

## New TIB Index, and Upcoming Articles

We're posting out an updated index to the Tax Information Bulletin with this issue. This index covers all the issues from Volume One, No.1 to Volume Five, No.2.

There's also a full list of Inland Revenue's booklets on page 13. We'll be publishing this list in most TIBs from now on.

In the next few months we'll be releasing policy statements on these topics in the Tax Information Bulletin:

- Repairs and maintenance policy resulting from the new depreciation regime
- When Inland Revenue can grant relief from payment of tax in cases of financial hardship
- The GST implications of funding from regional health authorities to rest homes and private hospitals
- Tax implications of the benefits from belonging to a frequent flyer scheme
- Various qualifying company statements

We'll publish these statements as soon as we've finished consulting with external commentators.

## The IR 10 and Section 25 of the Income Tax Act 1976

### Introduction

We've recently been asked to re-state Inland Revenue's policy on filing the IR 10 Accounts Information form instead of financial statements with a tax return.

### Background

The IR 10 is an integral part of Inland Revenue's E-File system. We use it for providing information to the Statistics Department and to build up data for audit case selection.

Accountants and taxpayers who file returns manually (i.e., who don't use E-File) may either send in an IR 10 or a set of financial statements with tax returns. However, we are encouraging accountants to use both the E-File system and the IR 10.

There have been some concerns with the IR 10. Specifically, there is a lack of information disclosure when using an IR 10 compared with the information disclosed in the financial statements. This could affect how Section 25 of the Income Tax Act 1976 applies to reassessments after the four year time limit has passed.

### Problem

#### 1. Income shown in statements, but not in IR 10

A taxpayer who filed an IR 10 instead of financial statements may be disadvantaged if an audit/investigation of back year returns reveals a discrepancy. If such a discrepancy is in an item that is recorded in the financial statements (obtained during the audit/investigation), but which did not need to be recorded on the IR 10, section 25(2) could be used to reopen the statute-barred assessment with the argument that full disclosure was not given in the return for that particular item.

This problem does not exist when financial statements are filed with the tax return. If a reassessment is not issued for the item before the four year time limit has passed, then Inland Revenue is statute-barred from reopening that assessment because full disclosure was made to Inland Revenue with the return.

#### 2. All Mention of Income Omitted

The details of income to be recorded on the IR 10 do not cover all income sources. Two situations can occur where there will be omission of income when filing a return (either manually or through the E-File system) with an IR 10.

- a) If an item of assessable income did not have to be recorded on the IR 10, but has been recorded in the financial statements.
- b) The income is omitted completely from the financial statements, and is not included when calculating taxable income.

### Policy

Inland Revenue will be applying the following policy when auditing/investigating back year returns which were filed with an IR 10:

If an audit/investigation reveals an item incorrectly recorded in the financial statements which is deemed to be either assessable income or non-deductible expenditure, but which did not have to be so recorded on the IR 10, then -

If no conclusive evidence is held to prove a fraudulent or wilful misleading by the taxpayer, no statute-barred back year assessment will be re-opened under section 25(2).

If there is conclusive evidence that a taxpayer intended to fraudulently or wilfully mislead, then

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section 25(2) will be applied to re-open statute-barred assessments.

If an audit/investigation reveals an omission of income then -

If the omission is because disclosure was not required on an IR 10, (but the income was recorded in the financial statements which were not filed with Inland Revenue), then this will not be a reason for re-opening a statute-barred assessment.

If the income was omitted from the financial statements then section 25(2) may be applied to re-open a statute-barred assessment.

In some cases there is no provision on the IR 10 to show an item, but it must still be disclosed in a Disclosure Return, IR 4A (covering "inter-related arrangements")

or in a Property Disclosure Return, IR 4T. If the profit on an item has been disclosed in either of these returns, there is not an omission of all mention of the item. This means there will not be reason to reopen an assessment. This is the case whether or not the profit in the disclosure return is recorded in the IR 10.

If a Disclosure Return IR 4A, or a Property Disclosure Return, IR 4T, has not been furnished, the above policy on income which is not mentioned will apply.

Note: If someone is a party to a financial arrangement which must be disclosed to Inland Revenue under section 64H of the Income Tax Act 1976, s/he must file a Disclosure Return (IR 4A) or a Property Disclosure Return (IR 4T) as appropriate. However, this return won't have to be filed if there is a reporting exemption for the arrangement.

