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## ACC Earner and Employer Premiums

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### Companies must deduct premiums from Shareholder-employee salaries

When a company pays shareholder-employee salaries that have no PAYE deducted from them, under sections 115(1) and (19) of the Accident Rehabilitation and Compensation Insurance Act it must still deduct earner premium. This is the same obligation as any employer has to deduct earner premium from employees' salaries or wages.

In the IR 4 company tax return there are spaces to calculate earner and employer premiums on salaries paid with no PAYE deductions. The company must pay these premiums to Inland Revenue by its terminal tax due date.

### GST input credits and income tax deductions

There have been some questions about when self-employed people, employers and companies can claim GST input tax credits and income tax deductions for the ACC premiums that they pay.

#### Self-employed people

Self-employed people are liable for earner and employer premiums in their own right. (This includes people who earn partnership income that is liable for premiums.) These premiums are deductible for income tax under section 140A of the Income Tax Act. Taxpayers claim

this deduction in the income year in which the premiums are due and payable.

Self-employed people who are registered for GST can claim an input tax credit on the GST component of both earner and employer premiums.

Inland Revenue's premium notices show the total of these premiums in the GST tax invoice section.

#### Employers

Employers can claim income tax deductions and GST input tax credits for the employer premiums they pay on their employees' earnings. They cannot claim deductions or input tax credits for the earner premium they deduct from their employees' wages, as the individual employees bear the cost of these premiums.

For employers, Inland Revenue's premium notices show only the employer premium in the GST invoice section.

#### Companies

Companies that pay shareholder-employee salaries with no PAYE deductions can claim income tax deductions and GST input tax credits for the employer premiums they pay on these salaries. They cannot claim deductions or input tax credits for the earner premium they deduct, as the individual shareholder-employees bear the cost of these premiums.

For companies, Inland Revenue's premium notices show only the employer premium in the GST invoice section.

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## Tax Avoidance - Shares Sold to Holding Company to Finance House Purchase

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The Commissioner of Inland Revenue made this press release on 16 November 1993

“Company shareholders who try and obtain a tax deduction on mortgage interest for residential homes do so at their peril, Commissioner of Inland Revenue David Henry said today.

Mr Henry said it was clear that the Income Tax Act intended to prevent tax deductibility on private loans. Section 99 allows the Department to rule against schemes which aim to avoid taxation liability.

Mr Henry said an Inland Revenue Department circular which had examined the scheme was being withdrawn because it drew incorrect conclusions.

The issue revolves around the purchase of residential property by a company shareholder. The shareholder

sells shares in a company they own to a holding company. The holding company funds the share purchase with a commercial loan and claims a deduction for interest payments. The arrangement attempts to make interest on the purchase of the residential property tax deductible where it would not otherwise be.

Mr Henry said the central issue in this case was the purpose of such an arrangement. If a purpose was avoidance of tax liability, the deduction would be disallowed.

“Taxpayers who enter schemes of this kind do so at substantial risk. The Inland Revenue Department is committed to ensuring that everyone pays their fair share of tax. The Department will take firm action to identify and stop tax avoidance schemes.” ”

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# Frequent Flyers' Schemes - Tax Treatment

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## Summary

This article sets out the tax implications of benefits from the membership of a Frequent Flyer Scheme ("FFS").

Members of a FFS are granted points once they have travelled a predetermined number of kilometres or miles on an airline. Points can be exchanged for free travel, goods, or services, depending on the terms of the particular FFS. (These benefits are called "entitlements" in this article.)

Where an employee is a member of a FFS and receives entitlements under the scheme because of that membership, the entitlements will not be subject to fringe benefit tax ("FBT"). The only exception will be if the employer enters into an arrangement with the promoter of the scheme so employees can get entitlements under the scheme. If this happens the employer is deemed to provide benefits to the employees, and is liable to pay fringe benefit tax on the market value of the entitlements. However, the purchase of travel by an employer which gives rise to FFS entitlements to an employee does not by itself amount to an "arrangement".

Where an employer who is a member of a FFS assigns an entitlement under the scheme to an employee, there will be a FBT liability. The employer is liable for FBT on the market value of the entitlement.

Any entitlement a member receives under a scheme will not be monetary remuneration or income under general concepts.

Any money a member receives for assigning entitlements on a regular basis could be income under general principles. Any money received for assigning an entitlement may be taxed as profit or gain from property acquired for the purpose of sale or from a profit making scheme.

## FBT implications

An employer is liable to pay FBT on the taxable value of a fringe benefit provided or granted to an employee of the employer.

"Fringe benefit" is defined in the Income Tax Act 1976 ("the Act"). It includes any benefit of any other kind whatever, received or enjoyed whether directly or indirectly in relation to, in the course of or by virtue of the employment of the employee and which is provided or granted by the employer of the employee (section 336N(1)).

## Where an employee is a member of a FFS

There will be no FBT liability where an employee joins a scheme and receives entitlements under the scheme because of that membership. The promoter of the scheme (usually an airline) provides the entitlements

because of its contract with the individual employee, not because of the employment contract between the individual employee and the employer.

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### Example

Employee A works for ABC Limited. In the course of her employment she undertakes frequent air travel. The employer pays for the air travel. Employee A is a member of a FFS and earns sufficient points from business travel for a trip to Europe which she takes. Is the employer liable for FBT on the value of the trip?

The employer is not liable for FBT as the benefit is provided because of the contract between the employee and the airline. It is not because of the contract of employment.

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However, there will be an FBT implication if an airline arranges with an employer to provide entitlements to the employer's employees. "Arrangement" is defined as any contract, agreement, plan, or understanding (whether enforceable or unenforceable) including all steps and transactions carry it into effect. An example of such an arrangement would be where an employer enters into an "arrangement" with an airline that its employees will use the airline for air travel provided that the employees receive certain entitlements under the FFS. The purchase of travel by an employer which gives rise to FFS entitlements to an employee does not by itself amount to an "arrangement". The situation where an employer uses a single airline for all air travel by its employees will not amount to an arrangement unless the employer and the airline have entered into an arrangement under which the airline agrees with the employer to provide FFS entitlements to the employer's employees.

