

GST and finance leases - classification, method of accounting and treatment of residual value clause

Summary

This item considers the following issues:

- classifying a finance lease as an “agreement to hire”, “hire purchase agreement” or otherwise
- classifying a finance lease as a “credit contract”
- the methods available for accounting for GST over the term of a finance lease which is an agreement to hire, and a credit contract
- the GST treatment of a finance lease containing a “residual value” clause.

Classification

For GST purposes it is necessary to classify correctly agreements involving the hire, lease, or bailment of goods. The classification of an agreement as a “hire purchase agreement”, an “agreement to hire” or as being outside those definitions, affects the GST treatment of the agreement. The term “finance lease” is not a legal term. Agreements described as “finance leases” may come within any one of these classes of agreement.

A finance lease may also be a credit contract. This means special rules apply for determining the value of the supply made under the lease.

Classifying a particular agreement requires a careful analysis of the written documentation and, in some cases, the factual context (including such things as other written and verbal arrangements between the parties which affect the terms of the written documentation). However, this does not involve substituting the legal arrangements for an assessment of the overall economic consequences of the transaction. The same GST classification of a finance lease applies to both parties to the agreement.

Many finance leases are specified leases for income tax purposes. There is no equivalent express treatment of finance leases for GST purposes.

Method of accounting

Lessors may account for GST over the term of a finance lease that is an agreement to hire on an actuarial basis, a “Rule of 78” basis (in certain situations), or a straight-line basis. To reduce compliance costs, lessors may adopt a straight-line basis in order to spread GST evenly over the term of the lease. Lessors must return output tax on the basis set out in the tax invoice. GST registered lessees, who acquire leased goods for the principal purpose of making taxable supplies, must, if claiming an input tax deduction, do so on the same basis adopted by the lessor, being as set out in the tax invoice.

Residual value clause

Some finance leases contain residual value clauses and are also agreements to hire. In these cases the residual

value is treated as including GST. The GST payable over the term of the lease spreads over the lease rentals and any payment made under the residual value clause. When a finance lease is also a credit contract, the GST payable on the lease will be 1/9th of the GST inclusive cash price. That amount spreads over the lease rentals and any payment under the residual value clause.

Payments made at the termination of a finance lease under a residual value clause may require the issuing of a credit note under section 25.

This policy applies prospectively from 1 September 1996.

All legislative references in this item are to the Goods and Services Tax Act 1985, unless otherwise stated.

Background

The term “finance lease” is not a legal term. It is a commercial term describing a lease of an asset (the “goods”) for a fixed term when the lease rentals, and any other payments by the lessee to the lessor under the lease (such as a deposit or residual value payment), relate to the value of the leased goods and not the value of their use. Under a finance lease, the total amount payable ensures that the lessor recovers the capital cost of the leased goods and makes a commercial return on that capital. Finance leases are usually also credit contracts (as defined in the Credit Contracts Act 1981 - “the CCA”), because the total amount payable under the lease exceeds the “cash price” of the leased goods.

Some finance leases contain residual value clauses. Residual value clauses effectively require the lessee to “guarantee” to the lessor that the leased goods will have a certain value at the end of the lease. Residual value clauses usually oblige the lessor to sell the leased goods upon their return. When the sale proceeds are less than the residual value, the lessee pays the shortfall to the lessor. Depending on the terms of the lease, when the sale proceeds exceed the residual value, the lessor may have to pay the excess to the lessee. In the event that the lessee does not return the leased goods, finance leases usually provide that the lessee must pay the full residual value.

Common examples of goods leased under finance leases are motor vehicles and office equipment. The terms and conditions of a finance lease will vary from lease to lease. The terms and conditions of particular finance leases may be varied by the parties.

Legislation

Section 8(1) imposes GST on the supply (other than an exempt supply) in New Zealand of goods and services by a registered person in the course or furtherance of a taxable activity carried on by that person.

continued on page 2

from page 1

Section 9 determines the time at which any supply takes place. Section 9(1) states the general rule - it deems a supply to take place at the earlier of the time the supplier issues an invoice or receives a payment for that supply. The remaining subsections of section 9 provide exceptions to this general rule. Section 9(3) states:

Notwithstanding anything in subsection (1) or subsection (2) of this section,-

- (a) Where goods are supplied under an agreement to hire...they shall be deemed to be successively supplied for successive parts of the period of the agreement ... , and each of the successive supplies shall be deemed to take place when a payment becomes due or is received, whichever is the earlier:
...
- (b) Where goods and services are supplied under a hire purchase agreement (as defined in the Hire Purchase Act 1971), that supply shall be deemed to take place at the time the agreement is entered into:
- (c) For the purposes of this subsection, the term "agreement to hire" means an agreement for the bailment of goods for hire and includes a lease of goods and a rental agreement; but does not include-
 - (i) An agreement under which the property in the goods passes to the bailee or which expressly contemplates that the property in the goods will pass to the bailee; or
 - (ii) A hire purchase agreement (as defined in the Hire Purchase Act 1971).

Section 2(1) defines "hire", in relation to goods, as including a letting on any terms, including a lease.

Section 2 of the Hire Purchase Act 1971 ("the HPA") defines a hire purchase agreement in the following terms:

...an agreement whereby goods are let or hired with an option to purchase and an agreement for the purchase of goods by instalment payments (whether the agreement describes the payments as rent or hire or otherwise) under which the person who agrees to purchase the goods is given possession of them before the total amount payable has been paid; but does not include any agreement -

- (a) ...under which the property in the goods comprised in the agreement passes absolutely, to the person who agrees to purchase them, at the time of the agreement or upon or at any time before delivery of the goods; or
- (b) Made otherwise than at retail:
...
- (2) For the avoidance of doubt, and without limiting the circumstances in which a hire purchase agreement may be made at retail, it is hereby declared that for the purposes of this Act a hire purchase agreement shall be deemed to be made at retail if -
 - (a) The transaction leading to the agreement was arranged by a dealer or on his behalf; and
 - (b) The agreement would have been made at retail if the dealer had been the vendor.
- (3) Where, by virtue of two or more agreements, none of which by itself constitutes a hire purchase agreement, there is a transaction which is in substance or effect a hire purchase agreement, the agreements shall be treated for

the purposes of this Act as a single agreement made at the time when the last of those agreements was made.

Section 10 determines the value of any supply. Section 10(2) states the general rule - that the value of a supply is the GST exclusive consideration paid for it. Section 10(5) provides an exception to the general rule for supplies made under any credit contract. It states:

Notwithstanding anything in subsection (2) of this section, where any supply of goods and services is made pursuant to any credit contract (as defined in the Credit Contracts Act 1981), the consideration in money for the supply shall be deemed to be the cash price (as defined in the Credit Contracts Act 1981) in relation to that supply.