## Big Reduction in Tax Debt for Second Year in a Row

Inland Revenue has reduced the amount of overdue tax owed by \$119 million in the last year. This is the second year in a row that there has been such a reduction.

At the end of June 1993 the collectible debt was \$970 million, compared to \$1,089 million for the 1992 year. Collectable debt excludes money which cannot be retrieved while an objection to a tax assessment is unresolved, or which is owed by a person in the process of bankruptcy.

Inland Revenue's new debt systems have been a major factor in the drop in debt level. Staff were also more effective at chasing people up faster, since our systems automatically take initial recovery actions. Inland Revenue collects nearly \$40 in outstanding tax for every dollar we spend to retrieve debt.

Better systems combined with staff efforts have also helped us to dramatically reduce the number of outstanding tax returns during the year to 30 June 1993.

### FBT - Prescribed Interest Rate from 1 July 1993

The prescribed interest rate used to calculate the fringe benefit value of low interest employment-related loans has been lowered to 8.5% for the quarter commencing 1 July 1993. The new rate will apply to all subsequent quarters unless it requires further revision. This rate reflects the continued reduction in market interest rates.

The prescribed rate was previously 9.0% for the quarters commencing 1 October 1992, 1 January 1993 and 1 April 1993.

## 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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## Income Tax Act 1976

### When is Interest Assessable?

**Section 75 - Income Credited in Account or Otherwise Dealt With:** A taxpayer asked when he should return the interest on his investment, which was credited to his account. The terms of the investment prohibited the taxpayer from receiving the interest income until the investment matured.

Interest income is assessable in the year the taxpayer derives it. Section 75 deems the taxpayer to have derived the interest when it is credited to the taxpayer's account.

Resident withholding tax is deducted at the time the interest is credited to the taxpayer's account. In this case the taxpayer must return the interest in the income year that it is credited to his account, even though he doesn't have access to the interest.

## Retired Scientist's Research Expenses

**Section 104 - Expenditure or Loss Incurred in Production of Assessable Income:** A retired scientist asked if he could deduct the costs of continuing his research from his investment and superannuation income. He will not derive any income as a result of his further research.

Under section 104 expenditure is only deductible if the taxpayer incurs it in gaining or producing assessable income, or in carrying on a business for that purpose.

This taxpayer is not incurring this expenditure for the purposes of gaining or producing assessable income, as the research bears no relationship to his investment or superannuation income. He cannot deduct the research expenses even though he was previously employed to carry out this type of research.

If the taxpayer was still employed to carry out his research, section 105 (which deals with expenses against income from employment) would preclude a deduction for this expenditure.

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## Deductibility of Postgraduate Courses

**Section 104 - Expenditure or Loss Incurred in Production of Assessable Income:** A doctor asked whether he could claim a deduction for the costs of a postgraduate course in accounting.

Taxpayers cannot claim any expenses against their salary or wage income. Only taxpayers who are self-employed may claim deductions for postgraduate course fees. However, these postgraduate courses must be in the same field as the taxpayer's present expertise, or be an extension of that field.

In this case the postgraduate course was unrelated to the doctor's present expertise; it was not an extension of his current field. Therefore, he could not claim a deduction for the costs of the course.

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## Costs of Providing Information for Completing Accounts

**Section 165 - Expenditure Relating to Determination of Liability to Tax:** A self-employed taxpayer asked whether he could deduct the costs of completing his financial statements from his assessable income. Before the taxpayer's accountant could complete the financial statements, the accountant needed to update the taxpayer's business books and obtain additional information from the taxpayer.

Under section 165(2)(a) taxpayers can deduct expenditure that they incur in connection with calculating or determining their assessable income. Preparing financial statements, and the work necessary to allow such preparation, is expenditure incurred in connection with calculating or determining a taxpayer's assessable income. This means the taxpayer can claim the costs of preparing a financial statement as long as s/he has not already claimed a deduction for that expenditure elsewhere under the Act.

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## GMFI Where Partial Benefit Received

**Section 374E - Guaranteed Minimum Family Income Credit of Tax ("GMFI"):** A single parent asked whether she was entitled to receive GMFI. She worked 20 hours per week in paid employment and received a "top-up" in the form of a partial Domestic Purposes Benefit ("DPB") from Social Welfare.

Under section 374E(3), a person must be a "qualifying person" to be eligible to receive GMFI. A qualifying person is defined in subsection (1) and excludes "... any person who, ..., receives an income tested benefit, ...".

