



ANALYSIS

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1986, No. 41

An Act to amend the Income Tax Act 1976

[6 August 1986]

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

1. Short Title and commencement—(1) This Act may be cited as the Income Tax Amendment Act (No. 3) 1986, and shall be read together with and deemed part of the Income Tax Act 1976 (hereinafter referred to as the principal Act).

(2) Except as otherwise provided in this Act, this Act shall come into force on the 1st day of August 1986.

PART I

INCOME TAX

2. Rebate of tax payable in respect of certain off-shore petroleum mining operations—(1) Section 42A (2) of the principal Act (as inserted by section 31 of the Income Tax Amendment Act 1979) is hereby amended by inserting, after the words “any income year”, the words “, being an income year ending on or before the 31st day of March 1986,”.

(2) This section shall apply in respect of the tax on income derived in the income year that commenced on the 1st day of April 1986 and in every subsequent year.

3. Rebate from tax on dividends derived from assessable income from petroleum mining—Section 47A (2) of the principal Act (as inserted by section 32 of the Income Tax Amendment Act 1979) is hereby amended by inserting, after the words “and are paid,” the words “on or before the 31st day of July 1986,”.

4. Depreciation allowances, etc., on motorcars—(1) Section 110 of the principal Act (as substituted by section 15 of the Income Tax Amendment Act (No. 2) 1977) is hereby amended by inserting in subsection (3) (as amended by section 24 (2) of the Income Tax Amendment Act 1978),—

(a) After the words “income year”, the words “ending on or before the 31st day of March 1987”:

(b) After the words “the amount of that expenditure shall”, the words “, in relation to any income year ending on or before the 31st day of March 1987,”.

(2) Section 110 of the principal Act (as so substituted) is hereby further amended by inserting, after subsection (3), the following subsections:

“(3A) Where and to the extent that in any income year ending on or before the 31st day of March 1987 any taxpayer has incurred expenditure in excess of the specified cost in the acquisition, on or after the 23rd day of October 1974, of any motorcar, the amount of that expenditure shall,—

- “(a) For the purpose of determining the amount of any deduction allowable under this Act in respect of the depreciation of that motorcar; or
 “(b) For the purposes of section 117 of this Act; or
 “(c) For the purposes of calculating the amount of any loss incurred by the taxpayer on the disposal, loss, or destruction of that motorcar,—

in relation to any income year commencing on or after the 1st day of April 1987 be deemed to have been an amount equal to the amount calculated in accordance with the following formula:

$$\frac{x \times (y - z)}{y} + z$$

where—

- x is the amount of the expenditure incurred by the taxpayer in the acquisition of that motorcar; and
 y is the specified cost in relation to that motorcar; and
 z is the amount of the allowance by way of depreciation in respect of that motorcar in respect of the income year ending on the 31st day of March 1987 or, as the case may be, the sum of the amounts of the allowances by way of depreciation in respect of that motorcar in respect of each of the income years ending on or before the 31st day of March 1987, not in any case being depreciation that is allowable under section 114B of this Act, being the allowance or, as the case may be, the allowances that would, if the whole of the travel in that motorcar in that income year or, as the case may be, each of those income years, were travel undertaken wholly and exclusively in the production of the assessable income of the taxpayer, have been allowable as a deduction in calculating the assessable income of the taxpayer in that income year or, as the case may be, those income years, notwithstanding the amount (if any) of the allowance by way of depreciation that is allowed as a deduction by the Commissioner in any income year or years”.

(3) Section 110 of the principal Act (as so substituted) is hereby further amended by inserting in subsection (5), after the words “income year”, the words “ending on or before the 31st day of March 1987”.

(4) Section 110 of the principal Act (as so substituted) is hereby further amended by inserting in subsection (6) (as amended by section 23 of the Income Tax Amendment Act

1978), after the words “acquired by the taxpayer”, the words “in any income year ending on or before the 31st day of March 1987”.

(5) This section shall apply in respect of the tax on income derived in the income year commencing on the 1st day of April 1987 and in every subsequent year.