Section 3 of the CCA defines "credit contract". Sections 3(a) and 3(b) provide a general definition covering all contracts that include credit and finance charge components. Section 3(e) expressly includes within the definition of a credit contract:

A contract under which a person bails or agrees to bail goods (whether or not with an option to purchase) in consideration of a promise by another person to pay, or to procure the payment of, in the future and in respect of the bailment or option, a sum or sums of money exceeding in aggregate the cash price of the goods;

Section 2 of the CCA defines "cash price" as:

...in relation to property sold or bailed or services provided under a contract, means-

- (a) The lowest price at which a person could have purchased that property or those services from the vendor, bailor, or provider thereof on the basis of payment in full at the time the contract was made; or
- (b) If there is no such price, the fair market value of that property or those services at the time the contract was made:

Section 10(5) of the GST Act, together with sections 2 and 3 of the CCA, exclude from GST the interest and finance charges element of consideration paid for a supply made under a credit contract. GST is only payable on that part of the consideration equivalent to the "cash price".

Under section 3(1)(f) providing credit under a credit contract is a financial service. Section 14(a) exempts from GST the supply of any financial services.

Section 24(3) sets out the particulars to include within a tax invoice. Section 24(3)(g) requires that a tax invoice includes either:

- (i) The total amount of the tax charged, the consideration, excluding tax, and the consideration, inclusive of tax for the supply; or
- (ii) Where the amount of tax charged is the tax fraction of the consideration, the consideration for the supply and a statement that it includes a charge in respect of the tax.

Section 25 sets out the circumstances when credit notes and debit notes must be issued. Under section 25(1)(b), a credit or debit note is necessary when the previously agreed consideration for a supply has been altered, and the supplier has provided a tax invoice for that supply that, due to that alteration, now shows an incorrect amount of tax.

Policy

Classification

Inland Revenue understands that taxpayers and their advisers have been experiencing problems in applying the GST legislation to finance leases. These difficulties are largely ones of classification. The parties to a hire, lease, or bailment agreement may classify the agreement differently for GST purposes. For GST registered lessors and lessees, this will result in a “mis-matching” of the return of output tax and the claiming of input tax deductions. For GST purposes an agreement has only one legal classification that determines its treatment under the Act for both parties to that agreement.

Every finance lease arrangement will need to be considered in the light of its own individual terms. For this reason the following views are necessarily general in nature.

Time of supply

To apply the time of supply rules under section 9 it is necessary to correctly classify agreements involving the hire, lease, or bailment of goods. These agreements will be one of the following:

- an agreement to hire - in which case, section 9(3)(a) deems goods supplied under the agreement to be successively supplied. It deems each successive supply to take place at the earlier of when a payment becomes due or is received.
- a hire purchase agreement - in which case, section 9(3)(b) deems the time of supply to take place at the time the agreement is entered into.
- neither a hire purchase agreement, nor an agreement to hire. In this case (subject to the application of any other “special” time of supply rule) section 9(1) deems the time of supply to take place at the earlier of the time the supplier issues an invoice or receives a payment for that supply.

The classification of a lease agreement essentially depends on whether, and under what circumstances and at what time, ownership of the leased goods passes from the lessor to the lessee.

Generally, finance leases are “agreements to hire”, as defined in section 9(3)(c). This is because property in the leased goods does not pass to the lessee and the lease agreement does not contemplate that property will pass to the lessee, absolutely or under any option to purchase. Many finance leases provide an express statement that property in the leased goods remains with the lessor, and that the lessee has no option to acquire property in the leased goods.

An exception will be when the parties transact “at retail” and the lessor gives the lessee an option to purchase. Such a lease amounts to a hire purchase agreement, and section 9(3)(b) applies.

An agreement is entered into “at retail” if it is made otherwise than at wholesale (essentially sales to persons who buy to sell again) or privately: *Provident Life Assurance Co Ltd v Official Assignee* [1963] NZLR

961, 965 (CA). A GST registered person entering into a leasing arrangement will do so “at retail” if the leased goods are for use in the registered person’s taxable activity, provided that the registered person is not leasing the goods for the purpose of resale or long-term hire: *National Westminster Finance New Zealand Ltd v South Pacific Rent-a-Car Ltd* [1985] 1 NZLR 646, 650 (HC); 655, 656 (CA). “At retail” is expressly defined as including any situation when a dealer assigns its interest in a leased asset to a finance company which then contracts directly with the purchaser: section 2(2) of the HPA.

Section 9(3)(c)(i) - non-retail finance leases

A finance lease that includes an option to purchase, entered into otherwise than at retail, is also an agreement to hire by virtue of section 9(3)(c)(i). Such finance leases do not expressly contemplate that the property in the leased goods will pass to the lessee. They only contemplate that property may pass under the option. Although the interpretation of section 9(3)(c)(i) is not free from doubt, the better view is that the words “expressly contemplate” must be read in the light of the words “will pass”. The requirement that property will pass necessitates a contractual obligation that property will definitely pass. This is consistent with case law that interprets “will” as requiring a certainty, rather than a contingency see: *Rayfield v Hands* [1958] 2 All ER 194; 196 and *Lord Inglewood v IRC* [1983] 1 WLR 366; 371.

The contrary interpretation is that “will” must be read in the light of the words “expressly contemplate”. On this basis “will” has its meaning of having the ability or capacity for property to pass. This interpretation would exclude non-retail agreements with options to purchase from the definition of an agreement to hire; an option being an express contemplation of the possibility of property passing.

However, the better view is that section 9(3)(c)(i) only applies to finance leases under which property will definitely pass.

Residual value finance leases

At the end of the term of a finance lease the lessee may retain possession of the leased goods. When this occurs finance leases may provide that the lessee must pay the residual value to the lessor. In such circumstances, the parties then usually agree that ownership of the leased goods will pass to the lessee for a further nominal consideration, or for no consideration. In legal terms this sale is a separate contract from the finance lease. GST must be returned on the value of the consideration for the sale, if any.

Provided that the parties to a finance lease do not agree before the termination of the lease that the lessee will retain possession of the leased goods at the end of the lease and that property in the leased goods will pass to the lessee, or that a lessee has an option to purchase (if the finance lease is made at retail), the finance lease is still an agreement to hire. Such a finance lease is not a hire purchase agreement because it does not include an option to purchase: section 9(3)(c)(ii). Nor is there any express contemplation that property will pass: section

continued on page 4

from page 3

9(3)(c)(i). Only when there is evidence that the parties agreed before the end of the lease term that property will pass in this manner, or the lessor has granted an option to purchase to the lessee (for retail finance leases), so as to make the lease a hire purchase agreement, will the finance lease be no longer classified as an agreement to hire.

