

The special exemption is now limited to £500, and this is to be increased to £1,000. Apart altogether from the reduction in taxation involved, approximately twenty-five thousand owners of land will not in future be required to fill in land returns. A further effect will be to reduce substantially a great amount of departmental work involved in sorting, checking, and assessing returns.

#### **Income-tax**

As announced when the successful £20 million loan was launched, the penal 33 $\frac{1}{3}$  per cent. extra income-tax on so-called unearned income is to be abolished. We want savings to provide capital for the development of the country's resources, and they should be encouraged and not penalized.

Another adjustment aimed at encouragement of those who continue working or who derive taxable income from accumulated savings is a proposal to increase from £200 to £300 the personal exemption in the assessment of income-tax for persons over sixty-five years at the end of the income year.

The general provision for a rebate of up to £10 on income-tax otherwise payable by individuals will be continued.

As an incentive to increased primary production and a direct encouragement to the development of farm land the Government proposes that certain developmental expenditure be allowed as a deduction for taxation purposes. Under this provision expenditure such as the cost of clearing scrub, weeds, and other growth detrimental to the land and also the cost of cultivating and seeding additional pastures may be claimed as a deduction.

The Government will also make provision to enable farmers actively engaged in farming to claim as a deduction for taxation an amount not exceeding £200 in any income year for expenditure incurred in such items as draining, making fences rabbit-proof, access tracks, earthen dams, repairing flood or erosion damage, and constructing landing strips to facilitate aerial top dressing.

The Government recognizes that greater productivity can be achieved by increased mechanization, and as an incentive in this direction the Commissioner of Taxes will be empowered to grant an initial depreciation allowance of 30 per cent. on new farm equipment such as farm tractors, hay and silage, top-dressing, and cultivation