Because this taxpayer is receiving the DPB (which is an income tested benefit), she is not entitled to receive GMFI.

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## Goods and Services Tax Act 1985

### GST on Sales of Farm Land

**Goods and Services Tax Act:** A taxpayer asked why a purchaser of farm land who enters into a sale and purchase agreement could claim a GST refund before the completion of the sale.

A purchaser (the recipient) of goods or services pays GST on the supply of those goods or services. The recipient can recover the GST (also known as input tax) paid for goods or services that are purchased in the course of the recipient's taxable activity. The GST can be claimed in the taxable period that the supply was made to the recipient.

Section 9 of the Goods and Services Tax Act 1985 determines the time of supply of goods or services. Generally, this will be the earlier of the time an invoice was issued or the time the supplier received any payment for the supply.

A registered person must hold a tax invoice to be able to claim an input tax credit. In some instances, an unconditional agreement for the sale and purchase of land will meet the requirements of a tax invoice. Then, the recipient will be able to claim back the GST content of the purchase in the taxable period when the sale and purchase agreement was signed.

Therefore in some cases, a purchaser may be able to recover the GST paid on the purchase of the land before the actual completion of the sale.

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### No GST on Fines Imposed by Statute

**Section 2 - Taxable Supply:** A taxpayer asked whether a court fine for a civil offence included a GST component.

The GST Act imposes GST on the supply of goods or services by a registered person in the course of a taxable activity. Paying a fine for an unlawful act is not payment for a "supply" of goods or services. Accordingly, paying a fine for an offence against a statute or regulation is not a taxable supply for GST purposes, so the fine does not include a GST component.

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### Surrender of a Commercial Tenancy Lease

**Section 5 - Supply of Goods:** A registered person asked what his GST liability would be when he surrenders his commercial lease. A surrender value is being negotiated with the owner of the building.

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A lease is a conveyance of the possession of property for a fixed period. For GST purposes, the lease will normally be a supply of goods and the lump sum payment the owner receives will be subject to GST.

The surrender of a commercial tenancy lease also represents a supply of goods. The supply is subject to GST when made by a registered person in the course of a taxable activity.

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## Services Supplied by Overseas Resident - GST Liability

**Section 8(2)(b) - Supply of Services In New Zealand:** A consultant from Germany asked whether his technical advice to a company in New Zealand would be subject to GST. He worked for a period of three weeks in New Zealand.

Under section 8(2)(b), a supply by a non-resident to a GST-registered person in New Zealand is deemed to be supplied outside New Zealand, as long as the supply was for the NZ resident's taxable activity. Such a supply will not be liable for GST unless both the supplier and the recipient agree that the supply takes place in New Zealand.

In this case, the GST Act deems the consultant to have supplied technical advice outside New Zealand. There was no agreement between the parties that the supply would take place in New Zealand, so there is no GST liability.

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## Gift Concession On Imported Gifts

**Section 12 - GST On Imported Goods:** A taxpayer asked whether presents sent to her two children by her mother from Australia would incur customs duty and GST. The value of the presents total \$NZ100.

Bona fide gifts sent from overseas residents to New Zealand residents are allowed an exemption from customs duty and GST if the values of the gifts do not exceed \$NZ110. Where the gifts are for more than one person the exemption is \$NZ110 per person. Any amounts over the exemption are liable for customs duty and GST. NZ Customs will not collect Customs Duty and GST where the combined total is \$50 or less.

In this situation the presents were for two people. This means that gifts to the value of \$NZ220 qualify for the exemption.

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## Tax Invoices For Amounts up to \$50

**Section 24(5) - Tax Invoice Not Required:** A treasurer for a non-profit body asked if supporting tax invoices are required for the non-profit body's returns to be amended. He had come across some old receipts dating back to 1991, none of which were for more than \$50. The organisation had not claimed input tax for these receipts previously.

Section 24(5) does not require a tax invoice to be issued by a supplier if "...the consideration in money for a supply does not exceed \$50".

As none of the receipts exceeded \$50, tax invoices are not required for the GST returns to be amended.

## Refund Of Credit Interest offset against Tax Debt

**Section 46(2) - Interest Payable Offset Against Arrears:** A registered person asked why she could not receive the credit interest on her December 1992 GST return. Inland Revenue had transferred her credit interest along with the actual refund to offset her income tax arrears .