This approach is consistent with the characterisation of an agreement by reference to the true legal nature of the arrangement, rather than the broad substance or the overall economic consequences: *Re Securitibank Ltd* (No 2) [1978] 2 NZLR 136, 145 and 167 (CA); *Marac Life Assurance Ltd v CIR* (1986) 8 NZTC 5,086, 5,097.

Further support for this conclusion is found in *Credit Services Investments Limited v Quartel* [1970] NZLR 933, 944 (CA). The issue there was whether a vehicle finance lease came within the definition of a “hire purchase agreement” for the purposes of the Hire Purchase and Credit Sales Stabilisation Regulations 1957. The definition was much wider than the present HPA definition, being:

an agreement for the bailment of goods under which the bailee may buy the goods or under which the property in the goods will or may pass to the bailee, whether on the performance of any act by the parties to the agreement or any of them or in any other circumstances; and includes any agreement for the bailment of goods, with or without expressly giving to the bailee an option to buy the goods...

The lease in question included a guaranteed residual value clause whereby on termination of the lease the lessor was required to sell the vehicle. The lessee had to meet any shortfall between the sale proceeds and the residual value. In the event that the sale proceeds exceeded the residual value, the lessee was entitled to the excess. Nothing in the lease indicated that the lessee could buy the vehicle, or that property in the vehicle would or might pass to him.

The Court held that the lease was not a hire purchase agreement. It did not give the lessee any contractual right to purchase the leased vehicle. The mere fact that the lessee had been placed in a more favourable position

than other prospective purchasers, by virtue of the residual value aspects of the lease, did not give him a right to become the purchaser under its terms.

Value of supply - credit contracts

Generally, finance leases will be credit contracts. This is because the amount payable under the lease will exceed the cash price of the leased goods. When this is the case GST is only chargeable on the cash price component of the total consideration payable over the term of the lease. The CCA aims to protect consumers by making certain disclosure requirements mandatory. It requires a credit contract to specify the cash price and the finance and interest charges. The cash price is the lowest price, as at the time the lease is entered into, that a person could have purchased the leased goods from the lessor for full payment.

In most cases it will be apparent from the face of the finance lease what is the cash price. The GST payable on the lease will be 1/9th of this amount. When there is doubt that this is the true cash price, reference should be made to the lowest price at which a person could have purchased the leased goods outright from the lessor at the time the lease was entered into. When there is no ascertainable price, the fair market value of the leased goods at the time the lease was entered into determines the cash price: paragraph (b) of the definition of “cash price” in the CCA.

Specified leases

Many finance leases are also specified leases for income tax purposes. Broadly, the specified lease rules reflect the economic effect of finance leases and deem the leased goods to have been sold by the lessor to the lessee. However, there is no equivalent express treatment of finance leases in terms of economic, rather than legal, effect in the GST Act.

Summary

The following table is a summary of the “time of supply” classification rules for hire, lease, or bailment agreements. It is a general guide only, as every agreement between a lessor and lessee will need to be closely considered in the light of its own individual terms:

Terms of the agreement between the parties	Made “at retail”	Not “at retail”
No option to purchase exercisable by the lessee nor any agreement that property will pass at the end of the lease.	Agreement to hire (s 9(3)(a))	Agreement to hire (s 9(3)(a))
Includes an option to purchase exercisable by the lessee.	Hire purchase agreement (s 9(3)(b))	Agreement to hire (s 9(3)(a))
Includes an agreement that property will pass at the end of the lease.	Hire purchase agreement (s 9(3)(b)); or not hire purchase agreement or agreement to hire: ordinary time of supply rules apply (s 9(1))	Not hire purchase agreement or agreement to hire: ordinary time of supply rules apply (s 9(1))

Method of accounting for GST

Generally, finance leases will be “agreements to hire” and “credit contracts” for the purposes of the Act. Section 9(3)(a) deems goods supplied under an agreement to hire to be successively supplied, and each successive supply to take place at the earlier of when a payment becomes due or is received. When a finance lease is also a credit contract, section 10(5) deems GST to be payable only on that part of the consideration that is equivalent to the cash price. GST only applies to the non-interest and finance charge elements of the consideration, i.e. the principal component. The combined effect is that the GST payable under a finance lease that is an agreement to hire and a credit contract is 1/9th of the cash price of the leased goods, spread over the payments to be made over the term of the lease.

The payments over the term of a finance lease will be either payments of principal, or payments of both principal and interest and/or other finance charges. Generally, finance leases provide for periodic rental payments payable over the term of the lease. Most finance leases also contain residual value clauses. (This item sets out below the GST treatment of payments under residual value clauses.)

The amount of principal and interest and/or other finance charges comprised in each payment under a finance lease is usually determined actuarially. In some cases the Commissioner accepts the “Rule of 78” as an alternative to the actuarial method. In either case the amounts of principal and interest and/or other finance charges will be different for each payment. GST is only payable on the principal component of each payment. Therefore, for each payment a different amount of GST must be returned as output tax by the lessor, and is available to be claimed as an input tax deduction by the lessee.

The following example illustrates the actuarial method:

Example

A finance company leases a photocopier to a company for use in its office. The term of the lease is three years. The cash price of the photocopier is \$3,375, inclusive of GST of \$375. The finance charges amount to \$1,000. Lease payments are due quarterly. The finance company chooses an actuarial method for accounting for GST over the lease term. The payments schedule looks like this:

Due date	Rental	Principal	Interest	GST	Total due
1/3/95	333.33	180.73	152.60	22.59	355.92
1/6/95	333.33	191.08	142.25	23.88	357.21
1/9/95	333.33	202.01	131.32	25.25	358.58
...
1/12/97	<u>333.37</u>	<u>315.33</u>	<u>18.04</u>	<u>39.42</u>	<u>372.79</u>
	4,000.00	3,000.00	1,000.00	375.00	4,375.00

The fact that the amount of GST varies from payment to payment may cause administrative difficulties for parties to finance leases. For example, it may be difficult to set up direct debit payment facilities. The use of an actuarial basis (or the “Rule of 78” method) may also result in lessees incorrectly claiming input tax deductions on the basis of 1/9th of each payment, rather than 1/9th of the principal component of each payment.

