

Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Bill

Government Bill

As reported from the Finance and Expenditure Committee

Commentary

Recommendation

The Finance and Expenditure Committee has examined the Taxation (Annual Rates for 2018-19, Modernising Tax Administration, and Remedial Matters) Bill and recommends by majority that it be passed with the amendments shown.

About the bill as introduced

This omnibus bill seeks to amend various taxation-related Acts and regulations. It would set the annual rates of income tax for the 2018/19 tax year (with no change from the previous year), and make several other policy and remedial changes.

The changes in the bill seek to modernise and improve the administration of the tax system and to simplify tax obligations for many individuals. The bill would also:

- introduce a “short process ruling” allowing small businesses to apply for a binding ruling from the Inland Revenue Department on how a taxation law would apply
- allow people over 65 years to join KiwiSaver, although employers would not be obliged to make contributions for them
- add new KiwiSaver employee contribution rates of 6% and 10% to the existing rates of 3%, 4%, and 8%.

Proposed amendments include two SOPs

After the bill was introduced, the Minister of Revenue released two Supplementary Order Papers (SOPs) proposing the following amendments to the bill:

- SOP 74 (released on 14 August 2018) would amend the Income Tax Act 2007 and the Goods and Services Act 1985 to:

- require non-profit bodies to return GST on supplies of goods and services if they have received GST deductions on those goods and services
- extend depreciation roll-over relief provisions for the Canterbury earthquakes for a further five years
- address a technical flaw regarding disregarded hybrid payments in the Taxation (Neutralising Base Erosion and Profit Shifting) Act 2018.
- SOP 135 (released on 16 October 2018) would amend the Income Tax Act and the Tax Administration Act 1994 to give effect to the Government’s policy of encouraging new investment in bloodstock breeding. It would allow for tax deductions on the cost of high-quality horses acquired for breeding.

We have considered the SOPs, and recommend that the amendments proposed in SOP 74 be incorporated into the bill.

We recommend that most of the amendments proposed in SOP 135 be incorporated into the bill, with some minor adjustments which we discuss later in this commentary.

The rest of this commentary covers the main amendments we recommend to the bill. We do not discuss minor or technical amendments.

Commissioner’s extended powers

We recommend removing the clauses that would give the Commissioner of Inland Revenue power to make minor changes to tax legislation.

The bill as introduced would enable the Commissioner to make minor changes to tax legislation without going through the parliamentary process. We consider that a very cautious approach is warranted with respect to these powers to ensure that Parliament’s law-making authority is appropriately respected. We consider that this proposed change requires further consultation with the Legislation Design and Advisory Committee before it is considered again by this committee. This process would take several months and would likely require a redraft of the relevant provisions before their possible inclusion in a future tax bill.

We therefore recommend the removal of clauses 5(30) and (34), 7–11, and 53 from the bill and the deletion of a cross reference in Schedule 3.

Simplification of tax write-off rules

We recommend amending clause 21 (which would insert new subpart 3B in the Tax Administration Act), deleting clause 97, and inserting new clause 102B (amending Schedule 8, part B of that Act) to simplify and clarify the rules for tax write-offs.

The bill as introduced would allow for the write-off of tax debts when an individual had “complied with all of their obligations” or had less than \$200 of income withheld at the wrong rate (clause 97, amending section 174 AA).

We recommend that the provisions be simplified so a general write-off would apply when a person has only earned reportable income and the tax owing is \$50 or less. We also propose retaining two specific write-offs:

- where the taxpayer's only income is derived from income-tested benefits (for example, if WINZ payments were a person's only source of income)
- where the taxpayer had tax to pay as a result of having an extra pay period in the income year.

Our proposed changes would provide for a consolidated list of exceptions to the specific write-offs that was more prescriptive but easier to understand than in the bill as introduced. We also propose including flowcharts to clearly explain the process.

Based on 2017 data, we understand that the proposed changes would affect more than 70 percent of reportable income earners who had tax to pay (about 579,000 people), allowing their tax owing to be written off. These changes would ensure that Inland Revenue does not pursue debts that are uneconomic to collect, and which arose by no fault of the taxpayer.

