

RURAL INCOME-TAX.

SPECIMEN RETURN FOR DAIRY-FARMERS.

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SECTION 85 of the Land and Income Tax Act, 1916, sets out the items deemed to be comprised in the term "assessable income," and, *inter alia*, includes, under subsection (d), "All profits or gains derived from the use or occupation of land, or the extraction, removal, or sale of minerals, timber, or flax, whether by the owner of the land or by any other person." This clause brings into consideration as assessable the income derived from land by a farmer. It is not necessary for the person deriving the income to own the land, neither is it necessary for the products of the land to be sold for assessable income to be charged.

Subsection (c) includes, "All profits or gains derived from the sale or disposition of land or any interest therein, if the business of the taxpayer comprises dealing in such property, or if the property was acquired for the purpose of selling or otherwise disposing of it at a profit." This clause is intended to cover the buying, selling, or exchanging of freehold or leasehold interest in land by means of which profit is made. It would not be applicable to the ordinary *bona fide* farmer who disposes of land at a profit in an isolated transaction, but should it turn out that the land in question, even if farmed, was originally bought by the farmer as a speculation, then the profit made on the sale would be assessable.

RETURNS OF INCOME.

Returns of income are required to be furnished annually on or before 1st June by all persons in business and by all farmers, irrespective of the amount of income derived by them, and by all other persons whose income exceeds the sum of £250. Returns should be made up to 31st March, but taxpayers may with the approval of the Commissioner of Taxes compile their return to a date other than 31st March if found to be more suitable. In such cases the return should be furnished as early as possible after the date the taxpayer closes his books for balancing purposes.

The return should show the exact income and expenditure for the year under the various headings set out in the form, and the numbers and values of live-stock on hand at the beginning and the end of the year; also farm-produce (if any). In furnishing a return for any year the values entered for live-stock and produce at the commencement of the year must in all cases agree with the values entered in the previous year's return prepared at the expiry of that year. It is advisable for farmers to adopt a reasonable standard value for their live-stock and adhere to that value in rendering returns for income-tax. Unless this is done it is quite possible that a taxpayer may be levied with tax on income which is not realized.