Where an arrangement does exist the employer is deemed to provide the entitlements, so it is liable for FBT (section 336N(2)). The employer is liable for FBT on the market value of the entitlement. There may be apportionment if some of the "points" giving rise to the entitlement arise from private travel undertaken by the employee.

## Where an employer is a corporate member of a FFS

Employers can join some schemes as corporate members. This means that a number of unspecified employees can use the membership and the points and entitlements accumulate to the employer. Where an employer is a member of a scheme and assigns entitlements under the scheme to employees, the employer will be liable for FBT on the market value of the entitlements. The employer is providing a benefit to the employees because of their employment.

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**Example**

XYZ Limited has corporate membership of a FFS. It accumulates a large number of points from the travel undertaken by various employees. The points entitle XYZ Limited to two around the world tickets. It decides to assign these tickets to two employees for their high performance within the company. Is the employer liable for FBT?

The employer is liable to FBT on the market value of the tickets, as the benefit is provided to the employees because of their employment relationship.

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**Where an employer pays employee's fee to join FFS**

If an employer pays an employee's membership fee for an FFS this will generally be subject to FBT. This is consistent with the treatment of any fee or subscription paid by the employer for an employee.

**Valuing the fringe benefit**

Inland Revenue accepts that where section 336P(2) applies the taxable value of the fringe benefit will be nil.

Section 336P(2) applies to any benefits resulting from expenditure on travel or accommodation that an employer incurs for an employee's employment-related travel. It is subject to the condition that the expenditure is not incurred for any period that the employee is on leave or vacation. In addition, the expenditure must not have been increased by provision of the benefit.

**Specific schemes**

There are number of schemes operating in New Zealand. These fall into two categories; called Category A and Category B schemes in this article.

In Category A schemes:

- membership is open to individuals only;
- generally no membership fee is charged;
- the entitlements are assignable to anyone at the time of ticketing, or in some cases at any time provided the entitlements are assigned to family members who are also members of a FFS;
- members will be in breach of the membership contract if they sell their entitlements;
- generally time limits are imposed for the use of entitlements;
- the member can not take the benefits as discounts on travel.

The entitlements under Category A schemes do not fall within the definition of fringe benefit. The promoter of the scheme (usually an airline) provides the entitlements because of its contract with the employee, not because of the employment contract between the individual employee and the employer. If the employer enters into an

arrangement with a promoter so that employees can receive entitlements then the employer is deemed to provide a benefit to the employees and is liable for FBT on the market value of those entitlements (see section 336N(3)).

In Category B schemes:

- membership is open to individuals and corporations;
- no membership fee is charged;
- the entitlements are assignable to anyone at any point specified by the member;
- there is no time restriction for using the entitlements;
- members can use the points to take discounts on travel.

If an employer who is a member of a Category B scheme assigns entitlements under the scheme to employees, the employer is liable to FBT on the market value of the entitlement.

**Employee's FSS entitlements - income tax implications****Monetary remuneration**

Any entitlements under an FFS will not constitute monetary remuneration. Monetary remuneration is defined as certain cash payments, payments made on behalf of an employee and non-cash accommodation allowances under section 72. The entitlements under the schemes do not fall into any of these categories.

**Income under general concepts**

The entitlements under an FFS are not income under general concepts. The entitlements arise from the contracts between the promoter of the scheme and the member. This puts the member in a position to receive entitlements. There is no guarantee of receiving an entitlement because this depends on the number of points accumulated on travel. The entitlements are therefore in the nature of a windfall gain if the employee achieves the requisite number of points.

Further, to be income under general concepts the entitlement must be convertible by the member to money or money's worth (see *Tennant v Smith* (1982) 3 TC 158 at p 170). Under the schemes that are considered in this item, the member cannot ever convert the entitlements into money. All the member receives from the entitlement is a saving of expenditure which has been held not to constitute income (see *FCT v Cooke and Sherden* 80 ATC 4140).

If the points under an FFS are used as discounts on travel by a member there are no income tax implications. As stated above a saving of expenditure is not income.

Any money received by a member for the assignment of an entitlement under a FFS could be taxable if the member regularly assigned entitlements for money. It may be taxed under section 65(2)(e) as a profit or gain from property acquired for the purpose of sale or from a profit making scheme.

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## Income Tax (Deemed Rate of Return) Regulations 1993

The Income Tax (Deemed Rate of Return) Regulations 1993 were made on 20 October 1993. The regulations prescribe a deemed rate of return of 11.6% which will be used to calculate foreign investment fund (FIF) income under the deemed rate of return calculation method in the FIF regime. The rate will apply for the 1992-93 income year and the 1991-92 income year for taxpayers whose 1991-92 balance date was after 2 July 1992.

Under the FIF regime, any income that a foreign entity earns on behalf of a New Zealand resident will be taxed on a current basis, as long as the New Zealand investor does not have a controlling interest in the entity. The deemed rate of return calculation method is set out in section 245RE of the Income Tax Act 1976. It is one of four methods for calculating FIF income or loss.

Under the deemed rate of return method, FIF income is determined by multiplying the value of a person's FIF interest by a percentage which is prescribed by regulation. That percentage is the "deemed rate of return".

The Income Tax (Deemed Rate Of Return) Regulations 1993 prescribe a rate of 11.6% which will apply for all types of FIF investments for which a taxpayer uses the deemed rate of return method. This includes interests in superannuation schemes and life insurance policies.

The FIF regime generally applies from 1 April 1993, to all FIF interests held by New Zealand residents on that date. It also applies from the date of acquisition to FIF interests acquired after 2 July 1992 (1992 Budget Night, when the new FIF regime was announced).