To avoid these problems the Commissioner will in practice accept a straight-line method as an alternative to adopting an actuarial method (or the “Rule of 78” method) for returning GST. Under the straight-line method the GST payable under a finance lease spreads evenly over the rental payments. The same amount of GST must be returned, and is available to be claimed as an input tax deduction, on each rental payment. Adopting a straight-line method of accounting, and using the same example as above, the payments schedule looks like this:

Due Date	Rental	Principal	Interest	GST	Total Due
1/3/95	333.33	180.73	152.60	31.25	364.58
1/6/95	333.33	191.08	142.25	31.25	364.58
1/9/95	333.33	202.01	131.32	31.25	364.58
...
1/12/97	<u>333.37</u>	<u>315.33</u>	<u>18.04</u>	<u>31.25</u>	<u>364.62</u>
	4,000.00	3,000.00	1,000.00	375.00	4,375.00

Tax invoice

For a finance lease that is an agreement to hire and a credit contract, GST is accounted for over the term of the lease on an actuarial basis, “Rule of 78” basis (in certain situations), or a straight-line basis. Under section 24(3)(g), the tax invoice or tax invoices for a finance lease must indicate what part of each payment made under the lease is attributable to GST. Lessors must return GST on the basis set out in the tax invoice. If GST registered lessees who acquire leased goods for the principal purpose of making taxable supplies are claiming an input tax deduction, they must do so on the basis set out in the tax invoice.

continued on page 6

from page 5

Note that nothing in this policy affects the position for lessors and lessees under sections FC 7 and FC 8 of the Income Tax Act 1994, which deal with the calculation of income and deductions under specified leases for income tax purposes.

Hire purchase agreements

Section 9(3)(b) deems the time of supply for goods and services supplied under a hire purchase agreement to take place at the time the agreement is entered into. Accordingly, all the GST charged on such a supply is attributable to the taxable period in which the time of supply occurs and no issues arise as to the correct accounting treatment for returning GST over the period of the hire purchase agreement.

Agreements which are not agreements to hire or hire purchase agreements

For hire, lease, or bailment agreements that are not agreements to hire or hire purchase agreements (subject to the application of any other "special" time of supply rule) the general time of supply rule applies. Under that rule the time of supply takes place at the earlier of the time the supplier issues an invoice or receives a payment for that supply. As for hire purchase agreements, all the GST charged on such a supply is attributable to the taxable period in which the time of supply occurs and no issues arise as to the correct accounting treatment for returning GST over the period of the agreement.

Residual value finance leases - GST treatment

Generally, finance leases contain residual value clauses. Residual value clauses require the lessee to "guarantee" to the lessor that the leased goods will have a certain value at the end of the lease.

The lessee fulfils the guarantee by returning the leased goods to the lessor. When the lessee returns the leased goods to the lessor, the terms of the lease usually require the lessor to realise the asset at market price. If the lessor is unable to do this, the lease often permits the lessor to retain the asset and value it. In either event, the lessee must make up any shortfall between the net sale proceeds (or valuation) and the residual value. In some cases, if the net sale proceeds (or the valuation) exceed the residual value, the lease requires the lessor to pay the excess to the lessee.

Termination payments under residual value finance leases - GST treatment

The residual value payments made on termination of a finance lease affect the total amount of GST payable under the finance lease. If the lessee retains the leased goods and pays the residual value (including GST), the full amount of GST payable on the finance lease (as determined by reference to the "cash price" at the start of the lease) is returned. However, this is not the position when the lessee returns the leased goods.

If the leased goods are returned and sold (or valued), certain adjustments to the consideration paid by the lessee are usually required under the residual value clause of the finance lease. For GST purposes these adjustments may require the lessor to issue a credit note to reflect the fact that the consideration for the supply of the leased goods has been altered under section 25(1)(b) (see the example below).

This treatment applies to all payments made under residual value clauses, regardless of whether a finance lease terminates at the end of its term, or earlier by agreement between the parties or due to the lessee's default.

Submission received

We received a submission to the effect that, based on section 10(5), it is arguable that GST should be returned on the full "cash price" of the leased asset, regardless of whether or not any adjustments are made under the residual value clause. However, this approach does not take into account the subsequent alteration to the consideration for the supply of the leased goods under the finance lease through the operation of the residual value clause. The Commissioner considers that the better view is the one that takes into account such adjustments.

This policy regarding the GST treatment of termination payments under residual value finance leases applies prospectively from 1 September 1996.

Example

An individual leases a motor vehicle from a GST registered motor vehicle finance company ("the lessor"). The lease is in the name of the individual's company ("the lessee"), which is also GST registered. The individual intends to use the car principally for business purposes in his role as company director.

The cash price of the vehicle is \$45,000, including GST of \$5,000. The lease is for a three-year term, with 36 equal monthly rental payments to be made. The finance charges over the term of the lease total \$15,000. The lease provides that:

- The vehicle remains the property of the lessor.
- Upon termination of the lease the lessee must return the vehicle and pay the residual value of \$18,000 (including GST of \$2,000) less the net sale proceeds of the vehicle. If the vehicle sells for more than the residual value, the lessor must pay the excess to the lessee.
- If the lessee does not return the vehicle to the lessor, the lessee must pay the full residual value.

The lessor issues a tax invoice for the lease indicating that GST is to be returned over the term of the lease on a straight-line basis.

The table on page 7 summarises the financial terms of the lease.

Cash price (including GST):	\$45,000.00
Finance charges (exempt from GST):	\$15,000.00
Residual value (including GST):	\$18,000.00
GST payable on the lease: <i>i.e. 1/9th of the GST inclusive cash price</i>	\$5,000.00
GST payable on payment of the full residual value: <i>i.e. 1/9th of the full GST inclusive residual value</i>	\$2,000.00
GST payable over the term of the lease: <i>i.e. the difference between the two sums</i>	\$3,000.00
Total monthly rental payments (including GST): <i>i.e. the GST inclusive cash price and the finance charges less the residual value (including GST)</i>	\$42,000.00
Total monthly rental payments (excluding GST): <i>i.e. the GST exclusive cash price and the finance charges less the residual value (excluding GST)</i>	\$39,000.00
Monthly rental payment (excluding GST): <i>i.e. 1/36th of total monthly rental payments (excluding GST)</i>	\$1,083.33
GST payable on each monthly rental payment: <i>i.e. 1/36th of \$3,000 being the GST payable over the term of the lease</i>	\$83.33
Monthly rental payment (including GST):	\$1,166.66

The lease is an agreement to hire and a credit contract. It is not a hire purchase agreement because although it is made at retail, it does not include an option to purchase. It is a credit contract because the consideration payable over the term of the lease exceeds in aggregate the cash price, i.e. \$45,000.