5. First year depreciation allowance on plant and machinery and on certain buildings—(1) Section 112 (2) of the principal Act (as amended by section 18 of the Income Tax Amendment Act (No. 2) 1985) is hereby further amended—

- (a) By inserting, in paragraphs (a) and (b), after the words “business in New Zealand,”, in each case the words “on or before the 31st day of July 1986”:
- (b) By inserting in paragraphs (c) and (d), after the words “farming or agricultural business”, in each case the words “, or any fishing business,”:
- (c) By inserting in paragraphs (c), (d), (e), and (f), after the words “in New Zealand,”, in each case the words “on or before the 31st day of March 1988”.
- (d) By inserting in paragraphs (i), (k), and (l), after the words “any taxpayer”, the words “, on or before the 31st day of March 1988,”:
- (e) By inserting in paragraph (j), after the words “any taxpayer,”, the words “on or before the 31st day of March 1988,”.

(2) Section 112 of the principal Act is hereby further amended by inserting, after subsection (3), the following subsections:

“(3A) Subject to this section, in any case where—

“(a) The Commissioner is satisfied that a binding contract has been entered into by any taxpayer on or before the 31st day of July 1986; and

“(b) Pursuant to that binding contract, the taxpayer has, on or after the 1st day of August 1986, acquired or installed any plant or machinery of the kinds referred to in paragraphs (a) and (b) of subsection (2) of this section; and

“(c) That plant or machinery is acquired or installed within such period after the 31st day of July 1986 as, in the opinion of the Commissioner, is reasonable in the circumstances of the particular case,—

paragraphs (a) and (b) of subsection (2) of this section shall apply in relation to that plant or machinery as if that plant or

machinery were acquired or installed on or before the 31st day of July 1986.

“(3B) Subject to this section, in any case where—

“(a) The Commissioner is satisfied that on or before the 31st day of July 1986 any taxpayer has entered into a binding agreement to lease from any person under a specified lease (as defined in section 222A (1) of this Act) any plant or machinery to which paragraph (a) or paragraph (b) of subsection (2) of this section applies; and

“(b) The lease term of that lease commences after the 31st day of July 1986 and within such period after that date as, in the opinion of the Commissioner, is reasonable in the circumstances of the particular case,—

paragraphs (a) and (b) of subsection (2) of this section shall apply in relation to that lease as if the lease term had commenced on or before the 31st day of July 1986.

“(3C) Subject to this section, in any case where—

“(a) The Commissioner is satisfied that a binding contract has been entered into by any taxpayer on or before the 31st day of March 1988; and

“(b) Pursuant to that binding contract, the taxpayer has, as the case may be, acquired, erected, or installed any asset of any of the kinds referred to in paragraphs (c), (d), (e), or (f) of subsection (2) of this section, on or after the 1st day of April 1988; and

“(c) That asset is, as the case may be, acquired, erected, or installed and first used by the taxpayer in the production of assessable income, on or before the 31st day of March 1990,—

paragraphs (c), (d), (e), and (f) of subsection (2) of this section shall apply in relation to that expenditure as if the asset were, as the case may be, acquired, erected, or installed on or before the 31st day of March 1988.

“(3D) Subject to this section, in any case where—

“(a) The Commissioner is satisfied that on or before the 31st day of March 1988 any taxpayer has entered into a binding agreement to lease from any person under a specified lease (as defined in section 222A (1) of this Act) any asset to which paragraph (c) or paragraph (d) of subsection (2) of this section applies; and

“(b) The lease term of that lease commences after the 31st day of March 1988 and on or before the 31st day of March 1990; and

“(c) The asset is first used by the taxpayer in the production of assessable income on or before the 31st day of March 1990,—

paragraphs (c) and (d) of subsection (2) of this section shall apply in relation to that lease as if the lease term had commenced on or before the 31st day of March 1988.

“(3E) Subject to this section, in any case where—

“(a) The Commissioner is satisfied that a binding contract, being the principal contract for the erection of a new building or for the alteration or extension of an existing building (being a building of the kind, and to the extent, referred to in subsection (2) (i) of this section), has been entered into by any taxpayer on or before the 31st day of March 1988; and

“(b) Pursuant to that binding contract the taxpayer has erected a new building or altered or extended an existing building to the extent that it is to be used for the purposes of a business in New Zealand of processing or storing fish or fish products; and

“(c) The new building or, as the case may be, the altered or extended building, to the extent that it is to be so used, is first used by that taxpayer in the production of assessable income on or before the 31st day of March 1990,—

paragraph (i) of subsection (2) of this section shall apply as if that building had been erected, altered, or extended on or before the 31st day of March 1988.