The prescribed rate of 11.6% will generally apply in the 1992-93 income year to FIF interests acquired between 2 July 1992 and the end of a taxpayer's 1992-93 income year. The rate will also apply in the 1992-93 income year to taxpayers with late 1992-93 balance dates who continue to hold from 1 April 1993 FIF interests that were held on 2 July 1992.

The prescribed rate of 11.6% will apply in the 1991-92 income year for taxpayers with a 1991-92 balance date after 2 July 1992 (i.e., between 3 July 1992 and 30 September 1992 inclusive) who acquired a FIF interest after 2 July 1992.

FIF income derived in the 1992-93 or 1991-92 income years does not need to be returned until the 1993-94 income year (section 245Y(10), Income Tax Act 1976).

The deemed rate of return applying to future income years will be set annually.

## Depreciation Rate for Professional Loggers' Chainsaws

There is a new depreciation rate for chainsaws used by professional loggers. The new rate is 100% (for both straight line and diminishing value methods), and it applies from 1 April 1993.

This new rate is set by Determination DEP2: *Tax Depreciation Rates General Determination Number 2*, which is reproduced below. This determination inserts a new category in the "Timber and Joinery Industries" industry category of Determination DEP1 (see page 54 of appendix to TIB Volume Four, No.9 - April 1993).

### Determination DEP2: Tax Depreciation Rates General Determination Number 2

This determination may be cited as "Determination DEP2: Tax Depreciation Rates General Determination Number 2".

#### 1. Application

This determination shall apply to chainsaws used by professional loggers in industry category "Timber and Joinery Industries" acquired on or after 1 April 1993.

#### 2. Determination

Pursuant to section 108C of the Income Tax Act 1976 I have determined the following basic economic depreciation rate:

Determination DEP1 is amended by inserting in the industry category "Timber and Joinery Industries"

an additional asset class "Chainsaws (used by professional loggers)" with the following details -

Estimated useful life	1 year
DV banded depreciation rate (%)	100%
SL equivalent banded depreciation rate (%)	100%

#### 3. Interpretation

In this determination, unless the context otherwise requires, expressions have the same meaning as in the Income Tax Act 1976.

This determination is signed by me on the second day of November 1993.

Murray McClennan  
Acting Manager (Rulings)  
Head Office, Inland Revenue Department

# Reminder - Foreign Dividend Withholding Payment Due on Non-Dividend Repatriations

## Introduction

The first payment of Foreign Dividend Withholding Payments (FDWP) on Non-Dividend Repatriations is due on 20 January 1994. We've published this article to remind you how that liability arises and how it can be offset under the new Underlying Foreign Tax Credit regime. FDWP will only arise on non-dividend repatriations for company taxpayers (individuals are subject to income tax).

## Background

The new legislation subjecting all Non-Dividend Repatriations to FDWP (for companies) or income tax (for individuals) was explained on page 33 of TIB Volume Four, No.9. The new Underlying Foreign Tax Credit (UFTC) regime was explained in TIB Volume Five, No.4. Both sets of rules may affect the amount of FDWP that must be paid on 20 January 1994 (or any FDWP payment due after that date).

## Key Issues

The Non-Dividend Repatriation regime only applies to taxpayers who have an income interest of 10 percent or greater in a controlled foreign company (CFC) for any accounting period. Only companies will be subject to FDWP; it will be charged on their attributed share of any specified repatriations of the CFC.

Specified repatriations are the lesser of these amounts:

- the CFC's increase in investment in New Zealand property
- the amount of unrepatriated income of the CFC.

These terms were explained in TIB Volume Four, No.9.

These provisions apply to all Non-Dividend Repatriations made after 2 July 1992. However, any specified repatriation to a company is deemed to be paid six months after the later of these dates:

- the end of the accounting period of the CFC in which the specified repatriation arose
- 1 April 1993.

This means the first due date for FDWP incorporating Non-Dividend Repatriations is 20 January 1994.

In calculating the amount of any FDWP that would have to be paid, the UFTC regime allows a credit against any FDWP payable for underlying taxes that the foreign company has paid. This is in addition to any non-resident withholding tax paid to the foreign country.

The UFTC regime applies to all dividends paid on or after 28 September 1993. As the first date on which any specified repatriations would be deemed to have been paid is 1 October 1993, the UFTC regime may apply to all Non-Dividend Repatriations.

Examples of how the UFTC regime impacts on the FDWP (and Non-Dividend Repatriation) rules are set out in TIB Volume Five, No.4.

## Upcoming TIB Articles

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
- Various qualifying company statements

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

## 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

### Low Income Rebate Where There is a Change of Balance Date

**Section 50D - Low Income Rebate:** A taxpayer who was filing a tax return for a period of less than 12 months, after a change of balance date, asked whether the low income rebate was apportioned down to reflect the period of the return (nine months in this case).

The rebate must be apportioned in this situation. Section 16(5) provides that where a taxpayer is assessed for income tax on a return for a period of less than a year, income-based rebates must be calculated on 12 months' equivalent income. The resulting answer is then grossed up or down depending on the period of the return filed. If the period is less than a year there will be a proportionate reduction in the amount of the rebate.

**Example**

Income for nine months:	= \$12,000
Income "grossed up" to annual equivalent:	\$12,000 x 12/9 = \$16,000
Low income rebate calculated on \$16,000:	= \$595
Rebate "grossed down" to period covered by return:	\$595 x 9/12 = \$446.25

The rebate the taxpayer is entitled to claim in the tax return is \$446.25.

## Exempting a Scholarship from Income Tax

**Section 61(37) - Scholarship or Bursary Income:** An organisation which wants to sponsor a student by way of a scholarship asked what criteria have to be met before the scholarship would be considered exempt from income tax.

To qualify under section 61(37) the recipient of the scholarship would need to be attending an "educational institution". There is no definition of this term in the Act.

The character of the payment is the determining factor. This must be ascertained in relation to the recipient, rather than to the payer. The character of the payment will be determined principally from the contractual documents, the terms and provisions applicable between the payer and the payee, and the surrounding circumstances. Qualification does not depend on the level of payment.

