

If no return of income is furnished by a taxpayer, or if an *estimated* or *incomplete* return is furnished, an assessment is made by the Tax Department on an amount which is considered by it fair and reasonable. The Act provides that a notice of assessment must be sent to all taxpayers, so that a taxpayer who is thus assessed in default of a return, or on account of an unsatisfactory return, is given the opportunity if he is dissatisfied with the assessment of furnishing a proper return and having, if his case warrants it, a correct assessment made. Taxpayers should be particularly careful to lodge an objection to an incorrect assessment before the date specified on the notice. Failure to do this renders the taxpayer liable to the amount of tax assessed, as the Commissioner has the power to refuse to reconsider any assessment unless objection is made at the proper time.

The exemptions allowable from the assessable income in the *ordinary* assessment are as follows:—

(1.) Ordinary exemption of £300, which is allowed where the assessable income is £600 and under. Where the assessable income exceeds £600 the exemption diminishes by £1 for each £1 of the excess over £600. So that on assessable incomes of £900 and over no exemption under this heading is allowed.

(2.) Life insurance: This exemption is limited to £50, and must be on the taxpayer's own life. Insurance premiums paid on children's lives are not allowable.

(3.) Superannuation-fund payments, limited to £100.

(4.) Exemption for children: £25 is allowed for each child under the age of sixteen on 31st March in the year for which the return of income is made, and is all irrespective of the amount of income derived.

(5.) An exemption of 5 per cent. on the unimproved value of all land owned by the taxpayer and used in the production of his assessable income.

The exemptions allowable in the ordinary assessment are not allowable in the war-tax assessment. The law provides that the excess of the assessable income over £300 shall be chargeable with tax in that assessment.

The rate of income-tax chargeable in both ordinary and war-tax assessments is 6d. in the £1 on taxable amounts of £400 and under. On amounts in excess of £400 the rate increases by $\frac{1}{20}$ d. for each £1 of the taxable amount in excess of £400. The maximum rate is 3s. in the £1, which is reached on a taxable amount of £6,400. To the tax calculated in the war-tax assessment at the rate chargeable is added a super tax of 50 per cent. The maximum rate of income-tax is therefore 7s. 6d. in the £1 (3s. in ordinary assessment plus 4s. 6d. in the £1 in war-tax assessment).

The rates of taxation given are those chargeable in assessments made on income derived during the year ended 31st March, 1918, and on land owned at that date. The rates chargeable in assessment to be made for the current year will not be known until this year's Taxing Act is passed in Parliament.

In the case of partnerships a joint return should be made showing the net income derived and the shares of the partners therein. Individual returns need not be made by the partners unless they derive income in addition to that derived from the partnership.