

1893.
NEW ZEALAND.

LAND- AND INCOME-TAX DEPARTMENT

(REPORT BY THE COMMISSIONER OF TAXES.)

Laid on the Table by the Hon. J. G. Ward, with leave of the House.

The COMMISSIONER of TAXES to the Hon. the COLONIAL TREASURER.

SIR,—

Land- and Income-tax Department, Wellington, 28th July, 1893.

I have the honour to submit further information as to the results of the land- and income-tax system. These are given as at the 30th June, in order to bring the return down to the latest date possible. Contributions by persons and companies are thus summarised :—

				£	£
Land-tax—Persons ... ..	...	...	12,109	163,226	
Companies... ..	...	...	251	69,355	
			12,360		232,581
Graduated land-tax—Persons ... ..	...	...	1,414	44,234	
Companies ... ..	...	...	77	23,646	
			1,491		67,880
Income-tax—Persons ... ..	...	...	3,211	34,889	
Companies ... ..	...	...	237	38,738	
			3,448		73,627
Total of land- and income-tax			...	...	374,088

<i>Totals of Land- and Income-taxes.</i>					£
Persons ... ..	...	...	15,320	...	242,349
Companies ... ..	...	...	488	...	131,739
			15,808		£374,088

<i>Property-tax, 1889.</i>					£
Persons ... ..	...	...	25,841	...	246,262
Companies ... ..	...	...	486	...	107,905
			26,327		£354,167

NOTES.—In the total number of payers of land- and income-tax, payers of graduated tax are not included. Some land-tax payers also pay income-tax.

Church property corporations and trusts are included in companies.

The additional 10 per cent. charged for late payment of tax is not included.

It will be seen that tax assessed to persons under the land- and income-tax system is £3,913 less than the property-tax assessed to persons; and the tax assessed to companies is £23,834 more than companies were assessed for under property-tax; the total result of land- and income-taxes exceeding the result of property-tax by £19,921.

In consequence of the time of the staff being almost entirely occupied with the assessment of land and the collection of the land-tax, it was not found possible during 1892 to make a critical examination of the returns for income-tax, to call for additional returns, and to obtain information as to the accuracy and completeness of those already in, and the collection of the income-tax had to be proceeded with, the due date being fixed as 31st January, 1893. The tax was paid punctually. In thus collecting on the returns received, subject to certain amendments and additions that had been made, there was no final acceptance of the returns as correct; and since then very numerous inquiries have resulted in considerable additions to the revenue. The number of new and increased assessments from March 4th to the 8th July, was 247, the tax resulting there-

from being £3,117. The correspondence in connection with income-tax, including circular letters asking for returns, has at times been very heavy, and inquiries are now going on and will be continued. Since the 1st January last 2,000 letters have been despatched requesting information, and 1,800 asking for returns.

The attempt to collect an income-tax, without having branch offices in the three principal cities, may be said to be still under trial, and it may yet be found necessary to have resident officers in Auckland, Christchurch, and Dunedin. Nothing will be done in this direction until the present system has been further tried, and the Chief Postmasters throughout the colony will, in the meantime, act as officers for the department to a certain extent in income-tax matters. Some of the Chief Postmasters have already given valuable assistance. Introducing an income-tax on a new system was inevitably a difficult task, and the taxpayers had necessarily many doubts as to the manner in which returns should be compiled. The amount collected up to the 30th June, £73,627, must not be accepted as final, though at present a reliable estimate cannot be given as to additional tax that may be received. The amending Land and Income Assessment Bill, which will be introduced shortly, will contain provisions setting at rest some doubts as to the interpretation of the Act, and further powers will be asked to be granted to the Commissioner to obtain information respecting the completeness and accuracy of returns of income. It has been found necessary to obtain such powers as regards both land and income taxes.

No objections have yet been referred to a Resident Magistrate sitting as a Board of Review. It may be remarked that it is probable that these will not be numerous, at all events compared with the number affecting land-tax assessments. The correct value of land is the question that goes to a Board of Review, and hardly any questions of interpretation of the law. Doubts as to interpretation will be more frequent under the income-tax provisions of the Acts; and, instead of having these referred to a Resident Magistrate, they, as a rule, would be by consent taken to the Supreme Court on a case stated. There will, of course, be objections to be decided by a Resident Magistrate, but disputes will only be thus dealt with, when they cannot be arranged without it. It has been from time to time asserted that all returns of income forwarded to this office are accepted as correct without investigation, but a very large proportion of taxpayers could, from their own experience, give this a denial. More numerous and thorough inquiries and investigations would have been made if it had been possible; but, as I have already stated, the enormous work in connection with the assessment of land, and the collection of land-tax, prevented further attention being given to the assessment of income-tax. Both systems could not be attended to at the same time with a small permanent staff.