“(3F) Subject to this section, in any case where—

“(a) The Commissioner is satisfied that either—

“(i) The Minister has, on or before the 31st day of March 1988, approved any project, plan, or scheme for the purposes of subsection (2) (j) of this section and, pursuant to, as the case may be, that project, plan, or scheme the taxpayer has erected a new building or altered or extended an existing building that is to be used for the purpose of the business of providing accommodation for the travelling public; or

“(ii) A binding contract, being the principal construction contract for the erection of a new building or for the alteration, extension, or

improvement of an existing building (being a building of the kind to which subsection (2) (j) of this section applies), has been entered into by any taxpayer on or before the 31st day of March 1988 in respect of the erection of a new building or, as the case may be, the alteration, extension, or improvement of an existing building, pursuant to any project, plan, or scheme approved by the Minister for the purposes of subsection (2) (j) of this section on or after the 1st day of April 1988; and

“(b) The new building or, as the case may be, the altered, extended, or improved building is first used by the taxpayer in the production of assessable income on or before the 31st day of March 1990,—
paragraph (j) of subsection (2) of this section shall apply as if that building had been erected, altered, extended, or improved on or before the 31st day of March 1988.

“(3G) Subject to this section, in any case where—

“(a) The Commissioner is satisfied that a binding contract, being the principal contract for the installation of any private bathroom facilities or any private shower-box facilities or any private water-closet facilities in any existing premises that are used wholly for the purposes of an existing business of operating a hotel in New Zealand, has been entered into by any taxpayer on or before the 31st day of March 1988; and

“(b) Pursuant to that binding contract the taxpayer has installed any private bathroom facilities or any private shower-box facilities or any private water-closet facilities, in any existing premises that are used wholly for the purposes of an existing business of operating a hotel in New Zealand, on or after the 1st day of April 1988; and

“(c) The facilities are first used by that taxpayer in the production of assessable income on or before the 31st day of March 1990,—
paragraph (k) of subsection (2) of this section shall apply as if those facilities had been installed on or before the 31st day of March 1988.

“(3H) Subject to this section, in any case where—

“(a) The Commissioner is satisfied that a binding contract, being the principal construction contract for the erection of a new building has been entered into by

any taxpayer on or before the 31st day of March 1988; and

“(b) Pursuant to that binding contract, a new building of the kind referred to in paragraph (l) of subsection (2) of this section is erected by the taxpayer on or after the 1st day of April 1988; and

“(c) The new building is first used by that taxpayer in the production of assessable income on or before the 31st day of March 1990,—

paragraph (l) of subsection (2) of this section shall apply as if that building had been erected on or before the 31st day of March 1988.”

6. Additional depreciation allowance for plant, machinery, and equipment used for scientific research—

(1) Section 113 (1) of the principal Act (as amended by section 54 (2) of the Income Tax Amendment Act 1983) is hereby further amended by inserting, after the words “engaged in any business has”, the words “, on or before the 31st day of July 1986,”.

(2) Section 113 of the principal Act is hereby further amended by inserting, after subsection (1), the following subsections:

“(1A) Subject to this section, in any case where—

“(a) The Commissioner is satisfied that a binding contract has been entered into by any taxpayer on or before the 31st day of July 1986; and

“(b) Pursuant to that binding contract, the taxpayer has, on or after the 1st day of August 1986, acquired, installed, or extended any asset to which subsection (1) of this section applies; and

“(c) That asset was acquired, installed, or extended within such period after the 31st day of July 1986 as, in the opinion of the Commissioner, is reasonable in the circumstances of the particular case,—

subsection (1) of this section shall apply in relation to that asset as if it were acquired, installed, or extended on or before the 31st day of July 1986.

“(1B) Subject to this section, in any case where—

“(a) The Commissioner is satisfied that on or before the 31st day of July 1986 any taxpayer has entered into a binding agreement to lease from any person under a specified lease (as defined in section 222A (1) of

this Act) any asset to which subsection (1) of this section applies; and

- “(b) The lease term of that lease commences after the 31st day of July 1986 and within such period after that date as, in the opinion of the Commissioner, is reasonable in the circumstances of the particular case,—

subsection (1) of this section shall apply in relation to that lease as if the lease term had commenced on or before the 31st day of July 1986.”