Some factors to consider are:

- Is the principal purpose of the payment to secure the future services of the recipient?
- Does an employment relationship between the sponsor and the student exist or continue throughout the study period?
- Is the money paid out as a scholarship to be repaid at a later date?

These questions are dealt with in *Case G56* (1985) 7 NZTC 1,247; *Reid v CIR* (1985) 7 NZTC 5,176; *CIR v Drew* (1988) 10 NZTC 5,060; *Case L30* (1989) 11 NZTC 1,181 and *Case L35* (1989) 11 NZTC 1,218

The existence of a bonding provision in the contract is not the sole determining factor (see the *Reid* case), though the scale of a pledge may be significant (see *Case L30*).

Where the principal purpose of the payments is to secure the student's service once the study is completed, and the student is the employee of the sponsor, the payments are likely to be assessable (*Drew* case).

Where the principal purpose is to finance the student's education, rather than to secure the student's future services, the payment is less likely to be assessable (*Reid* case).

Each case must be considered on its own merit in the light of the relevant circumstances.

Apply to your local Inland Revenue office if you want a decision on the tax status of a particular payment. You will need to provide full details of the scholarship that is to be paid.

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## Interest In a Foreign Unit Trust

**Section 65(2)(eb) - Assessable Income From a Foreign Investment Fund:** A taxpayer was resident in New Zealand, and held an interest of less than 10 percent in an Australian unit trust. He asked about the tax consequences if the value of his interest increased.

If a New Zealand resident's interest comes within the foreign investment fund (FIF) regime, any increase in value of that interest during the income year will constitute FIF income if the taxpayer has chosen the comparative value method. This increase will be taxed in terms of section 65(2)(eb).

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Australia is listed in the Fifteenth Schedule (countries excluded from the FIF regime), so the taxpayer's interest will not be an interest in a FIF (section 245RA (2)(b)). This means an increase in the value of the interest which is not distributed will not be assessable to the unit holder (but note that interests in superannuation schemes or life insurance policies do not qualify for the Fifteenth Schedule exemption). Any income distributed by the unit trust to the unit holder will be treated as a dividend under section 4(1)(j), and will be assessable in the normal manner. A credit will be allowed in New Zealand for any Australian withholding taxes deducted from such distributions.

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## Investment Property Sold Within Ten Years

**Section 67 - Profits or Gains From Land Transactions:** A taxpayer living overseas purchased a house in New Zealand in 1987. He claimed that he purchased the house for investment purposes. He asked whether any profit he made on the sale or exchange of that property for another property would be taxable in New Zealand.

Section 67(4) establishes categories under which profits or gains from the sale or other disposition of land are included in a taxpayer's assessable income. The categories of section 67(4) broadly include:

- land acquired with the purpose or intention of sale
- sales by land dealers
- sales by developers or subdividers
- sales by builders
- profits arising from re-zoning of the land
- development or subdivision schemes entered into within 10 years of acquisition
- significant development or subdivision schemes not caught by any other categories.

The effect of section 67(4)(a) is to include within assessable income any profits or gains derived from the sale or other disposition of the land, where the land was "acquired for the purpose or intention, or for purposes or intentions including the purpose or intention, of selling or otherwise disposing of it."

It is the purpose or intention at the time of acquisition that is important for this provision.

In this case Inland Revenue did not receive enough information for the assessability to be determined.

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## Farmers' Valuation Options once Trading Stock (or Standard Value) Scheme Repealed

**Section 86A - Valuation of Option:** A farmer who used the trading stock scheme to value his specified livestock asked if he had to enter the herd scheme now that the option of the trading stock scheme has been repealed.

To allow a more accurate valuation of livestock, the trading stock scheme has been repealed from the 1992/93 income year and a national standard cost scheme has been implemented. This is based on the national average cost of production, rather than market values, on which the trading stock scheme was based.



In the case of specified livestock, valuation is determined under section 86A by electing any of the methods specified in sections 86B to 86F. These methods are:

Section 86B - cost price (self assessed cost), or  
- market value, or  
- replacement value, or

Section 86C - national standard cost method, or

Section 86D - herd scheme method, or

Section 86F(3) - bailed livestock method (where appropriate)

Therefore, the farmer is not limited to a set method now that the trading stock scheme has been repealed. He can elect any of the above methods for his specified livestock.

There are transitional provisions which allow a five-year spread of any revaluation income arising from the move to the new livestock regime.

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## Interest Disclosures when Receiving Foreign Income

**Section 245W - Disclosure:** A New Zealand resident with a 15% interest in a company in Canada asked if he had to make a disclosure of his interest in the company.

Section 245W(1) requires a taxpayer with an interest in a foreign company or foreign investment fund (FIF) to disclose that interest in the prescribed form (IR 4G for foreign company interests, or IR 4H for FIF interests) with the taxpayer's return of income.

Section 245W(2) and the International Tax Disclosure Exemption D4 provide exemptions from the disclosure requirements for the 1993 income year. The 1993 exemption is not as wide as previous years' exemptions. In particular the disclosure requirement now applies equally to previously exempted Fifteenth Schedule countries (Australia, Canada, Germany, Japan, United Kingdom and the United States).

Control and income interests held in a foreign company during the 1993 income year must be disclosed where the income interest is 10% or greater, regardless of the foreign company's country of residence. The taxpayer in this case will therefore need to disclose his interest in the Canadian company on an IR 4G form.

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## Family Support where Child Leaves School

**Section 374D - Family Support Credit of Tax:** A taxpayer who was receiving Family Support during the income year asked until what date she was eligible to receive Family Support for her son. He turned 18 in June 1992, and left school in September 1992.

Section 374D(1)(a) permits the Commissioner to allow a Family Support tax credit for a child who is:

- 18 years or over, and
- not financially independent, and
- still attending school or a tertiary educational establishment

until no later than the first pay day after 31 December of the year in which the child turns 18 (in this case 31 December 1992).