It is desirable to draw attention to the fact that what may be deemed a small result of the income-tax for this colony is due, in part, to the high exemption of £300, and largely to all income from the use or produce of land derived by the owner or occupier—this includes rent—and all interest from registered mortgages of land, being exempt from income-tax. Land and mortgages, and income therefrom, contribute to the land-tax alone. The allowance of an exemption of £300 to each partner in a firm has caused a serious decrease in the income-tax revenue, the effect being to diminish tax paid by some firms by £30, and more in certain cases. In others, where there are only two partners, and the income is charged as 6d. in the pound, the loss is only £2 10s.

The attached table gives a classification of land- and income-tax taxpayers by occupation or designation, and of companies according to the business they carry on. Results are contrasted with those of the last assessment for property-tax in 1888, which were published in 1889.

Under both systems the largest contributions were by graziers, sheepfarmers, farmers, dairymen, &c.—that is, by owners of country lands—the total for land and income-tax being £89,341, and for property-tax £81,544. The number of the property-tax payers was 8,611. The number of land-tax payers is 4,760, who are assessed for ordinary land-tax £60,203; 766 are assessed for graduated land-tax £28,015; and 97 are assessed for income-tax £1,123. In considering these and other results it should be remembered that some who pay graduated tax do not pay land-tax, but it may be taken to be the rule that the land-tax payers include those who pay graduated tax, and the number of the latter are therefore omitted in these comparisons. Further, some of those who pay land-tax also pay income-tax. Land companies (15) were assessed for property-tax £12,049; and land companies (19) were assessed for land-tax £16,579, and graduated tax £15,232, which, with income-tax £396, make up £32,207, which shows an increase of £20,158 in the present as compared with the late system. Loan companies contribute £30,923 for land- and income-tax as against £38,147 property-tax; life insurance companies, £11,790, as against £11,749; fire and marine insurance companies, £8,279, as against £6,652; banks pay £10,184, as against £14,244; mercantile companies, £16,302, as against £9,384; manufacturing companies, £7,549, as against £3,784; manufacturing and mercantile, £5,622, as against £5,807; coal-mining, £1,425, as against £1,498; gold-mining (23), £2,735, as against (113) £2,545; building societies pay £1,987, and were not assessed for property-tax; church property corporations and trusts, £2,736, as against £2,046.

In amounts paid by persons, the table shows that, as a rule, the totals contributed in the various classes under the two systems do not differ very materially, excepting in the class including "working storemen, mechanics, labourers, shepherds, miners, sailors, &c.": 2,242 paid property-tax, £4,053; and 249 paid land- and income-tax, £543.

Classifications of payers of ordinary land-tax, graduated land-tax, and income-tax, by amount on which they are assessed, are also given.

The report and the tables herewith should be taken in connection with and as supplementary to reports by the Commissioner of Taxes laid before Parliament in 1892 (B.—17, B.—20, and B.—20A).

CHARLES M. CROMBIE,
Commissioner of Taxes.

The Hon. the Colonial Treasurer.

CLASSIFICATION of TAXPAYERS by Occupation.

Designation.	Land- and Income-tax Payers, 1892-93.							Property-tax, 1889.	
	Number of Tax-payers.	Land-tax.	Number of Tax-payers.	Graded Land-tax.	Number of Tax-payers.	Income-tax.	Total Tax.	Number of Tax-payers.	Tax.
Professional: clergymen, lawyers, doctors, authors, editors, engineers, surveyors, and architects	449	£ 6,612	42	£ 755	652	£ 6,153	£ 13,520	1,155	£ 11,677
Civil servants, officers of local bodies, teachers, &c.	173	773	5	10	391	1,498	2,281	547	2,216
Retired professional men, merchants, and others	154	6,610	45	1,660	89	692	8,962	342	12,808
Merchants, importers, warehousemen, contractors, &c.—firms	92	2,603	22	243	111	8,383	11,229	336	10,326
Merchants, importers, warehousemen, contractors, &c.—persons	300	5,770	56	1,306	127	2,010	9,086	667	9,658
Tradesmen, wholesale and retail shopkeepers, storekeepers, carriers, &c.	1,251	6,182	41	204	558	5,592	11,978	3,156	14,721
Working storemen, mechanics, labourers, shepherds, miners, sailors, &c.	220	474	2	7	29	62	543	2,242	4,053
Manufacturers, brewers, millers, founders, sawmillers, shipbuilders, &c.	170	1,697	19	175	139	2,280	4,152	525	5,046
Graziers, sheepfarmers, farmers, dairymen, &c.	4,760	60,203	766	23,015	97	1,123	89,341	8,611	81,544
Land, commission, or general agents, auctioneers, accountants, brokers, commercial and other managers, clerks, bookkeepers, master-mariners	397	4,220	35	323	914	6,112	10,655	1,858	13,675
Widows, wives' trustees, spinsters	1,837	13,574	57	689	58	483	14,746	3,760	22,274
Other trust estates and estates of deceased persons	1,522	33,455	210	6,738	26	362	40,555	1,492	32,287
Absentees	784	21,053	114	4,109	20	139	25,301	1,150	25,977
Companies—									
Banks	6	4,596	6	2,512	4	3,076	10,184	6	14,244
Life insurance	6	6,771	6	446	8	4,573	11,790	10	11,749
Loan	30	26,567	14	2,700	15	1,656	30,923	36	38,147
Land	19	16,579	13	15,232	3	396	32,207	15	12,049
Mercantile	36	4,850	9	492	84	10,960	16,302	101	9,384
Manufacturing	23	1,832	8	463	44	5,254	7,549	58	3,784
Manufacturing and mercantile	15	1,495	5	791	21	3,336	5,622	28	5,807
Mining (coal)	6	92	2	8	7	1,325	1,425	10	1,498
Mining (gold)	9	2,631	3	221	28	5,427	8,279	33	2,545
Fire and marine insurance	37	1,968	1	19	..	..	1,987	..	..
Building societies	64	1,974	10	762	..	..	2,736	76	2,046
Church property—									
Corporations and trusts	..	..	..	..	..	..	..	..	..
Totals	12,360	232,581	1,491	67,880	3,448	73,627	374,088	26,327	354,167