7. Depreciation allowance for approved safety frames attached to tractors—(1) Section 114 (2) of the principal Act (as amended by section 54 of the Income Tax Amendment Act 1983) is hereby further amended—

- (a) By inserting, after the words “New Zealand has”, the words “, on or before the 31st day of July 1986,”;
- (b) By inserting, in paragraph (a) after the words “safety frame and”, the words “before, on, or after that date”.

(2) Section 114 of the principal Act is hereby further amended by inserting, after subsection (2), the following subsections:

“(2A) Subject to this section, in any case where—

- “(a) The Commissioner is satisfied that a binding contract has been entered into by any taxpayer on or before the 31st day of July 1986; and

“(b) Pursuant to that binding contract, a safety frame or, as the case may be, a tractor to which subsection (2) of this section applies was acquired by the taxpayer on or after the 1st day of August 1986; and

“(c) That safety frame or, as the case may be, that tractor was acquired within such period after the 31st day of July 1986 as, in the opinion of the Commissioner, is reasonable in the circumstances of the particular case,—

subsection (2) of this section shall apply in relation to that safety frame, or, as the case may be, that tractor as if it had been acquired on or before the 31st day of July 1986.

“(2B) Subject to this section, in any case where—

- “(a) The Commissioner is satisfied that on or before the 31st day of July 1986 any taxpayer has entered into a binding agreement to lease from any person under a specified lease (as defined in section 222A (1) of

this Act) any tractor to which subsection (2) of this section applies; and

- “(b) The lease term of that lease commences after the 31st day of July 1986 and within such period after that date as, in the opinion of the Commissioner, is reasonable in the circumstances of the particular case,—

subsection (2) of this section shall apply in relation to that lease as if the lease term had commenced on or before the 31st day of July 1986.”

8. Depreciation allowance for approved safety devices attached to taxicabs—(1) Section 114A (2) of the principal Act (as amended by section 54 (2) of the Income Tax Amendment Act 1983) is hereby further amended—

- (a) By inserting, after the words “New Zealand has”, the words “, on or before the 31st day of July 1986,”:

- (b) By inserting in paragraph (a), after the word “and”, the words “before, on, or after that date”.

(2) Section 114A of the principal Act is hereby further amended by inserting, after subsection (2), the following subsections:

- “(2A) Subject to this section, in any case where—

- “(a) The Commissioner is satisfied that a binding contract has been entered into by any taxpayer on or before the 31st day of July 1986; and

- “(b) Pursuant to that binding contract, a safety device or, as the case may be, a taxicab of the kind referred to in subsection (2) of this section was acquired by that taxpayer on or after the 1st day of August 1986; and

- “(c) That safety device or, as the case may be, that taxicab was acquired within such period after the 31st day of July 1986 as, in the opinion of the Commissioner, is reasonable in the circumstances of the particular case,—

subsection (2) of this section shall apply in relation to that safety device or, as the case may be, that taxicab as if it had been acquired on or before the 31st day of July 1986.

- “(2B) Subject to this section, in any case where—

- “(a) The Commissioner is satisfied that, on or before the 31st day of July 1986, any taxpayer has entered into a binding agreement to lease from any person under a specified lease (as defined in section 222A (1) of

this Act) any taxicab to which subsection (2) of this section applies; and

“(b) The lease term of that lease commences after the 31st day of July 1986 and within such period after that date as, in the opinion of the Commissioner, is reasonable in the circumstances of the particular case,—

subsection (2) of this section shall apply in relation to that lease as if the lease term had commenced on or before the 31st day of July 1986.”

9. Depreciation allowance for alternative fuel systems in certain motorcars—Section 114B (2) of the principal Act (as inserted by section 18 of the Income Tax Amendment Act (No. 2) 1982 and amended by section 54 (2) of the Income Tax Amendment Act 1983) is hereby amended by inserting, after the word “Where”, the words “, in any income year ending on or before the 31st day of March 1987,”.

10. Additional depreciation allowance on certain capital expenditure in relation to fishing boats—Section 115 (1) of the principal Act (as amended by section 54 (2) of the Income Tax Amendment Act 1983) is hereby amended by inserting, after the words “business of fishing (within the meaning of section 109 of this Act) has”, the words “, on or before the 31st day of March 1988,”.