Correcting and finalising account information

Clause 21 would insert new Subpart 3B into the Tax Administration Act. New section 22 H would allow taxpayers to correct information that they have provided to Inland Revenue, while new section 22 G would allow taxpayers who have had their tax position pre-populated to confirm the pre-populated information.

Taxpayers who only earn reportable income such as salary, wages, and interest generally have very little interaction with the tax system and are likely to have their tax position automatically calculated by Inland Revenue. We consider that these taxpayers should not be subject to interest or penalties until after their terminal tax date if their tax is calculated incorrectly, and believe they should have an opportunity to amend incorrect information, not merely to confirm the pre-populated information.

We therefore recommend deleting proposed section 22 G, amending section 22 H, and including new section 22 HB. Our changes would make it clear that accounts could be amended to include missing information, as well as to correct information.

The new sections would allow both individuals and the Commissioner of Inland Revenue to finalise the information in accounts. The final account would be treated as the individual's return of income and their assessment for the tax year. The date by when the information in the account must be confirmed is set out in section 22 HB(3).

Increase in threshold for short-process binding rulings

Clause 61 would insert section 91 EL into the Tax Administration Act to allow taxpayers with annual gross income below a certain threshold to seek short-process rulings on how a taxation law applies.

In the bill as introduced, taxpayers with a turnover of below \$5 million could apply for a short-process binding ruling on how a tax law applies where the tax at stake was less than \$1 million. We consider the \$5 million threshold too low as it could exclude medium-sized enterprises from the regime.

We therefore recommend amendments to increase the turnover threshold to \$20 million, provided the amount of tax at stake remains less than \$1 million.

Payments to fire and emergency volunteers

We recommend amending section RD 5 of the Income Tax Act so that some fire and emergency volunteers would no longer be required to file separate income tax returns.

Fire and emergency volunteers are reimbursed for their loss of income when they attend a training course. These payments are treated as a taxable honorarium under the Income Tax Act and are subject to withholding tax as schedular payments. This means some volunteers have to file income tax returns and return ACC levies specifically for these small payments.

This tax treatment acts as a disincentive to volunteering. We therefore recommend inserting clause 195(1B) amending section RD 5 of the Income Tax Act so these payments would be considered “salary and wages”. This would treat these payments as subject to PAYE rules, so volunteers would no longer need to file annual tax returns specifically for these payments.

Hurunui/Kaikōura earthquake roll-over relief

We recommend new clause 128D, which would insert new section CZ 25B into the Income Tax Act, to give roll-over relief to owners of revenue account property affected by the November 2016 Hurunui/Kaikōura earthquake.

We consider this amendment necessary to bring the rules into line with those that apply to revenue account property affected by the 2010–11 Canterbury earthquakes. Owners can defer (roll over) their income tax liabilities arising from the receipt of insurance payments for irreparably damaged or abandoned land and buildings. This ensures that tax provisions do not impede post-earthquake recovery.

Initially there was not seen to be a need for roll-over relief after the Hurunui/Kaikōura earthquake, but the current evidence suggests such a provision is desirable.

Backdated ACC payments

We recommend amending the Income Tax Act to remedy anomalies around the tax treatment of back-dated payments from ACC for attendant care.

ACC makes payments to a number of people (“ACC beneficiaries”) who cannot look after themselves. These payments are treated as schedular payments, subject to a withholding tax rate of 10.5 percent, and are on-paid to carers who provide services to the ACC beneficiaries. The care providers receive a tax credit of 10.5 percent, as this has already been deducted by ACC.

We note that problems arise for both the ACC beneficiary and the care provider where a person has paid for attendant care by themselves, and later receives reimbursement payments from ACC.

To remedy these issues, we recommend several amendments to the Income Tax Act:

- New clause 123B would mean that reimbursement payments for attendant care are considered exempt income, including those covering an earlier income year.

- New clause 128E would clarify that this treatment as exempt income extends to payments made since 2008. This would allow ACC beneficiaries to retrospectively claim refunds on additional tax paid in previous years.
- New Clause 130B would allow persons to claim deductions in relation to reimbursement payments. Deductions could be claimed at the same rate as tax paid on attendant care payments made over a single income year.
- New Clause 174C would allow persons to claim tax credits in relation to reimbursement payments.