Under section 46(2), Inland Revenue may offset any refund of GST or interest payable against debts owing under any of the other Inland Revenue Acts. Inland Revenue must give written notice to the registered person that the refund is being offset against the other revenue. We must give this notice within 15 working days following the day on which we receive the return.

In this situation, the registered person received notification of the transfer within the 15 day period. Therefore, we were not required to refund the interest payable.

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## Estate and Gift Duty Act 1968

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### Gift Duty Exemptions for Superannuation Assignments

**Section 74 - Exemption for Certain Elections by Members of Group Superannuation Schemes:** A taxpayer asked whether he would incur gift duty if he elected to receive a reduced pension from his Government Superannuation Scheme. In return his wife would also receive a pension.

Section 91B of the Government Superannuation Fund Act 1956 ("GSF Act") allows a contributor to the fund to elect to surrender up to one-half of his/her superannuation entitlement. The contributor's spouse would then receive an immediate payment of the contributor's pension.

Section 74 now provides a gift duty exemption for members of group superannuation schemes. The exemption applies to members who elect under the GSF Act to receive a reduced pension, in return for the payment of a pension to the member's spouse.

Accordingly, the taxpayer did not incur any gift duty liability on electing to receive a reduced pension.

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## 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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### Application Out of Time under the Matrimonial Property Act 1963

**Rating:** •

**Case:** Lambert v CIR, CP 92/93, (1993) 15 NZTC 10,141

**Act:** Matrimonial Property Act 1963, Sections 5 and 5A

**Keywords:** "Application out of time", "real prejudice"

**Summary:** The Court will grant leave to commence proceedings out of time under the Matrimonial Property Act 1963 where the applicant has a strong claim and is not responsible for the delay in making the application. In this case Inland Revenue also suffered no real prejudice.

**Facts:** A widow and the executors of her late husband's estate applied under section 5A of the Matrimonial Property Act 1963 for leave to commence proceedings out of time. The proceedings involved a claim for a share of the deceased's estate to be vested in the widow and an order that the Commissioner of Inland Revenue reassess the estate duty payable. The application was delayed beyond 12 months after the grant of probate due to the deceitful inaction of the widow's solicitor.

**Decision:** Master Towle granted the widow leave to commence proceedings out of time. The Court considered that section 5A of the Matrimonial Property Act 1963 was designed to protect the beneficiaries of an estate. The evidence showed that the widow had a strong claim and that she was not responsible for the delay in application.

In this case, although the amount of estate duty would be reduced if the claim were successful, Inland Revenue would suffer no real prejudice if leave were to be granted.

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

## Application to have Taxation Review Authority Decision Set Aside

**Rating:** ••

**Case:** Murray Darnill Limited and Darnill's Food Market Limited v Taxation Review Authority & Commissioner of Inland Revenue (1993) 15 NZTC 10,253 CCP 77/91

**Act:** Income Tax Act 1976, Sections 27, and 30 - 33; Inland Revenue Department Act 1974, section 43; Judicature Amendment Act, section 4(1)

**Keywords:** "judicial review", "striking out".

**Summary:** On 27 November 1991 the taxpayer applied for judicial review of a TRA hearing, to have the decision of the TRA set aside. This case is the hearing of Inland Revenue's application, which sought to have the taxpayer's application for judicial review dismissed. The Master held that the taxpayer's application was unlikely to succeed, but he gave the taxpayer a further 7 days to amend the statement of claim.

**Facts:** Inland Revenue disallowed a deduction of \$235,826 for the purchase of land five years ago. The taxpayer objected, and Inland Revenue disallowed the objection. A case was stated to the TRA. On 4 September 1990 the TRA found that it had not been shown that the Commissioner acted incorrectly.

On 27 November 1991 the taxpayer applied for judicial review to have the TRA decision set aside. This case dealt with Inland Revenue's application to have the taxpayer's request for a review of judicial proceedings dismissed.

Inland Revenue submitted that the taxpayer's statement of claim disclosed no reasonable cause of action, and it was an abuse of process. We submitted that there was no jurisdiction to review proceedings because section 27 of the Income Tax Act 1976 excluded judicial review proceedings, and that the time limit requirements of section 43 of the Inland Revenue Department Act 1976 meant that the court could not hear the issues raised in the original case.

The taxpayer alleged in the statement of claim that the decision was invalid, because the Authority did not give a proper or fair hearing on the basis of the information available to it, and it misdirected itself as to the relevant law.

