The ordinary depreciation rate on plant is 7½ per cent. on the diminishing value, while the ordinary depreciation rate on buildings is—

1 per cent. in respect of reinforced concrete.
1½ per cent. in respect of brick, stone, or concrete walls.
2½ per cent. in respect of wooden frame.

In the case of buildings, the depreciation is calculated on the original cost.

The table which I have read shows that the normal rate of 7½ per cent. diminishing value has been allowed on plant, with an additional special depreciation of £4,000 in each of five years (that is, a total of £20,000, being 20 per cent. of the cost of plant, £100,000). As regards buildings, the table shows 1 per cent. on the original cost, plus a further £4,000 for each of five years, making a total of £20,000 special depreciation, equivalent to 20 per cent. of the original cost of buildings.

In the ordinary course, if the special depreciation allowance were not granted, the plant costing £100,000 would be written down to a residual figure of £67,721, as compared with the residual figure above of £50,501. In the case of buildings, the normal residual figure would be £95,000, as compared with £75,000 in the table.

The incidence of taxation in general is under examination and it is proposed during the year to take steps to remove any proved injustices or anomalies.

Double taxation.

An agreement has recently been concluded between the United Kingdom and the United States of America Governments for the purpose of eliminating "double" taxation. A similar agreement is contemplated between the United Kingdom and New Zealand Governments whereby English companies establishing branch factories in New Zealand will be taxable in the United Kingdom on the total profits, subject to a credit for tax paid in New Zealand on the New Zealand profits. A similar principle will apply in converse cases. This will enable new industries, with the advantage of overseas patent rights, formulæ, and key personnel to be established in the Dominion.

ESTIMATES FOR 1945–46

Consolidated Fund.

For the current financial year the total revenue of the Consolidated Fund is expected to produce £57,294,000, and with expenditure as set out in the estimates at £56,533,000 there is a balance available for supplementary estimates and contingencies of £761,000.

Summarized the estimated receipts and expenditure are—

REVENUE

	£	£
Taxation—		
Customs	8,500,000	
Beer duty	2,100,000	
Sales tax	4,200,000	
Film hire	125,000	
Highways	2,126,000	
Stamp duty	2,250,000	
Land-tax	930,000	
Income-tax	27,000,000	
Miscellaneous	100,000	
		47,331,000
Interest recoveries from trading activities, &c.	5,403,000	
Other receipts	4,560,000	
		9,963,000
		£57,294,000