

## REPORT.

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To His Excellency the Governor-General of the Dominion of New Zealand.

MAY IT PLEASE YOUR EXCELLENCY,—

We, the Commissioners appointed by your Excellency pursuant to section 3 of the Land and Income Tax Amendment Act, 1929, to inquire and report as to any cases of hardship arising from the imposition of special land-tax, have the honour to report as follows :—

The hearing of objections was commenced in Wellington on the 6th day of December last, and continued at intervals until the 13th day of May, 1930.

At the outset your Commissioners decided that the taking of oral evidence in every case would unduly prolong the inquiry, and as it was important that as many cases as possible should be dealt with before the 21st day of March last, this being the last day for payment of the special land-tax without the addition of a late-payment penalty, all applicants were requested to furnish written evidence, in the following form :—

- (a) A detailed statement of the grounds on which it was contended that the payment of special land-tax would entail serious hardship :
- (b) A detailed statement of income and expenditure in respect of the year ended on the 31st day of March, 1929 :
- (c) A detailed statement of assets and liabilities as at the 31st day of March, 1929.

These statements were required to be supported by an affidavit, and in cases where the accounts had been drawn by an accountant the certificate of the accountant was required to be appended.

In the majority of cases we found that the foregoing information was sufficient to enable us to reach a decision as to whether relief should or should not be granted. Where, however, this information was considered to be inadequate, further accounts in respect of preceding years, and also for the year ended on the 31st day of March last, were obtained, or the applicant was required to appear before us and tender oral evidence. For the purpose of taking such oral evidence, sittings were held in Wellington, Napier, Palmerston North, Dunedin, Timaru, and Christchurch.

Your Commissioners found that very many of the objectors were under the impression that the inquiry concerned only the returns received from "farm" lands, and that, as income from other sources had already been taxed, such income was outside the scope of the section. These objectors were advised that, as the purpose of section 2 was to obtain additional revenue from all taxpayers affected by it, all income derived by the objector, from whatever source, would be considered by the Commissioners, and the onus lay on the objector to show that he came within the wording of section 3—viz., that on any fair and reasonable ground whatsoever the payment of the special land-tax would subject him to serious hardship.

The term "serious hardship" was not defined in the statute, and your Commissioners therefore gave what they considered a fair and equitable interpretation to the term, as applied to each individual case. The range of values which came under review was extensive, and a great variety of circumstances surround the cases, so that no two were exactly alike. In the great majority of cases, however, it appeared that the unimproved values as assessed were excessive, having regard to the productive capacity of the land, and in numerous cases the average income derived over a term of years did not return more than 3 or 4 per cent. on the capital employed. In many others the ordinary and special land-tax combined exceeded the income of the taxpayer.