument of the Executive Government. It is established exclusively for charitable purposes and is not carried on for private pecuniary profit. It is therefore exempt from income tax under sections 61(2) and 61(25) Income Tax Act.

Facts: The Medical Council of New Zealand is a statutory body created and governed by the Medical Practitioners Act 1968. Its primary functions are to maintain a

formal register of medical practitioners; discipline medical practitioners; oversee the undergraduate and postgraduate education of medical practitioners; identify and rehabilitate impaired medical practitioners; and advise, provide statistical information and administrative services to the Minister of Health as required.

The Medical Council argued that they were exempt from income tax under either sec.61(2), as a public authority in terms of the section 2 definition of that term, or section 61(25), being established exclusively for charitable purposes. Inland Revenue contended that they were neither a public authority, nor were they established exclusively for charitable purposes. We submitted that practitioners also derived private benefits from the establishment of the Council.

Decision: Judge Willy held that the Medical Council exists as an instrument of Executive Government. It ensures that medical services are provided to the public by suitably qualified and registered practitioners, and assists the Minister of Health in the discharge of his public duties.

The Authority also held that the Council was established exclusively for charitable purposes and that while the Medical Practitioners Act conferred some private benefits on practitioners, those benefits are no more than incidental to the predominant public benefit of the Council.

Because of the specific nature of the objector's activities, the Inland Revenue Department Act 1974's secrecy requirements concerning the objector's identity were waived by the parties.

Comment: Inland Revenue is appealing this decision.

Fringe Benefits, Current Account Balances and Directors' Fees

Rating: • •

Case: TRA No.92/43

Act: Income Tax Act 1976 sections 6, 336N(2), 336S(1)

Keywords: *"fringe benefit", "employee", "source deduction payment"*

Summary: Judge Willy stated that the fringe benefit legislation took effect from 1 April 1985. He held that payments received before 1 April 1985 were not relevant in determining whether a person was an employee for the purposes of fringe benefit tax. The Judge also held that because a resolution to pay directors' fees did not quantify the amount the directors did not have any entitlement to the fees.

Facts: On 1 April 1985 the shareholders in the objector company sold their shares to CM Ltd. After a complex chain of transactions the shares were eventually held on trust by CM Ltd for B Ltd. The former shareholders were appointed as managers but also continued as directors. They received directors' fees but no salary. Their current accounts had debit balances, and Inland Revenue treated these as interest-free advances when assessing the company for fringe benefit tax. The objector argued that Inland Revenue had failed to recognise that the directors were owed the outstanding balance for the sale of their shares in the objector company to CM Ltd.

Decision: Judge Willy held that the objector company's current account debit balances could not be set off against the amounts owing by CM Ltd. It was not possible for the sale of shares to an entirely independent third party to be recorded in the current accounts. Judge Willy also held that there was no credit for the unpaid share money which would have been expected if there was an attempted set off.

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However, he also found that the directors were not employees because they did not receive any source deduction payments. He held that, as fringe benefit tax came into effect on 1 April 1985, payments before that date could not be taken into account for the definition of an "employee". Nor could a resolution to pay directors' fees entitle the directors to fees if the resolution did not specify the amount of the fees.

Comment: Inland Revenue is appealing this decision.

Timing of the Deductibility of Warranty Costs

Rating: • • •

Case: Mitsubishi Motors New Zealand Limited (MMNZ) v Commissioner of Inland Revenue HC AP165/92

Act: Income Tax Act 1976, section 104

Keywords: *"warranties", "incurred"*

Summary: This case reviews the timing of deductibility of the costs of warranty claims on obligations on new car sales from the wholesaler to the retailer. The principal issue resolved was that MMNZ is entitled to deduct the reasonably estimated costs of meeting warranty claims under section 104, for vehicles sold in the particular tax year.

Facts: MMNZ argued that as vehicles are supplied subject to warranty with defects inherent in them, it has incurred a liability under the warranty. Inland Revenue argued that until a purchaser of a vehicle brings a claim which complies with the terms of the warranty, MMNZ is under no liability. There is no accrued obligation of any kind before that time. It is therefore a contingent liability.

