

**LEGAL SCHOLARSHIP NETWORK: LEGAL STUDIES RESEARCH PAPER SERIES****VICTORIA UNIVERSITY OF WELLINGTON LEGAL RESEARCH PAPERS**

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Collected papers by the Right Honourable Sir Ivor Richardson  
Part II Tax Accounting, Interest, Trading Stock, Fringe Benefits, and Mutuality

The Richardson Series collects the papers of the Right Honourable Sir Ivor Richardson, Distinguished Fellow of the Victoria University of Wellington Law Faculty. The Faculty gratefully acknowledges the sponsorship of the New Zealand Branch of the International Fiscal Association, whose generosity funds the Richardson Series.

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## **LEGAL SCHOLARSHIP NETWORK: LEGAL STUDIES RESEARCH PAPER SERIES**

### **VICTORIA UNIVERSITY OF WELLINGTON LEGAL RESEARCH PAPERS**

#### ["Problems in Deductibility of Interest"](#)

Business and Law, Vol. 1, No. 2, pp. 46, 1966

[Victoria University of Wellington Legal Research Paper Series Richardson Paper No. 8](#)

[IVOR RICHARDSON](#), Victoria University of Wellington - Faculty of Law  
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The deductibility of interest was previously governed by s 112(g) of the Land and Income Tax Act 1954, which provided that no deduction could be made in respect of interest, except so far as it was payable on capital employed in the production of assessable income (cf. section DA1 of the Income Tax Act 2007). This article discusses the questions posed by the application of this provision to factual situations arising in commercial and family transactions. These questions include the meaning of the term 'interest', the test of deductibility, the appropriate forms of structuring to ensure deductibility of interest, and the creation of deductions by means of artificial transactions. A further consideration is whether, in principle, interest should always be deductible if the capital is employed in the production of assessable income, particularly where allowing a deduction for interest creates a tax preference for debt financing.

Abstract by Allegra Crawford.

#### ["Some Aspects of Valuation of Trading Stock for Income Tax Purposes"](#)

New Zealand Universities Law Review, Vol. 1, No. 2, 1964

[Victoria University of Wellington Legal Research Paper Series Richardson Paper No. 9](#)

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Prompted by a substantial growth in the number of New Zealand tax cases, this article explores some of the practical difficulties arising under a section of the Land and Income Tax Act 1954 which, at the time of writing, was yet to be judicially considered. Section 98(4) of the Act allowed for taxpayer valuation of trading stock at the close of the income year on the basis of either cost price, market selling value, or replacement value. In questioning the definitions of these terms, the

mechanics of the valuations, and the powers of the Commissioner in respect of the taxpayer's valuations, Sir Ivor highlights the shortcomings in the drafting of the provision, with the conclusion that such shortcomings ought to be resolved by certain guiding principles on a case-by-case basis.

Abstract by Holly Hill.

["Tax Free Fringe Benefits"](#) 

Sydney, Rydge Publications Pty Ltd, 1975

[Victoria University of Wellington Legal Research Paper Series Richardson Paper No. 10](#)

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The Land and Income Tax Act 1954 was interpreted by the courts to provide a uniquely favorable tax status being granted to employee fringe benefits. The term "fringe benefit" describes those benefits passed by an employer to an employee other than the payment of wages and salaries. Tax Free Fringe Benefits aims to provide an account of the various types of fringe benefits, and how they may have been adopted to benefit both employer and employee under the Land and Income Tax Act 1954.

Abstract by Holly Hill.

["Appendix \(a\) - Legal Opinion on Taxation: The Mutuality Principle"](#) 

CO-OPERATIVE RETAILING IN NEW ZEALAND, Pole, 1969

[Victoria University of Wellington Legal Research Paper Series Richardson Paper No. 11](#)

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This paper considers the mutuality principle in tax law and the effect that s 145 of the Land and Income Tax Act 1954 has had on this principle. The mutuality principle is the doctrine that, in the absence of special legislation, a payment to oneself cannot constitute income. The paper first canvases the decisions that established this principle and the relevant United Kingdom provision, before assessing the scheme and scope of s 145.

["The Impact and Influence of Accounting and Economic Principles on Taxation Law"](#) 

(1998) 4 NZJTL 18

[Victoria University of Wellington Legal Research Paper Series Richardson Paper No. 12](#)

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This article considers the impact of economic and accounting principles on the current tax regime, and the influence these principles may have on future changes in income tax laws. It analyses the differing definitions, purposes and principles of the three fields, and their efficiency of achieving the overall goal of an effective tax system.

Abstract by Holly Hill.

["Halfway House: The Uneasy Ambivalence of the Tax Law Structure: A Summary of 'Tax Laws and Tax Litigation'"](#) 

The Accountants Journal, Vol. 59, pp. 378, 1980

[Victoria University of Wellington Legal Research Paper Series Richardson Paper No. 13](#)

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This article summarizes the speech that the Right Hon. Mr. Justice Richardson gave at the Society's 1980 Residential Taxation Seminar in Wellington, entitled "Tax Laws and Tax Litigation." In the speech he commented that the structure of New Zealand tax legislation had not been revised in the light of developments in accounting principles and commercial practice since the turn of the century and there thus existed an uneasy ambivalence between the legislation and modern principles and practice.

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## About this eJournal

The Victoria University of Wellington was founded in 1899 to mark the Diamond Jubilee of the reign of Queen Victoria of Great Britain and of the then British Empire. Law teaching started in 1900. The Law Faculty was formally constituted in 1907. The first dean was Richard Maclaurin (1870-1920), an eminent scholar of both law and mathematics. Maclaurin went on to lead the Massachusetts Institute of Technology as President in its formative years. Early professors included Sir John Salmond (1862-1924), still one of the Common Law's leading scholars. His texts on jurisprudence and torts have gone through many editions and remain in print.

Alumni include Sir Robin Cooke (1926-2006), one of the leading judges of the British Commonwealth. As Baron Cooke of Thorndon, he sat on over 100 appeals to the Judicial Committee of the House of Lords, one of very few Commonwealth judges ever appointed to do so.

Since 1996 the [Law School](#) has occupied the Old Government Building in central Wellington. Designed by William Clayton and opened in 1876 to house New Zealand's then civil service, the building is a particularly fine example of Italianate neo-Renaissance style. Unusually among large colonial official buildings of the time it is constructed of wood, apart from chimneys and vaults.

The School is close to New Zealand's Parliament, courts, and the headquarters of government departments. Throughout Victoria's history, our law teachers have contributed actively to policy formation and to law reform. As a result, in addition to many scholarly articles and books, the Victoria SSRN pages include a number of official reports.

Victoria graduates approximately 230 LLB and LLB(Hons) students each year, and about 60 LLM students. The faculty has an increasing number of doctoral students. Ordinarily there are ten to twelve students engaged in PhD research.

Victoria University observes the British system of academic ranks. In North American terms, lecturers and senior lecturers are tenured doctrinal scholars, not legal writing teachers. A senior

lecturer corresponds approximately to a North American associate professor in rank.

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