GST treatment

The following events give rise to the following GST treatments:

- (i) The lessee leases the vehicle for the full three-year term and returns the vehicle to the lessor at the end of the lease. The lessor sells the vehicle at auction for \$15,000 (including GST). After deducting the auction expenses (excluding GST) the net sale proceeds are \$14,000. The terms of the lease require the lessee to pay to the lessor the shortfall between the residual value and the net sale proceeds, i.e. \$4,000. The GST treatment is:
- The lessor issues a credit note to the lessee indicating that the correct amount of GST still to pay on the lease is \$444.45 (1/9th of \$4,000), not \$2,000.
 - The lessee pays a further \$4,000 to the lessor.
 - The lessee claims a \$444.45 input tax deduction.
 - The lessor returns \$444.45 output tax on the lease.
 - The lessor issues a tax invoice on the sale of the vehicle.
 - The lessor returns \$1,666.67 output tax on the sale of the vehicle (1/9th of \$15,000).

Therefore, the lessee has an input tax deduction of \$444.45. The lessor pays output tax of \$2,111.12. The overall result is a further \$1,666.67 output tax (1/9th of sale proceeds).

- (ii) The lessee leases the vehicle for the full three-year term and returns it to the lessor at the end of the lease. The lessor sells the vehicle through a private sale for \$20,000 (including GST). After deducting the sale expenses (excluding GST) the net sale proceeds are \$19,500. There is no shortfall between the residual value and the net sale proceeds, so the lessee is not required to pay anything further to the lessor. The terms of the lease require the lessor to pay to the lessee the difference between the net sale proceeds and the residual value. The GST treatment is:

- The lessee pays nothing further to the lessor.
- The lessor issues a tax invoice on the sale of the vehicle.
- The lessor returns \$2,222.22 output tax on the sale of the vehicle (1/9th of \$20,000).
- The lessor pays \$1,500 to the lessee (the excess of the net sale proceeds over the residual value). This reflects a reduction to the consideration agreed for the lease.
- The lessor issues a credit note indicating that the correct amount of GST to pay on the lease was \$4,833.33 (\$5,000 less 1/9th of \$1,500).
- The lessee returns output tax of \$166.67.
- The lessor claims an input tax deduction of \$166.67.

Therefore the lessee returns \$166.67 output tax. The lessor pays output tax of \$2,222.22 and claims an input tax deduction of \$166.67. The overall result is a further \$2,222.22 output tax, i.e. 1/9th of the proceeds of sale.

continued on page 8

from page 7

(iii) The lessee leases the vehicle for the full three-year term and decides to keep the vehicle at the end of the lease. The terms of the lease require the lessee to pay to the lessor the full residual value. The GST treatment is:

- The lessee pays a further \$18,000 to the lessor (by virtue of its obligation to pay the residual value).
- The lessee claims an input tax deduction of \$2,000 (with reference to the tax invoice issued by the lessor at the time of entering into the lease).

- The lessor returns \$2,000 output tax on the lease.

Therefore, the lessee claims a further \$2,000 input tax. The lessor pays a further \$2,000 output tax.

Upon termination of the lease, the lessee negotiates with the lessor to buy the vehicle. The lessor agrees to transfer title to the vehicle for a further \$100 (including GST of \$11.11) administration charge. Accordingly:

- The lessor returns \$11.11 output tax on the sale.
- The lessee claims an input tax deduction of \$11.11.

Provisional tax use of money interest rates decreased

The provisional tax use of money interest rates have been decreased.

The Income Tax (Provisional Tax Interest Rates) Regulations 1995 decreased the provisional tax use of money interest on underpayments to 13.8 percent and the rate on overpayments to 8.2 percent. These new rates reflect the decrease in domestic interest rates.

The interest rates will now be calculated from an absolute date.

The new rates apply from 12 July 1996. They apply to all interest liabilities existing on or after that date regardless of which particular income year those liabilities relate to.

As with the previous rates the interest received or paid under the new rates will continue to be assessable and deductible.

Undersea maintenance equipment - draft depreciation determination

The Commissioner proposes to issue a general depreciation determination which will insert a new industry category called "Undersea maintenance (when equipment used under salt water or on a maintenance barge on salt water)" into DEP1. The draft determination proposes to set 25 new asset classes, including a default asset class.

The draft determination is reproduced below. The proposed new depreciation rates are based on the estimated useful lives set out below and residual values of 13.5% of cost.

Exposure draft - General Depreciation Determination DEPX

This determination may be cited as "Determination DEPX: Tax Depreciation Rates General Determination Number X".

1. Application

This determination applies to taxpayers who own the asset classes listed below.

This determination applies to "depreciable property" other than "excluded depreciable property" for the 1996-97 and subsequent income years.

2. Determination

Pursuant to section EG 4 of the Income Tax Act 1994 I hereby amend Determination DEP1: Tax Depreciation Rates General Determination Number 1 (as previously amended) by:

- Inserting the industry category "Undersea maintenance (when equipment used under salt water or on a maintenance barge on salt water)" and the general asset classes, estimated useful lives, and diminishing value and straight-line depreciation rates listed below:

Undersea maintenance (when equipment used under salt water or on a maintenance barge on salt water)	Estimated useful life (years)	DV banded dep'n rate (%)	SL equivalent banded dep'n rate (%)
Undersea maintenance equipment (not specified)	4	40	30
Chain blocks	5	33	24
Diesel pump	5	33	24
Dive compressor	5	33	24
Dive tanks	10	18	12.5
Diving panel	5	33	24
Drilling power pack	5	33	24
Diving helmet	10	18	12.5
Drilling rig	5	33	24
Drilling platform	1	100	100
Hammer (pneumatic/ hydraulic)	5	33	24
Hydraulic hoses		Expense	
Jetting pump	5	33	24
Lay flat hose	3	50	40
Lift bags	1	100	100
Mooring weights	10	18	12.5
Outboard motors	5	33	24
Regulators	5	33	24
Ropes	1	100	100
Shackles	5	33	24
Tools (loose)	1	100	100
Umbilical	1	100	100
Video camera	5	33	24
Wet suit	1	100	100
Winches	10	18	12.5

3. Interpretation

In this determination, unless the context otherwise requires, expressions have the same meaning as in the Income Tax Act 1994.