Decision: Under the warranty conditions, MMNZ is "definitively committed" to the warranty expenditure at the time of the sale and delivery of the vehicle. The event which gives rise to the contractual warranty liability is the provision of a vehicle containing inherent defects. MMNZ has incurred an expenditure or loss for the warranty liability for the purposes of section 104.

Comments: Inland Revenue has not yet decided whether to appeal this decision.

Assessability of Payment for Goodwill

Rating: • •

Case: TRA 92/150

Act: Income Tax Act 1976, section 65(2)(g)

Keywords: *"goodwill", "owner of land"*

Summary: The case concerned whether a payment for goodwill made by a purchaser of a service station to a vendor company could be assessable to the company's major shareholder under section 65(2)(g). The TRA concluded that although there appeared to be an amount of goodwill relating to the land this should be assessable to the company and not to the shareholder.

Facts: The objector owned the land on which a service station business was conducted. The objector also owned all except one of the shares in the company which ran the service station business. The company sold the business for an amount which included $420,000 for goodwill. The objector and the purchasing company

entered into a new lease. Inland Revenue argued that the $420,000 was assessable under section 65(2)(g), as it included an amount for site goodwill and was assessable to the objector (being the major shareholder of the company and the owner of the land).

Decision: Judge Barber found that the payment made was partly for goodwill related to the site and was therefore assessable income. However he found that the vendor company, not the objector, derived the goodwill. The vendor company and the objector were two quite separate legal persons and the company was not the agent or trustee of the objector.

Comments: Inland Revenue is not appealing this decision.

Deductibility of Cost of an Appeal to the Public Service Appeal Board

Rating: •

Case: Hindmarsh v. CIR, AP 289/90

Act: Income Tax Act, 1976, section 105

Keywords: *"Condition of employment"*

Summary: In the 1987 income year, the objector claimed a deduction for costs incurred in taking a successful appeal to the Public Service Appeal Board. The High Court ruled in Inland Revenue's favour that the expenditure was not deductible for income tax purposes.

Facts: The objector incurred expenditure in taking an appeal to the Public Service Appeal Board. He claimed the expenditure as a deduction against his employment income in the 1987 income year. The question the High Court was asked was whether the expenditure was incurred as a condition of employment (and would therefore qualify for a deduction under section 105 and clause 8 of the Fourth Schedule to the Act).

Decision: The High Court recognised that the objector had a right of appeal. This right was part of the terms of the package of employment in general but it was not something that the objector was required to do as a condition of employment. The Court confirmed Inland Revenue's decision not to allow the costs of the appeal as a deduction.

Comments: We do not know whether the taxpayer will appeal this decision.

Deductibility of Wages when Employees working on Capital Improvements

Rating: • • •

Case: Christchurch Press Company Ltd v CIR AP.241/91

Act: Income Tax Act 1976, sections 104 and 106(1)(a)

Keywords: "Capital expenditure"

Summary: Wages paid to employees who are engaged in making capital improvements cannot be claimed as a deduction under section 104.

Facts: The taxpayer used its own employees rather than outside contractors to install new plant and to undertake a renovation and repair programme. The employees were engaged in capital works which were not part of the taxpayer's income earning activity. Inland Revenue disallowed a deduction claimed under section

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104 as the wages were not an expense incurred in producing assessable income.

Decision: The Judge confirmed that the wages paid were capital in nature. However, an apportionment may be required between capital and revenue expenditure as a dual purpose may be attributable to some of the wages.

Comment: We do not know whether the taxpayer will appeal this decision.

Sale of Orchard - a Going Concern?

