

- (b.) The average yearly assessable income for any two of those years; or
- (c.) The assessable income for any one of those years; or
- (d.) A sum equal to $7\frac{1}{2}$ per cent. of the amount of the capital employed by a taxpayer in the production of his income for the year, together with an additional sum (not exceeding £600 in any case) as remuneration for the personal exertions of the taxpayer in the production of his income.

If the taxpayer fails to make an election of his standard income the Commissioner of Taxes is empowered to make such election on his behalf. The excess-profits duty is assessed at the rate of 45 per cent. of the difference between the standard income and the assessable income for the year ended as aforesaid. Special provisions are made to meet cases of hardship, and in particular provision is made for the modification of the provisions as to the method of ascertaining the standard income in cases where the capital employed in a business has been substantially increased or reduced during the years by reference to which the standard income is computed.

By section 20 the Commissioner of Taxes is empowered, on being satisfied that the business of a taxpayer has during the three years ended on the 31st day of March, 1915, resulted in a loss to the taxpayer, to reduce the amount of the excess profits by an amount sufficient to make good such loss. Excess-profits duty is not payable on income derived by way of salaries or wages; nor, in a certain number of limited cases, on income derived by way of commission; nor in any case is excess-profits duty payable where the assessable income of the taxpayer is less than £300.

Special provisions are made for the hearing of appeals from assessments of excess-profits duty. For this purpose a Board of Appeal is set up, consisting of three members, of whom one is a Judge of the Supreme Court. The Board of Appeal has power to hear questions of fact or of law relating to the assessment of taxation, but has no power to review the exercise by the Commissioner of discretionary powers.

Every person who evades or attempts to evade the payment of excess-profits duty is made liable to a fine not exceeding £500 and not less than £5; but the provisions of the Land and Income Tax Act relating to assessment and recovery of penal tax are not made applicable in the cases of excess-profits duty.

Section 32 confers upon the Minister of Finance power to enter into an arrangement with the Chancellor of the Imperial Exchequer with reference to any case where excess-profits duty is chargeable under an Imperial Act, and also under this Act, in respect of the same assessable income. The said section reads as follows:—

“In any case where excess profits are chargeable with excess-profits duty under this Part of this Act and are also chargeable in Great Britain with excess-profits duty under any Act of the Imperial Parliament imposing an excess-profits duty, the Minister of Finance may agree with the Chancellor of the Imperial Exchequer or other authorized person for the apportionment between the Imperial and the New Zealand Governments, towards the supplies necessary for the services of His Majesty, of the excess-profits duty derived pursuant either to this Part of this Act or to such Imperial Act as aforesaid (whichever provides for the greater amount of such duty), and may further agree that in any such case the excess-profits duty chargeable pursuant to the other of such Acts shall not be collected.”

Part III (Public Revenues): Section 35 empowers the Minister of Finance to borrow such sums as may be required, not exceeding in the aggregate the sum of £16,000,000. The moneys so raised are to be paid into the War Expenses Account. The above-mentioned sum is deemed to include moneys which may heretofore have been or may hereafter be expended on behalf of the New Zealand Government by the Imperial Government in connection with the New Zealand Expeditionary Force.

To facilitate the raising of part of the said moneys in New Zealand special provision is made for the issue of what are called “war-loan certificates.” These war-loan certificates are to be of a nominal value of £1 and £10, and are to be sold by the Postmaster-General at a discount. On the expiration of five years from the date of the issue of the certificate the holder is entitled to receive the full amount of the nominal value. Moneys received by the Postmaster-General on the sale of such certificates are to be invested in Government securities issued for the purpose of the loan above referred to.

Section 37 makes provision with respect to the formalities of the execution of Government debentures and other securities.

Section 41 makes temporary provision for the issue of debentures in lieu of the payment of cash in respect of land acquired for any public purpose by the Crown. This section remains in force during the present war with Germany and for twelve months thereafter.

Section 42 confers upon the Minister of Finance power to raise moneys at a rate of interest higher than the rate specified in the authorizing Act if moneys are not obtainable at the rate so specified.

Part IV (Banking and Loans): This Part of the Act is of temporary duration only, and continues during the present war with Germany and for twelve months thereafter.

Section 44 confers on the Governor in Council power to make regulations governing the business of banking in New Zealand, and, *inter alia*, makes provision for the issue of bank-notes of the denomination of 10s.