In this case the child was still at school from June to September 1992, when he left to go to work. The Commissioner can allow a Family Support Tax Credit for him until September 1992, when the child left school.

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## Goods and Services Tax Act 1985

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### GST Registered Tenants Renting From Non-Registered Landlords

**Section 2(1) - Input Tax:** An artist who is registered for GST started renting space in a commercial building from a non-registered landlord. He asked whether he could claim an input tax credit on the rent paid.

An input tax credit is normally available only for GST paid by a registered person. However, paragraph (c) of the definition of the term "input tax" formerly allowed a credit in this situation. This paragraph was amended in 1989. It now applies only to a supply by way of sale. There is now no input tax credit in the situation described.

In the artist's situation no GST is payable so he cannot claim an input tax credit. If the landlord was registered and charging GST then the artist could claim an input tax credit (because of para (a) of the definition of "input tax"), provided the rental related to his making taxable supplies.

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### GST Incurred By Overseas Tourists

**Section 8 - Imposition of Goods and Services Tax on Supply:** A tourist in New Zealand purchased a motor vehicle in New Zealand on a purchase/buyback arrangement with a local motor vehicle dealer. He asked whether he was eligible for a refund of the GST paid on the purchase price of the motor vehicle.

In some countries a refund is available. However, a tourist leaving New Zealand cannot claim back the GST component of goods and services purchased while in New Zealand. In general (see the exceptions below), tourists must bear the GST incurred on their purchases in New Zealand. Consequently, they normally incur GST on their purchases from registered persons, and a refund is not available.

Another tourist was in New Zealand for six months. He requested a refund of the GST paid on his purchases on the basis of the double taxation agreement between New Zealand and Germany.

GST that is incurred by tourists in New Zealand is not refundable. Under section 8(1) GST will be incurred on any purchases that tourists make, in the same way that it is incurred by New Zealand residents.

A supply of goods will be zero-rated in these situations:

- when purchased items are entered or deemed to be entered for export by the supplier under the Customs Act 1966, and the supplier exports the items
- where the sealed bag system operates
- where goods are sold within an area licensed under section 32 of the Customs Act 1966 as a Customs examining place.

The Double Taxation Relief (Federal Republic of Germany) Order 1980 only applies to income tax. It does not apply to GST and does not provide for the refunding of GST incurred by German tourists.

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### GST Payable on Sale of a Business Asset

**Section 11- Zero-Rating:** A taxpayer asked whether the sale of a business workshop would be zero-rated where the vendor retained the remaining assets of the business.

To qualify for zero-rating under section 11(1)(c) of the Act, a sale must be the sale of a taxable activity (or part of a taxable activity) as a going concern to another registered person. This means that the purchaser must be registered for GST and that the business must be capable of being carried on when it is sold.

In this case Inland Revenue did not receive enough information to work out whether the business was capable of being carried on when it was sold.

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## Corrections to Earlier Items

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### Subdivision of an Orchard

In earlier issues of "Questions We've Been Asked" (Volume Four, No.10 and Volume Five, No 1), we stated that any profits from the subdivision discussed were assessable under section 67(4)(e) of the Income Tax Act 1976.

We concluded the item by saying the value of the land at the beginning of the undertaking or scheme may be used in determining the assessable income. This is not correct.

Profits assessed under section 67(4)(e) are determined by reference to the original cost price to the owner. Section 67(9A) allows the Commissioner to determine the cost price where necessary. This would apply, for example, where only some of the sections are sold out of a larger block of land, or the land was purchased along with other land or assets and a separate cost price was not fixed at the time of purchase, and there is some difficulty in now determining the cost price of the land being sold.

However, the value of the land at the beginning of an undertaking or scheme (not the cost price) will be used when assessing profits under section 67(4)(f) (used essentially for subdivision schemes involving major work commenced after 10 years of purchase). This section only applies to the sale of land not caught under one of the other paragraphs of section 67(4). The authority to use the value of the land at the beginning of the scheme is provided for in section 67(10), and is there to ensure that only the "developer's profit" is assessed for tax. This means that an increase in the land value up to the time the scheme is commenced is not taxable, only the profits from the scheme.

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### Capital Cost of Devising an Invention

In TIB Volume Four, No.11, we stated that section 143(2) permits the Commissioner to allow such deductions as he thinks fit for any expenditure incurred in devising an invention where a patent has been granted.

Sections 83, 142 and 143 are tax provisions that relate to patents. Deductions allowed under sections 142 (purchase of patent rights) and 143(2) (expenses incurred in devising an invention) *ceased on 31 March 1993*. Expenditure of this nature incurred after 31 March 1993 can only be claimed as a deduction under section 83 in the *year the patent rights are sold*. Under section 83, any amount received on the sale of patent rights is assessable income.

Expenditure incurred in connection with the grant, maintenance, or extension of a patent (e.g. application and patent attorney's fees) which are deductible under section 143(1), and expenditure incurred in connection with scientific research deductible under section 144, remain fully deductible after 1 April 1993.

Patents created or acquired after 31 March 1993 can be depreciated. They are generally classed as fixed life intangible property (FLIP), as their legal life can reasonably be expected to be the same as their economic life. FLIPs are depreciated using the straight line method, calculated by reference to their remaining legal life.

## 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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### Availability of Export Incentives/Sale of a Yacht

**Rating:** ••••

**Case:** TRA 92/162

**Act:** Income Tax Act 1976 - sections 25, 26, 65(2)(e) and (l), 156A and 156F

**Keywords:** *Export Performance Incentives and Export Market Development Expenditure tax credits; onus of proof where assessments reopened beyond four years; proceeds of sale of yacht capital gain not income*

**Summary:** The facts established that the taxpayer was carrying on a jewellery business in New Zealand in which goods were sold or otherwise disposed of, and he was entitled to export incentive tax credits. On a secondary issue it was held that while the objector's original intention in building a yacht had been to sell it as a business asset it was found to be a domestic asset when it was sold. Consequently the proceeds were a capital gain on the costs of construction and not income.