11. Depreciation allowance for capitalised demolition costs and residual values of certain buildings used as export slaughterhouses and packing houses—(1) Section 116 (2) of the principal Act (as amended by section 17 (4) of the Income Tax Amendment Act (No. 2) 1982) is hereby further amended by inserting, after the words “1st day of April 1973”, the words “and on or before the 31st day of July 1986”.

(2) Section 116 of the principal Act (as so amended) is hereby further amended by inserting, after subsection (2), the following subsection:

“(2A) Subject to this section, in any case where—

“(a) The Commissioner is satisfied that a binding contract for the demolition of any building (being a building which, prior to demolition, was used wholly for the purposes of the business of an export slaughterhouse or a packing house in New Zealand) has been entered into by the taxpayer on or before the 31st day of July 1986; and

“(b) Pursuant to that binding contract, the demolition referred to in subsection (2) of this section has been completed by that taxpayer on or after the 1st day of August 1986; and

“(c) That building has been demolished within such period after the 31st day of July 1987 as, in the opinion of the Commissioner, is reasonable in the circumstances of the particular case,—
subsection (2) of this section shall apply as if that building had been demolished on or before the 31st day of July 1986.”

12. Expenditure on scientific research—(1) The principal Act is hereby amended by repealing section 144 (as substituted by section 20 (1) of the Income Tax Amendment Act 1986), and substituting the following section:

“144. (1) In calculating the assessable income derived by any taxpayer during any income year, the Commissioner may—

“(a) Allow such deduction as he thinks fit in respect of any expenditure, incurred by the taxpayer during that income year, in connection with scientific research carried on or carried out for the purpose of the deriving, by the taxpayer, of assessable income, except so far as the expenditure relates to an asset in respect of which a deduction for depreciation is allowable under this Act:

“(b) Subject to sections 111, 111A, and 117 of this Act, allow such deduction as he thinks fit by way of depreciation in respect of any asset (being an asset to which the provisions of section 113 of this Act do not apply) used by the taxpayer in that income year in connection with scientific research carried on or carried out for the purpose of the deriving, by the taxpayer, of assessable income; and any deduction so allowed shall be in substitution for all other deductions otherwise allowable to the taxpayer by way of depreciation in respect of that asset in that income year under section 108 of this Act.

“(2) Without limiting the discretion of the Commissioner under this section, it is hereby declared that he may refuse in whole or in part to allow any deduction under subsection (1) (b) of this section in any case where he is not satisfied that complete and satisfactory accounts have been kept by or on behalf of the taxpayer.”

(2) The Income Tax Amendment Act 1986 is hereby consequentially amended by repealing section 20.

(3) This section shall apply in respect of the tax on income derived in the income year that commenced on the 1st day of April 1985 and in every subsequent year.

13. Export-market development and tourist-promotion expenditure—(1) Section 156F of the principal Act (as inserted by section 18 of the Income Tax Amendment Act 1979) is hereby amended by repealing subsection (2), and substituting the following subsection:

“(2) Subject to this section, where a taxpayer has in relation to the income year commencing on the 1st day of April 1986 incurred any export-market development expenditure or, as the case may be, tourist-promotion expenditure that, if it were not for subsection (6) of this section, would be allowable as a deduction in calculating the assessable income derived by that taxpayer in that income year, there shall be allowed to that taxpayer a credit of tax equal to 69 percent of the amount of that expenditure.”

(2) Section 21 (1) of the Income Tax Amendment Act 1986 is hereby repealed as from its commencement.

(3) This section shall be deemed to come into force on the 1st day of April 1986 and shall apply to the tax on income derived in the income year that commenced on that date.

14. Export-market development activities incentive for self-employed taxpayers—(1) Section 156G of the principal Act (as inserted by section 18 of the Income Tax Amendment Act 1979) is hereby amended by repealing subsection (2), and substituting the following subsection:

“(2) Subject to this section, where, in the income year commencing on the 1st day of April 1986 a taxpayer, not being a company, who derives assessable income from a business in New Zealand has engaged in export-market development activities, there shall be allowed to that taxpayer a credit of tax equal to 69 percent of the value of the time spent by the taxpayer in those activities in that income year.”

(2) Section 22 (2) of the Income Tax Amendment Act 1986 is hereby repealed as from its commencement.

(3) This section shall be deemed to have come into force on the 1st day of April 1986 and shall apply to the tax on income derived in the income year that commenced on that date.

