

New Zealand Society of Great Britain

Meeting on Zoom,
Thursday 26th October
2023

New Zealand Wage Tax
stamps 1931 – 1958

Overview and examples -
display by Jim Shaw

NEW ZEALAND WAGES TAX EVOLUTION – 1931 to 1958

In 1929, New Zealand was subjected to the same level of the global economic depression experienced by many other developing countries. This all resulted in a high level of unemployment. In 1929 12% of the population was unemployed increasing to 30% in 1932. By 1935, it had reduced to 20% and then again to 8% by 1940. These were cataclysmic results for the Government, families and dole workers. Many schemes were used to overcome these problems.

As a measure to assist in alleviating the plight of the situation, Parliament enacted the **Unemployment Amendment Act 1930**, requiring all employed males aged 20 and over to pay a 30 shillings registration and to pay tax on all income earned at a rate set at the time. This registration was later reduced to 20 shillings annually. A few years later the same wages tax registration was applied to the female workforce (16 years and over).

This Act allowed for collection of **WAGES TAX** (rates set as below) payable on all wages and salaries through the purchase of wages tax stamps. It acted as a support system to assist the unemployed by being levied on all employed people. It also raised revenue for the Government providing the social works and welfare system that evolved over time.

Unemployment £4 Grey



Unemployment £4 Pink 1936 opt



Employment £4 1939



Social Security £4 1939



The system continued as a wages tax under three different guises- namely "Unemployment Relief", "Employment" and "Social Security" until 31st March 1958 when it ceased on the introduction of the "Pay As You Earn" (PAYE) consolidated Income Tax scheme. The schemes were supervised with "Audits" by "Accountants".

EXHIBIT PLAN

P 1 to 48 Unemployment series 1931 to 1936

P 49 to 60 Employment series 1937 to 1939

P 61 to 85 1939 to 1944 -Social Security & provisional overprints P 86 to 128 Social Security series 1945 to 1958

This exhibit illustrates the development of tax imposition on a struggling and economically exhausted country with a comprehensive display of stamps, printings and varieties. It is extremely significant in that it contains a full record of all issues in the wages tax "stamps" collection period. This was the genesis of the PAYE wages tax system and the basic foundation of tax imposition which followed after 1958 and continues to this day.

The design of the stamps was based on the 1929/30 Health stamp. A copy of the 1930 health stamp is on page 2. The only known recorded proofs essays were done by the printers. The printers also produced colour match proofs. All stamps were printed by Lithography from Zinc plates. The majority were on Cowan unsurfaced, chalk-surfaced or Jones & Wiggins Teape chalk-surfaced paper, with single or multiple watermarks. Perforation was by Single Comb heads, with varying gauges. All stamp printing (and overprinting) work was completed at the Government Printing Office in Wellington. Overprinting was by Letterpress. One plate was used for the £4 value, two plates were used for all other values. All printings were in 240 format (10 rows of 24) per sheet. Over the years new values were issued as well as replacement of a number of values with colour changes (chiefly to overcome confusion of values with similar colours.)

In all there were **eight rates of wages tax applied** from 1931 to 1958. 2021 was the 90th Anniversary of issue

- | | |
|-------------|--|
| 1 AUG 1931 | - 1.25% being 3d in the £ , the issue of Unemployment stamps |
| 30 APR 1932 | - 5.0% being 1s in the £ , due to the need for depression relief tasks |
| 1 OCT 1934 | - 4.167% being 10d in the £ , as a result of depression recovery |
| 1 OCT 1935 | - 3.33% being 8d in the £ , a reduced rate and further recovery actions |
| 14 SEP 1938 | - 5.0% being 1s in the £ , with Employment issue stamps |
| 1 JULY 1940 | - 10.0 % being 1s & 1s war tax = 2s in the £ , "Social Security" to provide funds for war defence |
| 1 MAY 1942 | - 12.5% being 2/6d = 1s & war tax of 1/6d in the £ , impost to assist war recovery |
| 1 APR 1947 | - 7.5% being 1/6d in the £ , abolishing most of the war tax to the last issue in 1958 |

The exhibit is grouped into 8 frames - displayed in sequential periods of issue, year by year, with rates of tax applied, as stated above. Key items are "boxed" and highlighted with mounts, rarities are few, while "E" items are expertised. Studies of "plate varieties" of 1d, 1s, 2s and £4 of the unemployment, 1d employment and 1d social security are shown.

REFERENCES "New Zealand Wage Tax Stamps" listing by Bernard Styris (& notes by Dr Ken McNaught) – 2008 & 2009 editions
Kiwi catalogue-NZ Revenue stamps- D Smitham & Mowbray Collectables 5th Edition 2013, NZ Museum archives, Wellington

Exhibitor Articles : NZSC journal – Dec 1977, p97-98, Dec 1979, p105 -107, June 2014, p 112-120 Steve Zirinsky "journal May 2012
RPSNZ Handbook Vo VI – Chap XXV, p 317-322, NZSGB "Kiwi" Journal, vol 62, no5 p 98-99. Vol 64 no 2, p50-52, Inte alia..

Printed on Wiggins Teape un-surfaced & surfaced paper, on Single NZ & Star paper

Issued for 1s value this was an experimental trial – sheets were sent to the Stamps Custodian in imperforate condition
1s value – the paper was uncoated and was overprinted with the 1936 year date slug in the full sheets.