**Facts: (i) Export Incentives**

The objector's claim for export incentives was essentially based on the fact that he was engaged in processing metal settings and gemstones (some of which he already had and others which were imported) into finished jewellery for export to Australia and the United Kingdom. The companies in the United Kingdom (C) and Australia (S) which the objector appointed as marketing agents were beneficially owned by him. The principal agents involved in Company C also supplied a large componentry for the jewellery through the companies and eventually purchased the objector's interest in Company C from him.

Inland Revenue maintained that the facts as a whole indicated that the whole arrangement was a sham that had been set up to obtain tax credits. Consequently, assessments could be reopened under section 25(2) of the Income Tax Act 1976 after the expiration of four years from the end of the year in which the notice of original assessment was issued.

**(ii) Yacht**

The Objector outlined the history of the yacht (its construction, use, his intentions for it and treatment in accounts and sale) from 1970 to 1986. The yacht had been treated as a business asset but had become a personal asset.

**Decision: (i) Export Incentives**

Judge Willy concluded that the objector had been in the business of manufacturing and exporting jewellery. He accepted the objector's explanation about the operation of the business. He also had regard, amongst other things, to independent documentary evidence involving the Reserve Bank, New Zealand Customs and the Department of Trade and Industry. His Honour considered that such evidence confirmed the objector's evidence and established that the transactions were *bona fide*. Judge Willy also concluded that there was no evidence of fraud justifying the reopening of assessments.

**(ii) Yacht**

Judge Willy concluded that the objector had shown, on the basis of evidence as a whole, that at the time of sale the yacht was a private recreational asset. The fact that the yacht had continued to be treated as trading stock in the objector's personal accounts, as opposed to his business accounts, could not justify taxation. This was particularly so given that the objector had never deducted any costs incurred in the construction of the vessel or its depreciation.

**Comments:** Inland Revenue has decided not to appeal this decision because of the particular facts of the case.

There is separate policy statement on page 15 that concerns this case.

**Profits from Subdivision of Land**

**Rating:** •••

**Case:** Costello and Costello v. CIR M984/92 & M985/92

**Act:** Income Tax Act 1976 - section 67(4)(e)

**Keywords:** *Profits from subdivision, work of a minor nature*

**Summary:** The complicated nature of the subdivision scheme and the number of resulting lots meant that the development or division work was not of a minor nature.

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**Facts:** The objectors subdivided a block of flats into nine unit titles for sale. The sole question for consideration by the Court was whether the work involved in the development or subdivision into lots was of a minor nature.

**Decision:** Apart from issuing instructions to lawyers, surveyors, and valuers, the objectors played no part in bringing the scheme to fruition. Subdivision costs incurred totalled approximately \$1,800 which comprised lawyer's and surveyor's fees. The profits derived from the sale of the nine units totalled approximately \$140,000. The objectors submitted that the subdivision work required was of the simplest variety and represented only a small percentage of the cost of the property.

Justice Speight referred to the discussions in High Court cases such as *Wellington v CIR* (1981) 5 NZTC 61,101 and *K v CIR* (1991) 13 NZTC 8,219. While the amount of the subdivision costs is a factor to be taken into account, and were modest in this case, greater emphasis was placed on the legal and other types of professional services required to complete the subdivision scheme. He noted that there was a complicated series of steps needed to be taken by the lawyer, surveyor, and valuer, and unless each carried out his or her duties accurately the scheme could not have been completed. Finally, the number of resulting lots, when combined with the complicated nature of the scheme, convinced Justice Speight that the work was not of a minor nature.

**Comments:** We do not know whether the taxpayers will be appealing this decision.

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## Loss on Redemption of Preference Shares

**Rating:** ••

**Case:** TRA 91/75

**Act:** Income Tax Act 1976 - sections 65(2)(e) and 106

**Keywords:** *Loss on redemption of preference shares, unrealised loss, sale, disposition*

**Summary:** The case concerned whether an unrealised loss on preference shares was deductible from the taxpayer's assessable income. The TRA found that the shares were acquired for the purpose of sale or disposal for the purposes of section 65(2)(e) and in terms of the principles in *Inglis* the losses were revenue and deductible.

**Facts:** The taxpayer purchased 27,800 redeemable preference shares in Equiticorp Ltd at an average price of 42 cents per share. The shares were redeemable by the company in 1989 at a par value of 50 cents per share. Between the time of the purchase and the redemption of the shares by the company, it went into liquidation and the taxpayer lost his money on the purchase of the shares. The taxpayer claimed a deduction for \$12,137.78 as an "unrealised loss". In an interim decision pending the outcome of *Inglis*, Judge Willy's view was that the loss was a loss of capital and therefore prohibited from deduction under section 106(1)(a).

*Inglis* held that if a profit on a share transaction would be assessable under any limb of section 65(2)(e) then the outlay on the transaction is made to revenue account. Inland Revenue argued that the redemption of redeemable preference shares by the issuing company was neither a sale or a disposition by the shareholder. We also argued that a redemption was not a sale or disposition as required by section 65(2)(e).

**Decision:** Judge Willy held that redemption was a "sale" and "disposition" for the purposes of the Act. In applying *Inglis* he held that it was the taxpayer's purpose at the time he purchased the shares to sell or dispose of them to Equiticorp on the

redemption date. The disposition would have been of a revenue nature and any profit would have been caught by section 65(2)(e). Following *Inglis* the loss was of a revenue nature and therefore deductible for income tax purposes.

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

## Land Tax Liability of a Charity

**Case:** HC No AP 61/93

**Rating:** ••

**Act:** Land Tax Act 1976 - Sections 27(1) (j) and 27(1)(o)

**Keywords:** *charitable purposes*

**Summary:** Land owned by a charity and let to commercial tenants is not exempt from land tax

**Facts:** A school, which operated as a charitable trust, owned land which it let to commercial tenants. The rents it received were used for the purposes of the school.