Master Hansen considered sections 27 and 30 to 33 of the Income Tax Act 1976. He reviewed statements made in various cases including, *CIR v Lemmington Holdings Limited* [1982] 1 NZLR 517, *Challenge Realty Limited v CIR* [1993] 1 NZLR 42, *Re Preston* [1985] 1 AC 835, *Richardson v CIR* [1986] 9 TRNZ 261, *ER Squibb & Sons New Zealand Limited v CIR* (1991) 13 NZTC 8,096, and *Miller v CIR* (Auckland M103/93, unreported decision 10/6/93).

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**Decision:** Master Hansen held that the pleadings in their present form were an allegation that the Commissioner and the TRA were wrong in law. Counsel for the taxpayer argued that they were seeking to review the process adopted in making the assessment, rather than the assessment itself. Master Hansen considered the application for judicial review was unlikely to succeed given the form of the pleadings and the considerable delay, but he considered the taxpayer should be given an opportunity to amend the pleadings. He struck out part of the statement of claim and gave the taxpayer a further 7 days to file an amended statement of claim.

**Comment:** Inland Revenue is appealing this decision.

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## Loss on Sale of Shares

**Rating:** ••

**Case:** TRA 92/104

**Act:** Income Tax Act 1976, sections 65(2)(e)

**Keywords:** “Purpose of selling”, “intention”, “motive”, “circulating capital”

**Summary:** A taxpayer’s objection to disallowance of a deduction for losses on share trading was allowed. The dominant purpose at the time of acquisition was sale at a profit. The transactions were of a revenue character.

**Facts:** The objector purchased shares in BIL between December 1986 and November 1987. He took up a one-for-ten issue in January 1988, and also took dividends in shares instead of cash. He sold the shares in July 1990 at a loss of over \$67,000, and sought to claim the loss as a deduction.

The objector stated that his intention had been to hold the shares and then sell for a quick capital profit. He had significant income from other investments and a history of investing for income. There was no evidence of a pattern of share trading, or of systematic portfolio review.

Inland Revenue submitted the shares were purchased for growth and as a long term investment, and were only sold when the objector ceased to regard the investment as sound.

Judge Barber found the evidence of both parties to be reliable. The objector’s evidence of purpose was accepted.

**Decision:** If a profit on a transaction would be assessable under any limb of section 65(2)(e), then the outlay on the transaction is made on revenue account, not capital, and any loss is deductible. The objector’s dominant purpose intention at the time he acquired each parcel of shares was to sell them in the future at a profit. In terms of the principles in *Inglis*, the share purchase monies were circulating capital and revenue. The assessment was to be amended in favour of the objector.

**Comment:** Inland Revenue is not appealing this decision.

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## Frivolous or Vexatious Proceedings

- Rating:** ••
- Case:** TRA 92/22 and 92/17
- Act:** Inland Revenue Department Act 1974, Section 39
- Keywords:** “*Frivolous or Vexatious*”
- Summary:** The taxpayer sought to litigate matters that were or should have been litigated in an earlier proceeding. The cases stated were held to be vexatious and an abuse of the processes of the Court and were struck out.
- Facts:** The objectors objected to assessments for the 1983 to 1988 years. In a pre-hearing call-over the objectors contended that it would be necessary to relitigate some of the issues disposed of in an earlier case to which one of the objectors was party. Inland Revenue applied for an order that the objections were frivolous or vexatious or made solely for the purposes of delay.
- Decision:** It was held that it was an abuse of the processes of the Court to allow a proceeding to continue once it becomes apparent that it will involve an attempt to relitigate matters that were or should have been litigated in an earlier proceeding. In some cases it may be possible to sever the material which is an abuse of the court process from other material which is not, but in this case the objectors were actively seeking to mingle the two. It was also held that the cases stated were not brought solely for the purposes of delay.
- Comment:** We do not know whether the taxpayer will appeal this decision.