If you wish to make a submission on these proposed changes please write to:

Assistant General Manager
Adjudication & Rulings
Inland Revenue Department (National Office)
PO Box 2198
WELLINGTON

We need to receive your submissions by 12 August 1996 if we are to take them into account in finalising the determination.

Foreign investment funds - deemed rate of return announced

The deemed rate of return for the foreign investment fund (FIF) rules has been set by regulation at 11.86% for the 1995-96 income year. This rate will apply to all types of investments, including interests in superannuation schemes and life insurance policies. The rate is set annually.

The FIF rules tax income that foreign entities earn on behalf of New Zealand residents, for cases in which the controlled foreign company rules do not apply.

(From a press release issued by the Minister of Revenue, Hon. Peter Dunne)

LPG (propane and butane) cylinders - depreciation

In TIB Volume Seven, No.13 (May 1996) we published proposed new depreciation rates for gas cylinders, and invited TIB readers to make submissions on this proposal.

Here is the finalised determination. Please note that as the rates are being reduced the determination only applies to cylinders acquired on or after 1 October 1996.

General Depreciation Determination DEP16

This determination may be cited as "Determination DEP16: Tax Depreciation Rates General Determination Number 16".

1. Application

This determination applies to taxpayers who own the asset classes listed below.

This determination applies to "depreciable property" other than "excluded depreciable property" acquired on or after 1 October 1996.

2. Determination

Pursuant to section EG 4 of the Income Tax Act 1994 I hereby amend Determination DEP1: Tax Depreciation Rates General Determination Number 1 (as previously amended) by:

- Inserting into the "Engineering", "Hotels, Motels, Restaurants, Cafes, Taverns and Takeaway Bars" and "Oil and Gas Industry" industry categories the general asset classes, estimated useful lives, and diminishing value and straight-line depreciation rates listed below:

	Estimated useful life (years)	DV banded dep'n rate (%)	SL equivalent banded dep'n rate (%)
Gas cylinders - LPG (inc propane and butane)	8	22	15.5
Gas cylinders - other	12.5	15	10

- Deleting from the "Engineering", "Hotels, Motels, Restaurants, Cafes, Taverns and Takeaway Bars" and "Oil and Gas Industry" industry categories the general asset classes, estimated useful lives, and diminishing value and straight-line depreciation rates listed below:

	Estimated useful life (years)	DV banded dep'n rate (%)	SL equivalent banded dep'n rate (%)
Gas cylinders	5	33	24

3. Interpretation

In this determination, unless the context otherwise requires, expressions have the same meaning as in the Income Tax Act 1994.

This determination is signed by me on the 17th day of July 1996.

Jeff Tyler

Assistant General Manager (Adjudication & Rulings)

American Express Membership Rewards programme

Product ruling - BR Prd 96/16

This is a product ruling made under section 91F of the Tax Administration Act 1994.

All legislative references are to the Income Tax Act 1994.

Taxation law

This ruling applies in respect of sections CI 2 (1) and OB 1 ("arrangement") of the Income Tax Act 1994.

Arrangement to which this ruling applies

The arrangement is that American Express corporate cardmembers participate in the American Express Membership Rewards programme.

Companies can apply to Amex for the right to enable their employees to apply to be Amex corporate cardmembers. If the company is approved by Amex, the company may approve employees to apply to Amex to be corporate cardholders. As a corporate cardholder, the employee may be enrolled in the Membership Rewards scheme.

Under the Membership Rewards scheme, participating cardmembers earn points based on the dollar volume of their card charges. These can be redeemed for goods and services.

Other facts of the arrangement are as set out in the application and accompanying information dated 1 May 1996.

Assumptions

This ruling is based on the assumption that the facts are as set out in the application and accompanying information dated 1 May 1996.

The ruling

There is no arrangement between Amex and employers of corporate cardholders for Amex to provide or grant benefits through the Membership Rewards programme to the corporate cardholders.

Employers of corporate cardholders are not liable for FBT on any benefits which employees may obtain through the Membership Rewards programme.

The period for which the ruling applies

This ruling applies for the period 12 February 1996 to 31 March 1999.

Signed

Martin Smith

General Manager (Adjudication & Rulings)

Questions we've been asked

This section of the TIB sets out the answers to some day-to-day questions that people have asked. We have 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.

Income Tax (Withholding Payments) Regulations 1979

Engaging a limited company as a real estate salesperson

Regulation 4 - Payments declared to be withholding payments: A taxpayer asked about the tax treatment of payments real estate licensees make to salespersons that are limited liability companies.

Inland Revenue understands that the Real Estate Agents Licensing Board's view is that the Real Estate Agents Act 1976 does not authorise a company to be engaged as a real estate salesperson. We understand that the Real Estate Agents Licensing Board's view is that real estate licensees can only engage natural persons as salespersons.

Under section 42 of the Real Estate Agents Act 1976, it is an offence for a licensee to engage a salesperson who does not hold a current certificate of approval. Under section 45 of that Act, a person can only apply for a certificate of approval if he or she has passed the examination (if any) prescribed by the Rules of the Real Estate Institute. As only natural persons can sit and pass an examination, only natural persons can apply for, and be issued with, a certificate of approval.

Further, section 46 of that Act requires the Real Estate Agents Licensing Board to have regard to the character and general knowledge of a person when determining whether to grant that person a certificate of approval. This requirement could not be met in the case of a company.

As only a natural person can be issued with and hold a certificate of approval, it follows that only natural persons, and not limited companies, can be engaged as salespersons by licensees.

If a licensee engages a company to sell real estate (when the services of selling real estate will be performed by a certified salesperson who is employed by the company), the contract between the licensee and the company is not authorised by the Real Estate Agents Act because the company is not a certified real estate salesperson. However, the income paid by the licensee to the company will still be derived by the company, subject to the possible application of section BB 9 of the Income Tax Act 1994 (section 99, Income Tax Act 1976). Section BB 9 voids, for tax purposes, arrangements which have tax avoidance as a purpose or effect (if tax avoidance is not merely an incidental purpose or effect of the arrangement). The fact that engaging a company to sell real estate is not permissible under the Real Estate Agents Act, is one factor that the Commissioner may take into account in determining whether the purpose of the arrangement is tax avoidance.

When a licensee makes payments to a salesperson who is a natural person and who is not an employee of the licensee, the payments are withholding payments under the Income Tax (Withholding Payments) Regulations 1979 (payments to salespersons are included as withholding payments in Part A of the Schedule to those Regulations). Section NC 2 of the Income Tax Act 1994 (section 338, Income Tax Act 1976) requires the licensee to deduct tax from these payments. Tax should be deducted at the rate of 20 cents per dollar.