**Decision:** The objector argued that the land was exempt from land tax under either section 27(1)(j) or section 27(1)(o) of the Land Tax Act 1976 in the 1990 and 1991 income years. (Note that the Land Tax Act was repealed as from 31 March 1992.)

Land was exempt under section 27(1)(j) if it was used by the charity as a site for the purposes of the charity. Justice Fraser followed the decision in *The Trustees of the Dunedin Central Methodist Mission v CIR* (1988) 10 NZTC 5006. This decision held that there was a distinction between the receipt of rents from land and the use of land for charitable purposes or purposes wholly ancillary to or directly facilitating those purposes. In this case the land was not used as a site for the purposes of the school as the phrase was interpreted in the *Dunedin Central Methodist Mission* case.

Land was exempt under section 27(1)(o) if it was used for the purposes of a school. The question was whether the wording means all land owned and used by the school, including school buildings and land let to commercial tenants, or whether the exemption was restricted to land used for educational purposes or purposes wholly ancillary to or directly facilitating those purposes. Justice Fraser noted that the wording could be read either way. He held that the legislative history supported the narrower interpretation and that the land was not within the terms of the exemption.

**Comments:** We do not know whether the taxpayer will be appealing this decision.

## Legal Requirements in Cases of Fraudulent Actions

Inland Revenue did not appeal the decision in Taxation Review Authority Case No.92/162 because of the facts of the particular case. (This case is reported on page 12 of this TIB.) However, there are aspects of the decision that we do not accept.

The TRA considered that the Commissioner must establish that he had reasonable grounds to form an opinion that the objector has acted fraudulently. This departs from the accepted view that the objector has the onus of proving all facts.

Inland Revenue considers that the TRA has placed an additional requirement to that in section 25(2) of the Income Tax Act. We rely on the Court of Appeal decisions in *CIR v Maxwell (No.2)* [1962] NZLR 683 and *CIR v Legarth* [1969] NZLR 137 in this regard. The onus is on the objector from the outset to prove that s/he did not act fraudulently or file a wilfully misleading return. The only condition that the Commissioner must meet is that his opinion is honestly held.

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## Due Dates Reminder

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### December 1993

- 5 PAYE deductions and deduction schedules for last 15 days of November 1993 due - "large" employers only.
- 7 First instalment of 1994 provisional tax due for taxpayers with August balance dates.  
Second instalment of 1994 provisional tax due for taxpayers with April balance dates.  
Third instalment of 1994 provisional tax due for taxpayers with December balance dates.  
1993 end-of-year tax due for taxpayers with January balance dates.  
Annual income tax return due for non-IR 5 taxpayers with balance dates from 1-31 August 1993. (Remember to attach SL 9 form for Student Loan borrowers.)  
First instalment of 1994 Student Loan interim repayment due for taxpayers with August balance dates.  
Second instalment of 1994 Student Loan interim repayment due for taxpayers with April balance dates.  
Third instalment of 1994 Student Loan interim repayment due for taxpayers with December balance dates.
- 20 PAYE deductions and deduction schedules for first 15 days of December 1993 due - "large" employers.  
PAYE deductions and deduction schedules for November 1993 due - "small" employers.  
Gaming machine duty return and payment for month ended 30 November 1993 due.  
RWT on interest deducted during November 1993 due for monthly payers.  
RWT on dividends deducted during November 1993 due.  
Non-resident withholding tax (or approved issuer levy) deducted during November 1993 due.
- 31 Third instalment of 1994 Student Loan non-resident assessment due.

### January 1994

- 5 PAYE deductions and deduction schedules for last 16 days of December 1993 due - "large" employers only.
  - 7 First instalment of 1994 provisional tax due for taxpayers with September balance dates.  
Second instalment of 1994 provisional tax due for taxpayers with May balance dates.  
Third instalment of 1994 provisional tax due for taxpayers with January balance dates.  
1993 end-of-year tax due for taxpayers with February balance dates.  
Annual income tax return due for non-IR 5 taxpayers with balance dates from 1-30 September 1993. (Remember to attach SL 9 form for Student Loan borrowers.)  
First instalment of 1994 Student Loan interim repayment due for taxpayers with September balance dates.  
Second instalment of 1994 Student Loan interim repayment due for taxpayers with May balance dates.  
Third instalment of 1994 Student Loan interim repayment due for taxpayers with January balance dates.
  - 17 GST return and payment for period ended 30 November 1993 due.
  - 20 PAYE deductions and deduction schedules for first 15 days of January 1994 due - "large" employers.  
PAYE deductions and deduction schedules for December 1993 due - "small" employers.  
FBT return and payment for quarter ended 31 December 1993 due.  
Gaming machine duty return and payment for month ended 31 December 1993 due.  
RWT on interest deducted during December 1993 due for monthly payers.  
RWT on dividends deducted during December 1993 due.  
Non-resident withholding tax (or approved issuer levy) deducted during December 1993 due.
  - 31 GST return and payment for period ended 31 December 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 your nearest Inland Revenue office.

For production reasons, the TIB is always printed in a multiple of eight pages. We will include an update of this list at the back of the TIB whenever we have enough free pages.

