

1889.
NEW ZEALAND.

INCOME AND LAND TAX
(RETURN SHOWING ESTIMATED REVENUE DERIVABLE FROM).

Return to an Order of the House of Representatives dated 5th July, 1889.

Ordered, "That there be laid before this House a return showing, as approximately as any data at the command of the Property-tax Department will permit, the amount of revenue which would be derived from an income- and land-tax (the totals for each tax to be shown separately) imposed as follows:—Land-tax: Upon the unimproved value of freeholds of cultivatable land, with an exemption of £500, at the rate of 3d. in the pound on the first £1,000 of taxable value, 1d. in the pound above £1,000 and up to £5,000, 2d. in the pound above £5,000 to £10,000, and 3d. in the pound above £10,000. Income-tax: Upon all income exceeding £200 a year derived from any source other than land subject to tax as above, at the rate of 3d. in the pound on the first taxable £100, with a progressive increase of 1d. for each additional £100 up to and including incomes of £1,000 a year, and thereafter 5 per cent. on all income up to £5,000, 7½ per cent. up to £10,000, and 10 per cent. above £10,000."—(Major STEWARD.)

MEMORANDUM by the PROPERTY-TAX COMMISSIONER.

Land-tax.—I find it is not possible to give an estimate of the revenue that would be derived from a land-tax as proposed.

There is nothing in the returns of Assessors to indicate what are cultivatable lands, and no information in this direction can be obtained from owners' statements. Further, if the information were given, the operation of examining assessments to deduct improvements on cultivatable lands, and the calculation of the progressive tax, would occupy a long time, and would be very expensive.

Income-tax.—I do not possess information to enable me to give an estimate that would be in any degree reliable as to the revenue that would be derived from an income-tax on the sliding-scale proposed; and I fear that it would not be possible to obtain the information unless a test were made by getting actual returns of income from residents in some district. In arriving at previous estimates of an income-tax great care was taken to secure accuracy; but it was not possible to gather data that would afford a basis for a correct estimate on the plan proposed.

The following statement gives the amounts of property-tax paid by certain companies in 1888–89, and also an estimate of income-tax that would be payable by the same companies under the proposed plan. Shipping, fire and life insurance companies, and foreign banks are not included:—

Property-tax paid	...	...	...	...	£74,870 5 11
Estimate of income-tax	...	...	...	...	34,209 14 2
The total sum borrowed on debentures by the companies included above is					
	...	...	...	...	£8,467,029
The interest on which is					
	...	...	...	...	378,623

The interest is deducted from the profits of the companies, and if income-tax were charged on it the amount would be £31,022 2s. 5d., calculated on the sliding-scale.

The effects of property-tax, and of land- and income-tax as proposed, are as follows in certain supposititious cases. It is assumed that there are no mortgages or debts to deduct. The income from land has not been separated from other income.

Real.	Personal.	Improvements on Land.	Income.	Property-tax at 1d. in the Pound.	Land-tax.	Income-tax.
£	£	£	£	£ s. d.	£ s. d.	£ s. d.
100,000	30,000	20,000	6,500	539 11 8	929 13 8	334 3 4
100,000	60,000	20,000	8,000	664 11 8	929 13 8	446 13 4
200,000	40,000	40,000	12,000	997 18 4	1,829 3 4	796 13 4
40,000	10,000	8,000	2,500	206 5 0	329 3 4	96 13 4
20,000	20,000	6,000	2,000	164 11 8	104 3 4	71 13 4
10,000	5,000	5,000	750	60 8 4	16 13 4	12 1 8
10,000	10,000	3,000	1,000	81 5 0	31 5 0	21 13 4
5,000	4,000	2,000	450	35 8 4	8 6 8	3 19 2
5,000	20,000	1,000	1,250	102 1 8	12 10 0	34 3 4

Estimated number of Taxpayers.—In estimating the results of an income-tax with an exemption of £150, I found that 6,330 would pay in respect of income from personal exertion, as follows:—Doctors, 300; lawyers, 400; clergymen, 250; dentists, 50; bankers, 80; insurance officers, 50; engineers, architects, auctioneers, &c., 200; bank clerks, 600; clerks to local bodies, 50; insurance clerks, 300; mercantile clerks and traders' assistants, &c., 2,500; managers of companies, 50; Government officers, teachers, &c., 1,500.

In addition to the above, tax would be paid by some 5,000, including merchants, drapers, grocers, ironmongers, timber-merchants, brewers, bakers, and other trades, and also manufacturers. Those who derive income from land are not included.

I estimate that land-tax under Major Steward's scheme would be paid by 15,000, mortgages not being deducted.

Some who paid income-tax would also pay land-tax, and I am of opinion that the total number of taxpayers under the combined scheme would be 22,000.

I have not made any new estimate to ascertain the number who would pay income-tax if the exemption were £200, as proposed, instead of £150.

22nd July, 1889.

J. SPERREY.

TABLE showing Amounts that would be paid under Property-tax, an Exemption of £500 being allowed; and Amounts that would be paid under the proposed Income-tax, the Income from Property being taken at 5 per Cent.

Income.	Tax.	Property.	Tax.
£	£ s. d.	£	£ s. d.
300	1 5 0	6,000	22 18 4
400	2 18 4	8,000	31 5 0
500	5 0 0	10,000	39 11 8
600	7 10 0	12,000	49 9 4
700	10 8 4	14,000	56 5 0
800	13 15 0	16,000	64 11 8
900	17 10 0	18,000	72 18 4
1,000	21 13 4	20,000	81 5 0
2,000	71 13 4	40,000	164 11 8
3,000	121 13 4	60,000	247 18 4
5,000	221 13 4	100,000	414 11 8
10,000	596 13 4	200,000	831 5 0
15,000	1,096 13 4	300,000	1,247 18 4
20,000	1,596 13 4	400,000	1,664 11 8
25,000	2,096 13 4	500,000	2,081 5 0
30,000	2,596 13 4	600,000	2,497 18 4
35,000	3,096 13 4	700,000	2,914 11 8
40,000	3,596 13 4	800,000	3,331 5 0

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