Tax Administration Act 1994

Disbursements for private and product rulings

Section 91I(2) - Regulations for payment of fees for private and product rulings: A taxpayer who is considering applying for a private ruling has been advised that she will be liable to an application fee of \$210 plus a further \$105 per hour for the ruling. In addition, she may be charged for any disbursements that the Commissioner incurs in relation to the ruling. She has asked what disbursements the Commissioner will charge applicants.

The authority for the Commissioner to charge a fee for a private or a product ruling is contained in section 91I of the Tax Administration Act 1994. The fees are determined by the Tax Administration (Binding Rulings) Regulations 1995. Under regulation 3, the following fees are payable for a private or product ruling:

- (a) An application fee of \$210, which must accompany the application:
- (b) A further fee calculated at \$105 per hour (or part hour), beyond the first 2 hours, spent in consideration of the application by the Commissioner, including any time spent by the Commissioner in consulting with the applicant:
- (c) Reimbursement fees in respect of -
 - (i) Any fees paid by the Commissioner to any person, if the Commissioner requires external advice in relation to the ruling; or
 - (ii) Any costs and reasonable disbursements incurred by the Commissioner in relation to the ruling.

The Commissioner considers that the application fee of \$105 per hour includes the recovery of normal overhead expenses, such as telephone calls (including tolls), faxes, photocopying, typing etc, that may be required for a ruling.

Other disbursements incurred by the Commissioner for services which he considers necessary, such as fees for obtaining external advice, e.g. a legal opinion, will be charged to the applicant.

In addition, other costs that the Commissioner may incur that are beyond the normal overheads, or costs for additional services specifically requested by the applicant, will also be charged. Examples of those additional costs are:

- airfares, taxi fares, accommodation, or other expenses incurred in attending a meeting requested by the applicant
- telephone conference calls, when requested by the applicant
- international telephone calls
- courier fees, when the applicant has requested special delivery
- extraordinary photocopying and printing expenses.

The above list is not exhaustive and the expenses will not be recovered in all cases. Whenever possible, we will discuss the likelihood and details of any additional costs with the applicant before these costs are incurred.

Legal decisions - case notes

This section of the TIB 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'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.

Restraint of trade and inducement payments - assessability

Case: IG Fraser v CIR, CA 259/95

Act: Income Tax Act 1976 - section 65(2)(a),(b) & (l)

Keywords: *Assessability of restraint of trade and inducement payments*

Summary: The Court of Appeal found that the payments for the restraint of trade were of a capital nature and were therefore not assessable income of the objector. The Court of Appeal also found that the inducement payment was properly characterised as such and was not assessable income in the hands of the objector.

Facts: The objector is a well known television current affairs presenter. In 1987 he entered into an agreement to present a series of commercials. At that time the objector's employer had a strict rule barring its journalists and presenters from appearing in advertisements.

Under the agreement the objector was paid \$25,000 in 1985 to induce him to enter into the agreement and further sums in 1986 and 1987 to restrain him from advertising or endorsing any other product. The objector treated all of these sums as capital receipts in his tax returns. The Commissioner amended the returns to include the receipts as assessable income. A case was stated to the High Court where Justice Doogue found in the objector's favour. The Commissioner appealed.

Decision: The objector submitted that the Commissioner must accept the payments for what they are stated to be (inducement and restraint of trade payments that are capital in nature) as sham had not been alleged. The Court of Appeal did not accept this submission and held that the true character of a receipt turns on an analysis of the contractual arrangements in their factual setting.

The \$25,000 was paid to the objector to compensate him for giving up his vocation as a television current affairs presenter and not for the future services he would render. It was therefore of a capital nature.

For the restraint of trade payments there is no proper distinction from the conclusion reached in the *Henwood* case. The payments for the restraint of trade were of a capital nature.

High Court Sheriff accounting for GST

- Case:** Sheriff of the NZ High Court v CIR, HC M No 1385/95
- Act:** Goods and Services Tax Act 1985 - section 5(2)
- Keywords:** *goods sold under a writ of sale*
- Summary:** The Court found that as the proceeding was issued against the individual partners personally and not the partnership, section 5(2) of the GST Act could not apply and the Sheriff did not have to account to the Commissioner of Inland Revenue for GST. The individual partners were not carrying on a taxable activity.
- Facts:** Acting under certain writs of sale the Sheriff seized a Ferrari and an Audi motor vehicle. The cars were both assets forming part of a partnership which was registered for GST purposes. After seizing the Ferrari the Sheriff found it was subject to three separate security interests. The Sheriff sold both cars. The Commissioner believed the Sheriff had acted in place of the registered owner of the vehicles and that GST was payable. GST assessments were issued and GST was paid under protest. The Sheriff issued proceedings challenging the Commissioner's entitlement to the funds.
- Decision:** The Court found that a Sheriff when executing a writ of sale is carrying out a power of his or her own as an officer of the Court. The Sheriff is not acting as an agent of the party who obtained the writ authorising the Sheriff to act.
- It is implicit from the judgment that when the Sheriff sells assets to satisfy debt, GST will be payable if the debtor carried on a taxable activity. The Court also noted for future guidance that section 42(1) of the GST Act states that tax payable is recoverable as a debt owed to the Crown. It does not give any statutory priority for the payment of GST. Consequently, the Commissioner would not be entitled to receive GST in priority to the secured creditors.

Property sales - assessability

- Case:** TRA No 93/144
- Keywords:** *Gains from property sales, assessable income*
- Act:** Income Tax Act 1976 - sections 65(2)(a), (e) & (l)
- Summary:** The TRA found that the gains from the property sales were not taxable.
- Facts:** The objectors were a husband and wife partnership and their private company. Over a five year period they built up a portfolio of 20 residential properties, which they had used to provide rental accommodation and as part of their retirement scheme. However, due to financial hardship they progressively sold the properties over the following two and a half years.
- The TRA has already heard a case relating to GST issues arising from these transactions (reported as Case S36 (1995) 17 NZTC 7,237). Counsel for the Commissioner accepted, from the evidence imported by consent from Case S36, that the Commissioner could not establish sufficient evidence of purchases for resale or any property dealing.
- Decision:** In relation to section 65(2)(a), the TRA found that the properties were sold in order to terminate the property letting business (which was made necessary by unforeseen financial commitments). The sales were not part of the letting activity, nor an "ordinary incident" of that activity, but were a "one-off transaction package of a capital nature" to wind down that letting business. The properties were not circulating capital.

continued on page 16

from page 15

In relation to section 65(2)(e), the TRA found that the only scheme or undertaking was in relation to the letting business. There was no such scheme involving the resale of realty for profit.