### For People in Business

**A Guide to Inland Revenue Audits** (IR 297)  
August 1992

*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.*

**ACC Premiums** 1993/94

*Explains the ACC Employer Premium, and gives the premium rates payable by employers and self-employed people. ACC publish this book.*

**Approved Issuer Levy** (IR 291A) August 1991

*For taxpayers who pay interest to overseas lenders. Explains how you can pay interest to overseas lenders without having to deduct NRWT.*

**Consolidation** (IR 4E) March 1993

*An explanation of the consolidation regime, which allows a group of companies to be treated as a single entity for tax purposes.*

**Employers' Guide** (IR 184) 1993

*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.*

**Entertainment Expenses** (IR 268)  
April 1993

*Covers the tax treatment of business entertainment expenses, under the rules applying from 1 April 1993.*

**Fringe Benefit Tax Guide** (IR 409)  
June 1992

*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.*

**GST - Do You Need to Register?** (GST 605) September 1992

*A basic introduction to Goods and Services Tax, which will also tell you if you have to register for GST.*

**GST Guide** (GST 600) 1994 Edition

*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. (In December and January we will be posting the new 1994 edition to everyone who's registered for GST.)*

**Imputation** (IR 274) February 1990

*A guide to dividend imputation for New Zealand companies.*

**Inland Revenue Employers' Tax Calendar** (IR 24E) 1993

*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.*

**Inland Revenue Tax Calendar** (IR 24)  
May 1993

*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.*

**PAYE Deduction Tables**

- Four-Weekly and Monthly (IR 184Y)1993  
- Weekly and Fortnightly (IR 184X) 1993

*Tables that tell employers the correct amount of PAYE to deduct from their employees' wages.*

**Qualifying Companies** (IR 4PB)  
October 1992

*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.*

**Resident Withholding Tax on Interest** (IR 283) March 1993

*A guide to RWT for people and institutions who pay interest.*

**Running a Small Business?** (IR 257)  
May 1992

*An introduction to the tax obligations involved in running your own business.*

**Student Loans - A Guide for Employers** (SL 4) February 1993

*Tells employers what they'll have to do if any of their employees are repaying a student loan.*

**Surcharge Deduction Tables** (IR 184NS)  
1993

*PAYE deduction tables for employers whose employees are having National Super surcharge deducted from their wages.*

**Tax Help for Sprouting Young Businesses** (IR 257C)

*A promotional pamphlet for Inland Revenue's Small Business Tax Information Service.*

### For Non-Profit Groups

**Charitable Organisations** (IR 255) May 1993

*Explains what tax exemptions are available to approved charities and donee organisations, and the criteria that an organisation must meet to get an exemption.*

**Clubs and Societies** (IR 254) July 1992

*Explains the tax obligations that a club, society or other non-profit group must meet.*

**Education Centres** (IR 253) April 1993

*Explains the tax obligations of schools and other education centres. Covers everything from kindergartens and kohanga reo to universities and polytechnics.*

**Gaming Machine Duty** (IR 680A)

February 1992

*An explanation of the duty that must be paid by groups that operate gaming machines.*

**GST for Non-Profit Bodies** (GST 605A)  
September 1992

*Tells non-profit groups whether they'll need to register for GST, and on what activities they must account for GST.*

list continues on page 00

## For Individual Taxpayers

**Dealing with Inland Revenue** (IR 256)  
April 1993

*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.*

**Estate and Gift Duties** (IR 634)  
November 1991

*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.*

**Interest Earnings and Your IRD Number** (IR 283L) September 1991

*Explains the requirement for giving to your IRD number to your bank or anyone else who pays you interest.*

**International Tax Guide** (IR 275)  
June 1989

*Deals with Controlled Foreign Companies, Foreign Investment Funds, and people who have interests in them.*

**IR 56 Taxpayer Handbook** (IR 56B)  
April 1993

*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.*

**Koha** (IR 278) August 1991  
*A guide to payments in the Maori community - income tax and GST consequences.*

**National Superannuitant Surcharge** (IR 259) March 1993

*A guide to the surcharge for National Superannuitants who also have other income.*

**New Zealand Tax Residence** (IR 292)  
April 1991

*An explanation of who is a New Zealand Resident for tax purposes.*

**Objection Procedures** (IR 266) April 1993

*Explains how to make a formal objection to a tax assessment, and what further options are available if you disagree with Inland Revenue.*

**Provisional Tax** (IR 289) April 1993

*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.*

**Putting Your Tax Affairs Right** (IR 282)  
March 1990

*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.*

**Resident Withholding Tax on Investments** (IR 279) April 1993

*An explanation of RWT for people who receive interest or dividends.*

**Retiring Allowances and Redundancy Payments** (IR 277) April 1993

*An explanation of the tax treatment of these types of payments.*

**Self-Employed or an Employee?** (IR 186)  
April 1993

*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.*

**Special Tax Codes** (IR 23G) January 1993

*Information about getting a special "flat rate" of tax deducted from your income, if the regular deduction rates don't suit your particular circumstances.*

**Stamp Duties** (IR 665) June 1992

*Explains what duty is payable on transfers of real estate and some other transactions. Written for individual people rather than solicitors and legal firms.*

**Student Loans and Inland Revenue** (SL 1)

*A guide to your tax obligations if you've taken out a Student Loan.*

**Student Loan Repayments - everything you need to know** (SL 2)

*A more in-depth guide to making student loan repayments.*

**Tax Facts for Income-Tested Beneficiaries** (IR 40C) September 1992

*Vital information for anyone who receives an income-tested benefit and also has some other income.*

**Problem Resolution Service** (IR 287)  
November 1993

*An introduction to Inland Revenue's Problem Resolution Service. You can use this service if you've already used Inland Revenue's usual services to sort out a problem, without success.*

## Child Support Booklets

**Child Support - A Guide For Tax Practitioners** (CS 4) March 1992

*A summary (mainly for accountants) of how Child Support works, and the rates for calculating payments.*

**Child Support - A Guide For Bankers** (CS 66) August 1992

*An explanation of the obligations that banks may have to deal with for Child Support.*

**Child Support - A Parent's Guide** (CS 1)  
March 1992

*An in-depth explanation of Child Support, both for custodial parents and parents who don't have custody of their children.*

**Child Support - An Introduction** (CS 3)  
March 1992

*A brief introduction to Child Support.*

**Child Support - How To Approach The Family Court** (CS 51) June 1992

*Explains what steps people need to take if they want to go to the Family Court about their Child Support.*

**Child Support - Does It Affect You?** (CS 50)

*A brief introduction to Child Support in Maori, Cook Island Maori, Samoan, Tongan and Chinese.*

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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 6 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 12 for a list of cases covered in this bulletin.

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