

In determining how the additional revenue required may best be obtained, I have endeavoured to make a virtue of necessity, and, while adjusting taxation on an equitable basis, place the added burden in such a way as to assist the Government's land-settlement policy which I have already outlined. At the same time I have had regard to the desirability of creating as little disturbance as possible in business and trade, in order that the economic progress of the Dominion may not be hindered.

Land-tax.

Attention was first given to the large farming incomes, which I consider have not borne their fair share of taxation in recent years. Accordingly, to adjust this inequity and assist in bringing about the cutting-up of large estates, it is proposed, in the case of farming-lands of an unimproved value in excess of £12,500, that the amount of land-tax assessed on the present graduated scale shall be increased by a supertax calculated on a graduated percentage basis rising 1 per cent. for each £50 of unimproved value above £12,500 on which such land-tax is assessed, until for an unimproved value of £15,000 the supertax will be 50 per cent. of the land-tax on the present basis. Thereafter the percentage rate of supertax will continue to increase 1 per cent. for every £300 of unimproved value on which land-tax is based, until for an unimproved value of £30,000 the supertax will be 100 per cent. Above an unimproved value of £30,000 the supertax will be at a flat rate of 100 per cent. of the land-tax as assessed under the present scale.

The following examples will show clearly the effect of these proposals :—

Unimproved Value of Land.	Present Tax.	With Proposed Supertax.	Increase.	Percentage Increase.
£	£ s. d.	£ s. d.	£ s. d.	Per Cent.
12,550	78 7 5	79 3 1	0 15 8	1
14,000	91 8 9	118 17 4	27 8 7	30
15,000	100 18 9	151 8 1	50 9 4	50
18,000	131 16 3	210 18 0	79 1 9	60
21,000	166 5 0	282 12 6	116 7 6	70
30,000	290 18 9	581 17 6	290 18 9	100

Reduction of mortgage exemption.

It is further proposed that the mortgage exemption allowed in assessing land-tax shall be reduced to £5,000, disappearing £1 for every £1 of unimproved value in excess of £5,000. The present exemption is £10,000, disappearing £2 for every £1 of unimproved value in excess of £10,000. It is a fact that at present, owing to exemptions, many farmers with an unimproved value up to £10,000 pay neither land nor income tax.

Income-tax on large farming incomes.

In addition it is intended to amend the law to make all farmers, including farming partnerships, with holdings (whether owned or leased) of an unimproved value of £12,500 and over at any time during the year ended 31st March, 1929, assessable with income-tax on their farming income, but subject to a set-off of the actual amount paid in land-tax on the land used for farming. In effect, this means the payment of land-tax or income-tax, whichever is the greater. In such cases, however, the 5 per cent. of the capital value of land otherwise deductible from assessable income derived from such land will not be allowed, as normally this is intended to cover land-tax paid. This proposal is intended to ensure that the large farming incomes will contribute to the national revenue in the same ratio as the incomes from other occupations, which is only just and equitable.

Increase in primage duty.

As I do not anticipate that these land- and income-tax proposals will produce enough additional revenue to ensure a balanced Budget for this financial year, it is proposed to move a resolution to-night increasing the primage duty on imports from 1 per cent. to 2 per cent. Primage is purely a revenue duty imposed upon practically all imports whether dutiable or not, and to obtain the additional revenue required in the manner indicated will not affect any particular industry or class of goods. The duty is so small and so universal in its application that the proposed increase will be the least felt of any possible increase in indirect taxation. Further, as soon as the Budget balance is stabilized, this additional duty can be taken off without disturbing the tariff in any way.

Income-tax exemption for children.

To remedy a cause of hardship under the present income-tax provisions relating to children's exemption, it is proposed that the present age-limit of eighteen years shall not apply in cases where the Commissioner of Taxes is satisfied that a child, owing to mental or physical incapacity of a permanent nature, is unable to earn his or her own living. Further, it is proposed to provide that the exemption on account