In relation to section 65(2)(l), the TRA was of the view that unless profits from land dealing were clearly derived from land as circulating capital (subject to section 67) then the profits would almost certainly be capital rather than revenue.

Accordingly, the objectors were not assessed on the proceeds from the property sales.

Land sold by partners to company - no GST liability

Case: TRA No 95/46

Act: Goods and Services Tax Act 1985 - section 57(2)(b)

Keywords: *Sales to self, farming partnership, assessability for GST output tax*

Summary: The TRA held that GST was not assessable to the partnership

Facts: The objector is a father and son farming partnership that is registered for GST. The partnership used farmland separately owned by each partner. In 1990 a family company purchased each partner's farmland. The shareholders were both partners and the wife of each partner.

The farmland was previously included in the partnership's accounts and tax returns as part of its fixed assets. There was no lease agreement between the individual partners who owned the land and their partnership.

The surplus realised on the sale of the respective farm properties to the company was credited to the account of each individual partner. The Commissioner assessed the partnership for GST output tax on the respective sales.

Decision: The TRA found that section 57(2)(b) can not be taken to mean that the sale of land made in the course of a partnership's taxable activity of farming is deemed made by the partnership.

The TRA found on the facts that the farmland belonged to the respective partners, individually, at all material times. The accounting records were wrong and on the balance of probability there was no compelling evidence that the partners passed ownership to the partnership.

The TRA held that the mere inclusion of land in the accounts of a partnership is insufficient to show that the land is partnership property. There needs to be some type of conveyance (or declaration of trust) of ownership. There must be an intention to convey and an act of conveyance. On the evidence he found that this did not exist.

The TRA went on to state that the Commissioner should have assessed on the basis of section 51(1) (deemed registration when over the threshold) as there was a leasing or license granted to the partnership, or that the sales were void under section 76 as an arrangement to obtain a GST advantage.

Due dates reminder

August 1996

- 5 Large employers: PAYE deductions and deduction schedules for period ended 31 July 1996 due.
- 7 Provisional tax and/or Student Loan interim repayments: first 1997 instalment due for taxpayers with April balance dates.
Second 1997 instalment due for taxpayers with December balance dates.
Third 1996 instalment due for taxpayers with August balance dates.

1996 income tax returns due to be filed for all non-IR 5 taxpayers with April balance dates.
- 20 Large employers: PAYE deductions and deduction schedules for period ended 15 August 1996 due.
Small employers: PAYE deductions and deduction schedules for period ended 31 July 1996 due.
Gaming machine duty return and payment for month ended 31 July 1996 due.
RWT on interest deducted during July 1996 due for monthly payers.
RWT on dividends deducted during July 1996 due.
Non-resident withholding tax (or approved issuer levy) deducted during July 1996 due.
- 30 GST return and payment for period ended 31 July 1996 due.

September 1996

- 5 Large employers: PAYE deductions and deduction schedules for period ended 31 August 1996 due.
 - 7 Provisional tax and/or Student Loan interim repayments: first 1997 instalment due for taxpayers with May balance dates.
Second 1997 instalment due for taxpayers with January balance dates.
Third 1996 instalment due for taxpayers with September balance dates.

1996 end of year payments due (income tax, Student Loans, ACC premiums) for taxpayers with October balance dates.

1996 income tax returns due to be filed for all non-IR 5 taxpayers with May balance dates.
QCET payment due for companies with October balance dates, if election is to be effective from the 1997 year.

(We will accept payments received on Monday 9 September as in time for 7 September.)
 - 20 Large employers: PAYE deductions and deduction schedules for period ended 15 September 1996 due.
Small employers: PAYE deductions and deduction schedules for period ended 31 August 1996 due.
Gaming machine duty return and payment for month ended 31 August 1996 due.
RWT on interest deducted during August 1996 due for monthly payers.
RWT on dividends deducted during August 1996 due.
Non-resident withholding tax (or approved issuer levy) deducted during August 1996 due.
 - 30 GST return and payment for period ended 31 August 1996 due.



Non-resident Student Loan repayments - second 1997 instalment due.
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Public binding rulings and interpretation statements: your chance to comment before we finalise them

This page shows the draft public binding rulings and interpretation statements (formerly policy statements) that we now have available for your review. To give us your comments on any of these drafts, please tick the appropriate boxes, fill in your name and address, and return this page to us at the address below. We will send you a copy of the draft.

We must receive your comments by the "Comment deadline" shown if we are to take them into account in the finalised item. Please send them ***in writing, to the address below***, as we don't have the facilities to deal with your comments over the phone or at our local offices.

Name _____
 Address _____

 <i>Interpretation statements</i>	<i>Comment Deadline</i>
<input type="checkbox"/> 1686: Income tax treatment of grants and subsidies	31/08/96
<input type="checkbox"/> 3397: Storage costs - whether part of the cost price of trading stock	31/08/96
 <i>Issues papers</i>	<i>Comment Deadline</i>
<input type="checkbox"/> 3151: Valuation of ostriches and emus for income tax purposes	31/08/96



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Contents continued - questions and legal case notes

Questions we've been asked (pages 12-13)

Income Tax (Withholding Payments) Regulations 1979

Engaging a limited company as a real estate salesperson.....	12
--	----

Tax Administration Act 1994

Disbursements for private and product rulings	13
---	----

Legal decisions - case notes (pages 14-16)

IG Fraser v CIR	Restraint of trade and inducement payments - assessability	14
-----------------	--	----

Sheriff of NZ High Court v CIR	High Court Sheriff accounting for GST	15
-----------------------------------	---	----

TRA 93/144	Property sales - assessability	15
------------	--------------------------------------	----

TRA 95/46	Land sold by partners to company - no GST liability	16
-----------	---	----

T AX INFORMATION BULLETIN

Volume Eight, No.1

July 1996

Contents

GST and finance leases - classification, method of accounting and treatment of residual value clause	1
Provisional tax use of money rates decreased.....	8
Undersea maintenance equipment - draft depreciation determination	8
Foreign investment funds - deemed rate of return announced	9
LPG (propane and butane) cylinders - depreciation.....	10
American Express Membership Rewards programme (BR Prd 96/16).....	11
Questions we've been asked	
Answers to enquiries we've received at Inland Revenue, which could have a wider application. See the inside front cover 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 the inside front cover for a list of cases covered in this bulletin.	
General interest items	
Due dates reminder	17
Public binding rulings and interpretation statements: your chance to comment before we finalise them	19

This TIB has no appendix