Rating: • •

Case: TRA 93/55 Q47 (1993) 15 NZTC 5,234

Act: Goods and Services Tax Act 1985, sections 8 and 11

Keywords: *"Going concern" "taxable activity"*

Summary: The taxpayers sold a kiwifruit orchard and claimed that it was a sale of a going concern. Inland Revenue argued that the taxpayers had sold the property rather than a business, so there was no sale of a going concern. The Taxation Review Authority found in favour of the taxpayers.

Facts: The taxpayers sold a kiwifruit orchard. The orchard had five- to six-year old vines planted. It had shelter belts, pergolas, strainers, and irrigation. In the 1990 season the orchard produced 400 trays of fruit and the forecast for the forthcoming season was for 2,500 to 3,000 trays of fruit.

The Agreement for Sale and Purchase of the orchard was in the form of a standard agreement for the sale and purchase of real estate. The purchaser had not examined the accounts of the orchard and the sale price did not include goodwill. The purchaser paid the deposit on the 31 August 1990 and took possession on 20 December 1990. This was also the date of final settlement. The taxpayers did no further work on the orchard as the purchasers stated they did not require the taxpayers to maintain the orchard.

Inland Revenue argued that the taxpayers were not carrying on a taxable activity at the time of settlement. Even if they were carrying on a taxable activity, the taxpayers had wound it down prior to settlement. Inland Revenue also argued that the sale was not the sale of a going concern because there was no business element in the sale.

The taxpayers argued that they had sold the orchard as a complete business process capable of being carried on by the purchaser. It was irrelevant that the purchaser did not carry on the business. The taxpayers submitted that the orchard was a going concern at the time of supply (31 August 1990) and at the time of settlement.

Decision: Judge Barber found in favour of the taxpayers. He concluded the taxpayers were carrying on a taxable activity and that they supplied the orchard as a going concern to the purchasers.

Comments: Inland Revenue is not appealing this decision.

Apportionment on Sale - Going Concern and Taxable Supply

Rating: • •

Case: TRA No. 92/151

Act: Goods and Services Tax Act 1985, sections 11(1)(c) and 5(14)

Keywords: *"Going concern" "apportionment"*

Summary: The taxpayer purchased a property, which had a guesthouse on it and some vacant land at the rear of the property. Inland Revenue disallowed the input tax credit as we considered the property was sold as a going concern. The Taxation Review Authority found that the supply of the property involved two supplies; a supply of a going concern in the form of a guesthouse and the supply of the land at the rear that was liable for GST.

Facts: The taxpayer claimed an input tax credit for the purchase of a property. The contract for the sale and purchase of the property made no reference to GST.

The property consisted of a guesthouse and some subdivisional land at the rear. At the time of sale the guesthouse had a manager, guests, and was equipped with chattels and fixtures. The vendor endeavoured to have the Boarding license transferred to the purchaser, but the City Council refused to do this until the building had been renovated. Therefore, the vendor dropped the purchase price.

The vendor had already planned and deposited a plan of subdivision with the Land Transfer Office. This meant that the owner of the land could sell or lease the rear of the property independently of the guesthouse.

Inland Revenue disallowed the purchaser's claim for input tax credits on the basis that the sale of the property - guesthouse and the land at the rear - was a going concern. The purchaser argued that the guesthouse was not a going concern and he should be allowed to claim input tax credits. Furthermore, even if the guesthouse was a going concern, Inland Revenue should allow an input tax credit for the purchase of the land.

Decision: Judge Barber decided that the sale of the property included two supplies; the supply of the guesthouse and the supply of the land at the rear. The supply of the guesthouse was the supply of a going concern. However, the sale of land was not a going concern.

Comment: Inland Revenue is not appealing this decision.

Whether Income derived by Company or Proprietor

Rating: • •

Case: TRA 91/125

Act: Income Tax Act 1976, sections 65(2)(b), 2 and 38

Keywords: *"Derived", "illegality"*

Summary: The case concerned whether the objector had personally derived income of commissions, or whether the income was derived by the company of which he was the proprietor. The income was the objector's personal income received by way of commission, and it was taxable in his hands.