Taxed at 8d in the £ in 1936 (from 1st Oct 1935) @ 3.33%
Perforated 13.75 x 14.75 by Single comb



1s chalk-surfaced paper

1s unsurfaced paper

1s Possible Double print of stamp design *

[This is the first copy sighted of a possible double print] – This could be a "transfer double print"

- See 'NZ Unemployment Tax – a possible double impression?', NZ Stamp Collector, Dec. 2018

Scan of normal surfaced paper

Scan of error unsurfaced paper



Wages tax usage from that era with one example of the unsurfaced paper alongside multiple examples of the 1s chalk-surfaced paper usage – the "blurred" effect of ink drag seems to affect all this printing. The surfaced paper print is much clearer and well defined and apparently a lighter green.



Illegal usage on cover

PER *Airmail* VIA *Australia - Singapore - London*BY AIR MAIL
PAR AVION

THE SECRETARY,

THE UNION BANK OF AUSTRALIA LIMITED,

71, CORNHILL,

LONDON,

ORIG. 4250 /

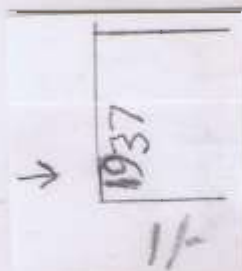
DUP. —

Dunedin
*183**13/7/1937*

Usage of the 1s & 2s values of 1937 issue illegally on cover from North Otago (13 JL 37) with a "Travelling Post office" cancel to London (via Australia on Singapore to London airmail route) that has been detected and charge the "3s" with a pictorial postage stamp as a makeup airmail rate. The marking of "Orig 4250" appears to be a mail bag reference as the cover is not backstamped on arrival in London. It was not strictly correct per the P O rules as no deficiency was applied. The sender was clearly known to the Dunedin Post office staff and was informed. (E)



Phantom "1" error in type to left of "1937" on 6d value



Wages book usage with a 1/- value with "1937" font error - displaced "19" above "37"

SOCIAL SECURITY

1943 Overprint on 1941

Printed on Wiggins Teape chalk-surfaced Single NZ & Star watermark paper

Issued in 1943 for 1d, 5d, 9d & 2/6 values

Taxed at 12.5% (2/6d in the Pound)

Perforated 13.75 x 14.75 by single comb head

No 1s or 2s stamps were overprinted in 1943

Very few copies are recorded- All are extremely scarce
Perhaps only several quarter sheets of each was overprinted



5d value
(3 copies known)



1 d value



9 d value



2/6d value

Ref – NZSC magazine - 1990 issue p 17 – article by K McNaught

4d Overprint - " Forgery or Genuine " ?

An extraordinary story is associated with these items – these are two discovered in a website lot and were subject to some research to ensure they were correctly identified as forgeries – this proved to be challenging. The fact that they appeared to be from different sheet positions proved puzzling – but the giveaway signs were several-fold. (a) The paper was single watermark (b) The overprint positions were exactly aligned on the left and right sides – not the norm (c) The space between the left and right sides was only 1.65cm – should be 1.85cm as in the issued stamps [Just under 5,000 sheets of the 4d in 1939 were issued]

Conclusions – that they were used examples "forged" on the original un-overprinted single watermark paper.



But the story does not end here..at least now now..Due to further investigation by Mr David Smitham, of Mowbray collectables, the following scenario is proposed.....proving that they are "genuine" varieties

The diagram below represents, for example the first row of stamps from the 2nd pane of the tandem plates, where

 (0.2 x 1.0 cm) represents a space filler, and  (0.3 x 1.0 cm) represents the year comprising 6 different pieces of type. These being: 1, 9, 5, 6, -, 7.

Each being needed to fit into a frame measuring 0.5 x 1.0 cm to hold them together. Two such frames were needed per stamp, i.e., 960 for the complete printing forme. I further assume that these frames were evenly spaced throughout the rows and columns and that they had a pitch of 1.0 cm for printing within the stamp designs and 1.5 cm between the stamps.



From the above, you will notice that the year 1956-7 reads up (with a space bar at the left) at the left of stamp and that 1956-7 reads down (with a space bar at the right) at the right of the stamp #1. Similarly for stamps #2 and #3. The dates will have a pitch of 1.4 cm (0.2 + 1.0 + 0.2).

However, with stamp # 4, the printer inadvertently fitted the frame (with the year and space bar) upside down, resulting in both 1956-7 dates reading down. This also results in the two dates being closer together (1.0 + 0.2 cm) than those on the other stamps.

Stamp #5 was similar to stamp #1 in that the date at the left read up and that at the right read down.

Looking at the printing figures:

500 sheets were printed of which 41 were damaged, i.e., 110,160 stamps were usable. However, these 500 sheets were printed from tandem plates, i.e. 240 double size sheets (of 960) were printed.

It is possible that the 41 damaged sheets (of 240) represented a fairly even split of sheets that contained the inverted 1956-7 variety & normal sheets. Equally all 41 may only have been normal sheets, or sheets with variety. So the bottom line is that maybe as few as 209 or as many as 240 stamps with the 1956-7 variety existed. Given the likely attrition rate I suspect that the 2 examples that are shown here may well be the only two extant