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## Deductibility of Unrealised Loss on Preference Shares

- Rating:** ••
- Case:** TRA 92/84 and 92/83
- Act:** Income Tax Act 1976, sections 65(2)(e) and 104.
- Keywords:** “*loss on redemption of specified preference shares*” *Unrealised loss*”
- Summary:** The case concerned whether an unrealised loss on the redemption of specified preference shares was deductible. The TRA found that the shares were acquired for the purpose of disposal in terms of section 65(2)(e), and in terms of the principles in *Inglis* the losses were revenue and deductible.
- Facts:** The objectors purchased 50,000 50 cent redeemable preference shares on 24 August 1988 for \$22,405 including brokerage fees of \$405. The shares were to be redeemed on 31 May 1989 for \$25,000. The company that issued the shares collapsed and was delisted from the stock exchange and the shares became worthless. The objectors sought to deduct the loss of \$22,405 under section 65(2)(e) in the year ended 31 March 1990, as their dominant purpose at the time of buying the shares was to make a profit.
- Inland Revenue argued that the transaction did not come within section 65(2)(e) and that the objectors did not acquire the shares for any business or for the dominant purpose of re-sale. We argued that the purchase was not part of any undertaking or scheme and therefore any profits would not have been assessable under 65(2)(e), so losses cannot be deducted. We also argued that a “redemption” was not a sale or disposition as required by section 65(2)(e).

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**Decision:** Judge Barber held that at the time of purchase the objectors' dominant purpose and intention was to hold the shares until maturity and achieve a profit. He also found that the redemption of shares in the context of this case is a disposition in terms of the second limb of section 65(2)(e). Accordingly, under the principles in the *Inglis* case, the share purchase monies were circulating capital and revenue and the losses deductible.

**Comments:** Inland Revenue is appealing this decision.

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## Due Dates Reminder

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### 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.

### November

- 5 PAYE deductions and deduction schedules for last 16 days of October 1993 due - "large" employers only.
  - 7 First instalment of 1994 Provisional Tax due for taxpayers with July balance dates.  
Second instalment of 1994 Provisional Tax due for taxpayers with March balance dates.  
Third instalment of 1994 Provisional Tax due for taxpayers with November balance dates.  
1993 End-of-Year Tax due for taxpayers with December balance dates.  
Annual income tax return due for non-IR 5 taxpayers with balance dates from 1-31 July 1993. (Remember to attach SL 9 form for student loan borrowers.)  
First instalment of 1994 student loan interim repayment due for taxpayers with July balance dates.  
Second instalment of 1994 student loan interim repayment due for taxpayers with March balance dates.  
Third instalment of 1994 student loan interim repayment due for taxpayers with November balance dates.
  - 20 PAYE deductions and deduction schedules for first 15 days of November 1993 due - "large" employers.  
PAYE deductions and deduction schedules for October 1993 due - "small" employers.  
Gaming Machine Duty return and payment for month ended 31 October 1993 due.  
RWT on Interest deducted during October 1993 due for monthly payers.  
RWT on Dividends deducted during October 1993 due.  
Non-Resident Withholding Tax (or Approved Issuer Levy) deducted during October 1993 due.
  - 30 GST return and payment for period ended 31 October 1993 due.
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## List of Inland Revenue Booklets

This list shows all of Inland Revenue's information booklets as at the date of this Tax Information Bulletin. There is also a brief explanation of what each booklet is about.

Some books could fall into more than one category, so you may wish to skim through the entire list and pick out the booklets that you need. You can get these booklets from any Inland Revenue office.

For production reasons, the TIB is always printed in a multiple of eight pages. We will include this list (updated as necessary) at the back of the TIB whenever we have enough pages left over.

