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**The Genesis and Early Evolution of
New Zealand Income Tax: An Examination of
Governor Fitzroy's Experiments with Taxation,
1843 - 1845**

A thesis presented in fulfilment of the requirements for the degree of

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In

Economics

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Abstract

This thesis focuses on the genesis and development of direct taxation in early New Zealand. During the study period (1843-45), both taxpayers and tax were new to the colonial settlement and this study traces the early history of the two trying to accommodate each other. Between 1843 and 1845, subject to the politics of tax, the fiscal future of the colony was decided.

The thesis begins by contextualising the study. It critically examines the revenue and expenditure record of the Crown Colony period and then details the antecedents of New Zealand fiscal policy in general and specifically tax policy (our shared English heritage). Thereafter, four interesting events in New Zealand tax law are discussed: (1) Schedule E of the British *Land and Income Tax Act, 1842* (arrived in New Zealand 1843); (2) *The Property Rate Ordinance, 1844*; (3) the proposed *Amendment* to the *Property Rate Ordinance, 1844*; and, (4) the proposed *Dealers' Licensing Ordinance* in 1845. After analysing the period's individual direct tax laws, the thesis elaborates on the political process which determined the development of this body of tax laws. Thereafter, the thesis develops a conceptual model to explain the tax reform process of the study period. The thesis finds that tax policy during the study period was driven by four key influences: crisis (internal/external and economic); political considerations; the application of sound nineteenth-century economic policy; and importantly, the precedent of another nation's experience with tax policy development.

To have knowledge of such events in economic history (the past record of tax law), how and why they occurred, matters. Just as a nation's financial accounts are built on the foundations of the previous fiscal year, future taxation policy will be based on current taxation policy; tax laws which were developed from past (historic) tax practices. Therefore, knowledge of how New Zealand formulated tax policy in the past and why it did so, is of interest to fiscal policy makers today. Future tax policy is simply a derivation of past tax laws; the development of New Zealand's taxation policy began in New South Wales in 1839, and thereafter began, what this thesis suggests, was a predictable, evolutionary process.

Dedication

This thesis is dedicated to the memory of Jieun Jung - otherwise known as JJ - my friend, mentor and confidant who, sadly, is no more.



(Miss Jung)

October 1, 1979 – April 29, 2009

How Shall I Remember Her

With love and affection – always;

Kevin

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