15. Amounts paid on shares in mining holding companies to be used for mining specified minerals—Section 159 (2) of the principal Act is hereby amended by inserting, after the words “has made any payment”, the words “, on or before the 30th day of September 1986, pursuant to a call made on or before the 31st day of July 1986,”.

16. Amounts paid on shares in mining holding companies used for petroleum exploration—(1) Section 159A (2) of the principal Act (as inserted by section 37 of the *Income Tax Amendment Act 1979*) is hereby amended by inserting, after the words “has made any payment”, the words “, on or before the 30th day of September 1986, pursuant to a call made on or before the 31st day of July 1986,”.

(2) Section 159A (3) of the principal Act (as so inserted) is hereby amended by inserting, after the words “payment made in that income year”, the words “, on the day on which the payment was made by the trustee,”.

17. Amounts paid on shares in mining companies—Section 160 (2) of the principal Act is hereby amended by inserting, after the words “has made any payment”, the words “, on or before the 30th day of September 1986, pursuant to a call made on or before the 31st day of July 1986,”.

18. Amounts paid on shares in petroleum mining companies—(1) Section 160A (2) of the principal Act (as inserted by section 39 of the *Income Tax Amendment Act 1979*) is hereby amended by inserting, after the words “has made any payment”, the words “, on or before the 30th day of September 1986, pursuant to a call made on or before the 31st day of July 1986,”.

(2) Section 160A (3) of the principal Act (as so inserted) is hereby amended by inserting, after the words “payment made in that income year,” the words “, on the day on which the payment was made by the trustee,”.

19. National superannuitant surcharge rate—(1) Section 336D (1) of the principal Act (as inserted by section 17 (1) of the *Income Tax Amendment Act 1984* and amended by section 3 (3) of the *Income Tax Amendment Act 1985*) is hereby further amended by omitting the expression “25”, and substituting the expression “18”.

(2) Section 336J (2)(a) of the principal Act (as inserted by section 17 (1) of the *Income Tax Amendment Act 1984* and

amended by section 4 (1) of the Income Tax Amendment Act 1985) is hereby consequentially amended by omitting the expression “25” in each place where it occurs in the said section 336J (2) (a), and substituting the expression “18”.

(3) Notwithstanding anything in the principal Act, section 336D (1) of the principal Act (as amended by subsection (1) of this section) shall apply to the national superannuitant surcharge in respect of the other income of every national superannuitant for the income year that commenced on the 1st day of April 1986 as if the expression “18” were the expression “21.5”.

(4) Subsections (1) and (3) of this section shall apply to the national superannuitant surcharge in respect of the other income of every national superannuitant for the income year that commenced on the 1st day of April 1986 and in every subsequent year.

(5) Subsection (2) of this section shall apply to any source deduction payment made on or after the 1st day of October 1986.

PART II

FAMILY SUPPORT

20. Application of this Part—This Part of this Act shall apply in respect of the income year that commenced on the 1st day of April 1986 and in every subsequent year.

21. Determination of assessable income—Section 374B (3) of the principal Act (as inserted by section 17 (1) of the Income Tax Amendment Act (No. 2) 1986) is hereby amended by inserting in paragraph (c), after the word “employment”, the words “and otherwise than by way of a benefit that was an income-tested benefit”.

22. Credit of tax by instalments—(1) Section 374G (1) of the principal Act (as inserted by section 17 (1) of the Income Tax Amendment (No. 2) 1986) is hereby amended by adding, after the words “payment to the person”, the words “, or to the spouse of the person on behalf of the person,”.

(2) Section 374G (2) of the principal Act (as so inserted) is hereby amended by repealing paragraph (b), and substituting the following paragraph:

“(b) In relation to so much of the assessable income of any signatory as is expected to be derived from the carrying on of a business, either—

“(i) A copy of the annual accounts of the business for the income year (or the accounting year that, under and for the purposes of this Act, corresponds with the income year) immediately preceding the income year that contains the elected period; or

“(ii) Where the Commissioner is satisfied that the annual accounts referred to in subparagraph (i) of this paragraph have not been completed, a copy of the annual accounts of the business for the income year (or the accounting year that, under and for the purposes of this Act, corresponds with the income year) that precedes the year immediately preceding the income year that contains the elected period; or

“(iii) A set of budgeted accounts of the business for the income year (or the accounting year that, under and for the purposes of this Act, corresponds with the income year) that contains the elected period; or

“(iv) Such other evidence as is acceptable by the Commissioner in relation to the business for the income year (or the accounting year that, under and for the purposes of this Act, corresponds with the income year) that contains the elected period.”