Facts: The objector was the proprietor of two businesses which he restructured as a Management company and a trading entity. Because the trading entity needed additional income the objector chose the business of selling real estate and

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businesses (i.e., a broking business). The objector was a certificated salesperson. The objector made the money earned from the broking business available to pay creditors of the companies under a consultancy agreement which provided that the objector would act as a nominee for the trading entity in the broking business. The trading entity was entitled to all the net income generated by the broking business.

Decision: The trading entity did not hold a licence under the Real Estate Agents Act 1976 to carry on the broking business, so it was trading illegally. Parliament intended to make it illegal for unlicensed persons to act as a go-between for the buying and selling of real estate.

The trading entity could not take the benefit of any commission earned for it by the objector because it was at all times unlicensed. The consultancy agreement that the taxpayer relied on is of no effect in vesting the commission earned by the objector in the trading entity.

Judge Willy found that the objector earned income from the broking business through his own personal efforts and expertise, and his liability for income tax was not avoided by the consultancy agreement.

Comment: The taxpayer is not appealing this the decision.

Due Dates Reminder

September

5 PAYE deductions and deduction schedules for last 16 days of August 1993 due - “large” employers only.

7 First instalment of 1994 Provisional Tax due for taxpayers with May balance dates.

Second instalment of 1994 Provisional Tax due for taxpayers with January balance dates.

Third instalment of 1993 Provisional Tax due for taxpayers with September balance dates.

1993 End-of-Year Tax due for taxpayers with October balance dates.

Annual income tax return due for non-IR 5 taxpayers with balance dates from 8-31 May 1993 (Remember to attach SL 9 form for student loan borrowers).

First instalment of 1994 student loan interim repayment due for taxpayers with May balance dates.

Second instalment of 1994 student loan interim repayment due for taxpayers with January balance dates.

20 PAYE deductions and deduction schedules for first 15 days of September 1993 due - “large” employers

PAYE deductions and deduction schedules for August 1993 due - “small” employers.

Gaming Machine Duty return and payment for month ended 31 August 1993 due.

RWT on Interest deducted during August 1993 due for monthly payers.

RWT on Dividends deducted during August 1993 due.

Non-Resident Withholding Tax (or Approved Issuer Levy) deducted during August 1993 due.

30 GST return and payment for period ended 31 August 1993 due.

Second instalment of 1994 student loan non-resident assessment due.

October

5 PAYE deductions and deduction schedules for last 15 days of September 1993 due - “large” employers only.

7 First instalment of 1994 Provisional Tax due for taxpayers with June balance dates.

Second instalment of 1994 Provisional Tax due for taxpayers with February balance dates.

Third instalment of 1994 Provisional Tax due for taxpayers with October balance dates.

1993 End-of-Year Tax due for taxpayers with November balance dates.

Annual income tax return due for non-IR 5 taxpayers with balance dates from 1-30 June 1993 (Remember to attach SL 9 form for student loan borrowers).

First instalment of 1994 student loan interim repayment due for taxpayers with June balance dates.

Second instalment of 1994 student loan interim repayment due for taxpayers with February balance dates.

Third instalment of 1994 student loan interim repayment due for taxpayers with October balance dates.

20 PAYE deductions and deduction schedules for first 15 days of October 1993 due - “large” employers

PAYE deductions and deduction schedules for September 1993 due - “small” employers.

FBT return and payment for quarter ended 30 September 1993 due.

Gaming Machine Duty return and payment for month ended 30 September 1993 due.

RWT on Interest deducted during September 1993 due for monthly payers.

RWT on Interest deducted 1 April 1993 to September 1993 for six-monthly payers.

RWT on Dividends deducted during September 1993 due.

Non-Resident Withholding Tax (or Approved Issuer Levy) deducted during September 1993 due.

29 GST return and payment for period ended 30 September 1993 due.

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Legal Decisions - Case Notes

Notes on recent cases heard by the Taxation Review Authority, the High Court, the Court of Appeal and the Privy Council. See page 15 for a list of cases covered in this bulletin.

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