ORDINARY LAND-TAX, 1892-93.

CLASSIFICATION of TAXPAYERS by the Amount on which they are assessed for Land-tax.

Number.	Amount on which assessed.		Tax.		
			£	s.	d.
1,149	Under	£100	Under	0	8 4
1,170	£100 and under	200	"	0	16 8
954	200	300	"	1	5 0
819	300	400	"	1	13 4
603	400	500	"	2	1 8
624	500	600	"	2	10 0
502	600	700	"	2	18 4
446	700	800	"	3	6 8
358	800	900	"	3	15 0
314	900	1,000	"	4	3 4
1,586	1,000	2,000	"	8	6 8
939	2,000	3,000	"	12	10 0
680	3,000	4,000	"	16	13 4
401	4,000	5,000	"	20	16 8
920	5,000	10,000	"	41	13 4
462	10,000	20,000	"	83	6 8
296	20,000	50,000	"	208	6 8
83	50,000	100,000	"	416	13 4
30	100,000	200,000	"	833	6 8
24	200,000 and over	...	Over	833	6 8
Total ...	12,360				

GRADUATED LAND-TAX, 1892-93.
CLASSIFICATION of TAXPAYERS by the Amount on which they are assessed for Graduated Land-tax.

Number.	Amount on which assessed.	Rate.	Tax.
		d.	£ s. d.
802	£5,000 and under £10,000	0 ¹ / ₈	Under 5 4 2
385	10,000 " 20,000	0 ² / ₈	" 20 16 8
118	20,000 " 30,000	0 ³ / ₈	" 46 17 6
55	30,000 " 40,000	0 ⁴ / ₈	" 83 6 8
30	40,000 " 50,000	0 ⁵ / ₈	" 130 4 2
52	50,000 " 70,000	0 ⁶ / ₈	" 218 15 0
21	70,000 " 90,000	0 ⁷ / ₈	" 328 2 6
8	90,000 " 110,000	1	" 458 6 8
5	110,000 " 130,000	1 ¹ / ₈	" 609 7 6
3	130,000 " 150,000	1 ² / ₈	" 781 5 0
6	150,000 " 170,000	1 ³ / ₈	" 973 19 2
2	170,000 " 190,000	1 ⁴ / ₈	" 1,187 10 0
1	190,000 " 210,000	1 ⁵ / ₈	" 1,421 17 6
3	210,000 and over ...	1 ⁶ / ₈	Over 1,531 5 0
Total ...	1,491		

INCOME-TAX, 1892-93.
CLASSIFICATION of TAXPAYERS by Amounts on which they are assessed for Income-tax.

Persons : Number of Tax- payers.	Companies : Number of Tax- payers.	Total Taxpayers.	Amount of Taxable Income.
1,245	15	1,260	Under £100
675	19	694	£100 and under 200
381	19	400	200 " 300
226	10	236	300 " 400
162	15	177	400 " 500
81	9	90	500 " 600
90	7	97	600 " 700
56	8	64	700 " 800
51	9	60	800 " 900
31	7	38	900 " 1,000
87	21	108	1,000 " 1,500
51	16	67	1,500 " 2,000
75	82	157	2,000 and over.
3,211	237	3,448	

NOTES.—To give the actual incomes, £300 should be added to each taxpayer other than companies. A firm is entered as one taxpayer. Incomes derived from the use or produce of land, or rents, or from shares in registered companies, banks, &c., are not included in incomes assessed for taxation.

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