(3) Section 374G (6) of the principal Act (as so inserted) is hereby amended by inserting in paragraph (d), after the words “hereafter in this paragraph”, the words, “and in paragraph (da) of this subsection”.

(4) Section 374G (6) of the principal Act (as so inserted) is hereby further amended by inserting, after paragraph (d), the following paragraph:

“(da) Where in an application made in accordance with subsection (2) of this section,—

“(i) Any person, being a qualifying person, has stated that that person expects that, in relation to the current year, the person has or will have an obligation to pay provisional tax or has stated that, but for any of the reasons specified in subparagraphs (i) to (v) of paragraph (d) of this subsection, the person would, in relation to the current year, expect to have an obligation to pay provisional tax, require the Director-General to pay to the person such interim instalments by way of credit of tax as are specified in the certificate of entitlement; or

“(ii) Any person, being the spouse of a qualifying person, has stated that that person expects that, in relation to the current year, the person has or will have an obligation to pay provisional tax or has stated that, but for any of the reasons specified in subparagraphs (i) to (v) of paragraph (d) of this subsection, the person would, in relation to the current year, expect to have an obligation to pay provisional tax, require the Director-General to pay to the qualifying person, on behalf of the person, such interim instalments by way of credit of tax as are specified in the certificate of entitlement:”.

(5) Section 374G (7) of the principal Act (as so inserted) is hereby amended by omitting the words “paragraphs (a) to (d)”, and substituting the words “paragraphs (a) to (da)”.

(6) Section 374G of the principal Act (as so inserted) is hereby further amended by inserting, after subsection (11), the following subsection:

“(11A) Any qualifying person who is the spouse of any person to whom the Commissioner issues a certificate of entitlement under subsection (6) (da) (ii) of this section requiring the Director-General to make to that qualifying person, on behalf of that person, payment of interim instalments by way of credit of tax shall, upon the delivery of the certificate of entitlement to the Director-General, be entitled to receive from the Director-General, at such times as the Director-General considers appropriate, such of those payments as, in accordance with the certificate of entitlement, are to be made during such part of the elected period as, at the commencement of the day on which the said delivery is made, has not expired.”

23. Employer to deliver credit of tax—Section 374H (7) of the principal Act (as inserted by section 17 (1) of the Income Tax Amendment Act (No. 2) 1986) is hereby amended by omitting the words “additional tax”, and substituting the word “penalty”.

24. Director-General to deliver credit of tax—(1) Section 374I of the principal Act (as inserted by section 17 (1) of the Income Tax Amendment Act (No. 2) 1986) is hereby amended by inserting, after subsection (1), the following subsection:

“(1A) Where a certificate of entitlement, issued to any qualifying person who is the spouse of any person, under section 374G (6) (da) (ii) of this Act (being a certificate of

entitlement that requires the Director-General, other than as an employer, to make payment to the qualifying person, on behalf of the person, of the amount of any interim instalment by way of credit of tax), is delivered by the person to the Director-General, the Director-General shall, in such period as—

“(a) Commences on the later of—

“(i) The commencement day specified in the certificate of entitlement:

“(ii) The day on which the certificate of entitlement is so delivered to the said Director-General; and

“(b) Ends with the earlier of—

“(i) The day on which the Director-General is, while the certificate of entitlement is held by him, notified by the Commissioner that the certificate of entitlement is withdrawn by the Commissioner:

“(ii) The termination day specified in the certificate of entitlement,—

pay, as agent for the Commissioner, to the qualifying person on behalf of the person, at such times (in the said period) as the Director-General considers appropriate, such amount of (and by way of) the interim instalments by way of credit of tax shown in the certificate of entitlement as the Director-General, having regard to the said period, determines should so be paid; and every payment so made shall, for the purposes of this Act, be deemed to have been made to the person and not to the qualifying person.”

(2) Section 374I(4) of the principal Act (as so inserted) is hereby amended by inserting, after the words “makes any payment or payments to any person”, the words “or to the spouse of the person on behalf of the person”.