

- (b.) An allowance at the discretion of the Commissioner for depreciation of such implements, utensils, or machinery, whether caused by fair wear-and-tear or obsolescence, provided such depreciation cannot be made good by repair.
- (c.) Bad debts proved bad and actually written off in the year of income, provided that all recoveries are credited as income in the year in which received. No allowance is made for doubtful debts.
- (d.) Interest to the extent the Commissioner is satisfied it is payable on capital employed in the production of the assessable income.
- (e.) Five per cent. of the capital value of the taxpayer's interest in land in New Zealand used for the purposes of his business or for the purpose of deriving rent, royalties, or other assessable profits therefrom (to be deducted from the income derived from the land).
- (f.) In calculating the assessable income of any co-operative company incorporated in New Zealand and having for one of its objects the manufacture of cheese, dried milk, of butter in so far as the income is derived from the treatment, manufacture, and sale of products of milk, the amount paid or payable by the company during the income year to suppliers of milk to the company so far as paid or payable in respect of and apportioned among the suppliers in proportion to the quantity of milk or butterfat supplied.
- (g.) Contributions by employers to superannuation, pension, or benefit funds for employees.
- (h.) In arriving at the profits from the removal or sale of timber or coal, the cost of the timber or coal removed or sold.

*Deduction* is prohibited in respect of—

- (a.) Any expenditure or loss which is not exclusively incurred in the production of the assessable income.
- (b.) Any expenditure or loss recoverable under an insurance or contract of indemnity.
- (c.) Payments of any kind made by husband to wife, or wife to husband.
- (d.) Land-tax or income-tax.
- (e.) Repairs, interest, and other expenditure on property used for residence or pleasure or not used in the production of assessable income.
- (f.) Loss of any property by fire, storm, or accident.
- (g.) Rent charged in respect of premises owned by the taxpayer.
- (h.) Depreciation of leases.

*Set-off Losses.*—Any expenditure or loss incurred in the production of assessable income is allowed to be deducted from the total gross assessable income from all sources, so that a net loss in one source is in effect set against other income of the same year.

Business losses in 1923–24 and subsequent years may be carried forward and set against assessable income for the three following years, the relief to be given as far as possible from the earliest assessments within that period.

*Personal Allowance, &c.*—Exemption limit: Except in the case of absentees and companies the exemption limit is £300. Personal allowances: The following are allowed—(1) £300 less £1 for every £1 by which the income exceeds £600; (2) £50 in respect of each child dependent on the taxpayer (child includes stepchild or grandchild); (3) the amount (not exceeding £50) contributed by the taxpayer towards the support of his widowed mother; (4) insurance premiums paid in the year of income by taxpayer on his own life for his own benefit or the benefit of his wife and children; (5) contributions to the National Provident Fund or any superannuation fund or the insurance fund of a friendly society. Total of these last two deductions 15 per cent. of taxpayer's earned income, or if total income does not exceed £2,000, 15 per cent. of his total income.

*Returns and Assessments.*—Returns are required in each year, setting forth a complete statement of assessable income derived during the preceding year. Where taxpayer makes default in furnishing a return, Commissioner may make an assessment of the amount on which in his judgment tax should be levied. Tax to be paid on such assessments unless taxpayer establishes an objection that the assessment is excessive or that he is not chargeable with tax. From the returns furnished the Commissioner shall in each year make assessments setting forth amount on which tax is payable.

*Objection.*—Every person assessed for income-tax may object to assessment within the time specified. Objections not allowed by the Commissioner may be heard and determined before a Stipendiary Magistrate. Magistrate's decision final and conclusive on question of fact, but appeal to Supreme Court may be had on question of law.

*Payment.*—Tax is assessed and made payable about the 8th February in each year, public notice being given of the date of payment. If tax not paid within twenty-one days of the due date, 5 per cent. of the amount is added by way of additional tax. Repayment of tax paid in excess of the proper amount may be made if claimed within three years of the end of the year of assessment. A company is deemed to be agent of all its debenture-holders, and is liable to assessment at a flat rate on all income derived by them from the debentures. Such assessment is distinct from the company's own assessment. Provision is made for refund of excess tax paid at the source in respect of debenture income when the rate so paid is in excess of the rate that would be payable if the debenture-holder's other income and his debenture income were assessed together.

*Rates of Tax.*—For the year 1923–24 the rates of charge which are based on the net taxable income after all deductions and allowances are made were as follows: (1) Interest on debentures of companies, 3s. in the pound; (2) interest on debentures of local authorities, 2s. 6d. in the pound; (3) in all other cases where the income (a) does not exceed £400, 1s. in the pound; (b) exceeds £400 but does not exceed £6,000, 1s. in the pound, increased by one-hundredth of a penny for every £1 of such excess; (c) exceeds £6,000, 5s. 8d. in the pound, increased by one two hundredth of a penny for every £1 of