### For Individual Taxpayers

Dealing with Inland Revenue (IR 256)	Apr 1993	Putting Your Tax Affairs Right (IR 282)	Mar 1990
<i>Introduction to Inland Revenue, written mainly for individual taxpayers. It sets out who to ask for in some common situations, and lists taxpayers' basic rights and obligations when dealing with Inland Revenue.</i>		<i>Explains the advantages of telling Inland Revenue if your tax affairs are not in order, before we find out in some other way. This book also sets out what will happen if someone does knowingly evade tax, and gets caught.</i>	
Estate and Gift Duties (IR 634)	Nov 1991	Resident Withholding Tax on Investments (IR 279)	Apr 1993
<i>An explanation of Estate and Gift Duties, written for individual people rather than solicitors or legal firms. Estate Duty has been repealed since this book was written.</i>		<i>An explanation of RWT for people who receive interest or dividends.</i>	
Interest Earnings and Your IRD Number (IR 283L)	Sep 1991	Retiring Allowances and Redundancy Payments (IR 277)	Apr 1993
<i>Explains the requirement for giving to your IRD number to your bank or anyone else who pays you interest.</i>		<i>An explanation of the tax treatment of these types of payments.</i>	
International Tax Guide (IR 275)	Jun 1989	Self-Employed or an Employee? (IR 186)	Apr 1993
<i>Deals with Controlled Foreign Companies, Foreign Investment Funds, and people who have interests in them.</i>		<i>Sets out Inland Revenue's tests for determining whether a person is a self-employed contractor or an employee. This determines what expenses the person can claim, and whether s/he must pay some ACC premiums.</i>	
IR 56 Taxpayer Handbook (IR 56B)	Apr 1993	Special Tax Codes (IR 23G)	Jan 1993
<i>A booklet for part-time private domestic workers, embassy staff, nannies, overseas company reps and deep freeze base workers who make their own PAYE payments.</i>		<i>Information about getting a special "flat rate" of tax deducted from your income, if the regular deduction rates don't suit your particular circumstances.</i>	
Koha (IR 278)	Aug 1991	Stamp Duties (IR 665)	Jun 1992
<i>A guide to payments in the Maori community - income tax and GST consequences.</i>		<i>Explains what Duty is payable on transfers of real estate and some other transactions. Written for individual people rather than solicitors and legal firms.</i>	
National Superannuitant Surcharge (IR 259)	Mar 1993	Student Loans and Inland Revenue (SL 1)	
<i>A guide to the surcharge for National Superannuitants who also have other income.</i>		<i>A guide to your tax obligations if you've taken out a Student Loan.</i>	
New Zealand Tax Residence (IR 292)	Apr 1991	Student Loan Repayments - everything you need to know (SL 2)	
<i>An explanation of who is a New Zealand Resident for tax purposes.</i>		<i>A more in-depth guide to making student loan repayments.</i>	
Objection Procedures (IR 266)	Apr 1993	Tax Facts for Income Tested Beneficiaries (IR 40C)	Sep 1992
<i>Explains how to make a formal objection to a tax assessment, and what further options are available if you disagree with Inland Revenue.</i>		<i>Vital information for anyone who receives an income-tested benefit and also has some other income.</i>	
Provisional Tax (IR 289)	Apr 1993	Tax Problems? - Problem Resolution Service (IR 287)	1989
<i>People whose end-of-year tax bill is over \$2,500 must generally pay provisional tax for the following year. This booklet explains what provisional tax is, and how and when it must be paid.</i>		<i>An introduction to Inland Revenue's Problem Resolution Service. You can use this service if you've already used Inland Revenue's normal channels to sort out a problem, without success.</i>	

*list continues on page 14*

## For People in Business

- |  |            |   |          |
|--|------------|---|----------|
| A Guide to Inland Revenue Audits (IR 297)  | Aug 1992   | Imputation (IR 274)   | Feb 1990 |
| <i>For business people and investors. It explains what is involved if you are audited by Inland Revenue; who is likely to be audited; your rights during and after the audit, and what happens once an audit is completed.</i>   |            | <i>A guide to dividend imputation for New Zealand companies.</i>  |          |
| ACC Premiums   | 1993/94    | Inland Revenue Employers' Tax Calendar (IR 24E)   | 1993     |
| <i>Explains the ACC Employer Premium, and gives the premium rates payable by employers and self-employed people.</i>   |            | <i>A list of all the more common tax due dates that employers have to remember. If you have a balance date other than 31 March, you may find the full tax calendar (IR 24) more useful.</i> |          |
| Approved Issuer Levy (IR 291A)   | Aug 1991   | Inland Revenue Tax Calendar (IR 24)   | May 1993 |
| <i>For taxpayers who pay interest to overseas lenders. Explains how you can pay interest to overseas lenders without having to deduct RWT.</i>   |            | <i>A complete list of all the tax due dates. It covers everything from filing tax returns to the due dates for non-resident Student Loan repayments.</i>                                    |          |
| Consolidation (IR 4E)  | March 1993 | PAYE Deduction Tables   |          |
| <i>An explanation of the consolidation regime, which allows a group of companies to be treated as a single economic entity for tax purposes..</i>  |            | - Four-Weekly and Monthly (IR 184Y)   | 1993     |
| Employers' Guide (IR 184)  | 1993       | - Weekly and Fortnightly (IR 184X)  | 1993     |
| <i>Explains the tax obligations of anyone who is employing staff, and explains how to meet these obligations. Anyone who registers as an employer with Inland Revenue will receive a copy of this booklet.</i>   |            | <i>Tables that tell employers the correct amount of PAYE to deduct from their employees' wages.</i>   |          |
| Entertainment Expenses (IR 268)  | Apr 1993   | Qualifying Companies (IR 4PB)   | Oct 1992 |
| <i>Covers the tax treatment of business entertainment expenses, under the rules applying from 1 April 1993.</i>  |            | <i>An explanation of the Qualifying Company regime, under which a small company with few shareholders can have special tax treatment of dividends, losses and capital gains.</i>            |          |
| Fringe Benefit Tax Guide (IR 409)  | Jun 1992   | Resident Withholding Tax on Interest (IR 283)   | Mar 1993 |
| <i>Explains fringe benefit tax obligations of anyone who is employing staff, or companies that have shareholder-employees. Anyone who registers as an employer with Inland Revenue will receive a copy of this booklet.</i>  |            | <i>A guide to RWT for people and institutions who pay interest.</i>   |          |
| GST - Do You Need to Register? (GST 605)   | Sep 1992   | Running a Small Business? (IR 257)  | May 1992 |
| <i>A basic introduction to Goods and Services Tax, which will also tell you if you have to register for GST.</i>   |            | <i>An introduction to the tax obligations involved in running your own business.</i>  |          |
| GST Guide (GST 600)  | Sep 1991   | Student Loans - A Guide for Employers (SL 4)  | Feb 1993 |
| <i>An in-depth guide which covers almost every aspect of GST. Everyone who registers for GST gets a copy of this book. It is quite expensive for us to get printed, so we ask that if you are only considering GST registration, you get the previous book on this list instead.</i> |            | <i>Tells employers what they'll have to do if any of their employees are repaying a student loan.</i>   |          |
|  |            | Surcharge Deduction Tables (IR 184NS)   | 1993     |
|  |            | <i>PAYE deduction tables for employers whose employees are having National Super surcharge deducted from their wages.</i>   |          |
|  |            | Tax Help for Sprouting Young Businesses (IR 257C)   |          |
|  |            | <i>A promotional pamphlet for Inland Revenue's Small Business Tax Information Service.</i>  |          |

## For Non-Profit Groups

- |   |          |  |          |
|---|----------|--|----------|
| Charitable Organisations (IR 255)   | May 1993 | Education Centres (IR 253)   | Apr 1993 |
| <i>Explains what tax exemptions are available to approved charities and donee organisations, and the criteria that an organisation must meet to get an exemption.</i> |          | <i>Explains the tax obligations of schools and other education centres. Covers everything from kindergartens and kohanga reo to universities and polytechnics.</i> |          |
| Clubs and Societies (IR 254)  | Jul 1992 | Gaming Machine Duty (IR 680A)  | Feb 1992 |
| <i>Explains the tax obligations that a club, society or other non-profit group must meet.</i>   |          | <i>An explanation of the Duty that must be paid by groups that operate gaming machines.</i>  |          |
|   |          | GST for Non-Profit Bodies (GST 605A)   | Sep 1992 |
|   |          | <i>Tells non-profit groups whether they'll need to register for GST, and on what activities they must account for GST.</i>   |          |

## Child Support Booklets

Child Support - A Guide For Tax Practitioners (CS 4) Mar 1992 <i>A summary (mainly for accountants) of how Child Support works, and the rates for calculating payments.</i>	Child Support - An Introduction (CS 3) Mar 1992 <i>A brief introduction to Child Support.</i>
Child Support - A Guide For Bankers (CS 66) Aug 1992 <i>An explanation of the obligations that banks may have to deal with for Child Support.</i>	Child Support - How To Approach The Family Court (CS 51) Jun 1992 <i>Explains what steps people need to take if they want to go to the Family Court about their Child Support.</i>
Child Support - A Parent's Guide (CS 1) Mar 1992 <i>An in-depth explanation of Child Support, both for custodial parents and parents who don't have custody of their children.</i>	Child Support - Does It Affect You? (CS 50) <i>A brief introduction to Child Support in Maori, Cook Island Maori, Samoan, Tongan and Chinese.</i>

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### Questions we've been asked

    Answers to enquiries we've received at Inland Revenue, which could have a wider application. See page 3 for a list of topics covered in this bulletin.

### 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 8 for a list of cases covered in this bulletin.

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*This TIB has no appendix*