Bright-line test for residential land

The bright-line test requires people to pay tax on residential land if they buy and sell it within a specified period of time.

The bright-line test for residential land was recently extended from two years to five years. This applies to land purchased after 29 March 2018. However, several legislative anomalies remain.

We recommend amendments to clauses 250B–250K, 252B, 254, and 257B amending sections of the Taxation (Annual Rates for 2017-18, Employment and Investment Income, and Remedial Matters) Act 2018. This would change the application dates for the bright-line test for freehold estates converted from leases with a perpetual right of renewal, and land that was purchased off the plans.

For leases with a perpetual right of renewal (Glasgow leases) that are subsequently converted to freehold estates, the application date for the bright-line test is when the freehold interest was first acquired. We consider that the application date should instead be when the leasehold interest was granted. This would align the bright-line test with the treatment of Glasgow leases in other New Zealand tax legislation.

When a purchase is made off the plans, it means that property has been bought before building commences. For these purchases, the bright-line test applies from the date when the land was acquired. We consider that the application date should instead be when the contract to buy was first signed.

We also recommend amendments so that the modified start date for the bright-line period for off-the-plan purchases applies to off-the-plan purchases of leasehold estates. Currently it only applies to freehold estates. We consider that this should be extended to leasehold estates (which are commonly used for city apartments) —this is consistent with the policy rationale for the rule.

Application date for KiwiSaver lock-in

We recommend amending clause 236, which would amend Schedule 1 of the KiwiSaver Act 2006, to change the application date for changes to the KiwiSaver lock-in period transitional rule.

If enacted, the bill would remove the five year lock-in period for people who join KiwiSaver after age 60. This would mean that these people could access their contributions when they reach 65, regardless of how long they have been part of KiwiSaver.

The bill includes a transitional rule, ensuring that over 60 year olds who join before the removal of the lock-in period (effective 1 July 2019) would be required to remain locked in for the duration of the five year period. They would be entitled to receive the member tax credit and compulsory employer contributions for the duration of this period.

We recommend that over 60 year olds that are subject to this transitional rule should be able to exit the lock-in period and make withdrawals on reaching 65 years old. They would forfeit their entitlement to further member tax credits and compulsory employer contributions.

The bill as introduced has an application date for this change of 1 July 2019. We recommend that the ability to exit the transitional lock-in period rule should instead apply from 1 April 2020 to align with the rollout of Inland Revenue’s business transformation programme for KiwiSaver.

Information sharing with the Police

The bill as introduced would allow the Commissioner to share information with “a member of the New Zealand Police” as defined by the Policing Act 2008. This refers only to constables, who are police employees who have taken the constable’s oath.

However, many officers in the Police’s Financial Intelligence Unit are not sworn constables. This unit would be the most likely recipient of information from Inland Revenue. We therefore recommend amendments to allow the Commissioner to disclose information to authorised police officers regardless of whether they are sworn constables.

We therefore recommend amending clause 29 in new Schedule 7 of the Tax Administration Act, which would be inserted by Schedule 1 of the bill.

Bloodstock tax write-offs: SOP 135

SOP 135 would amend the Income Tax Act and the Tax Administration Act to give effect to the Government’s policy of encouraging new investment in bloodstock breeding.

We recommend that most of the changes proposed by SOP 135 be incorporated into the bill. However, we recommend the following amendments.

Registers of bloodstock

Proposed new section EC 39B(1)(c) inserted into the Income Tax Act by clause 133C would set requirements for a horse to be considered “stud-founding bloodstock”.

As proposed by SOP 135, a horse would need to be registered on the New Zealand Register of Thoroughbred Horses or the New Zealand Register of Standardbred Horses to meet the requirements. We recommend that these references be changed to the New Zealand Stud Book and the New Zealand Harness Racing Stud Book. This would ensure that the legislation refers to the appropriate registers.

Registration to breed

We do not support the SOP's proposed inclusion of new section EC 39B(1)(d). This section would require that high-priced bloodstock be registered to breed before it could be considered stud-founding bloodstock for tax purposes.

In current industry practice, a registration to breed generally occurs several years after a filly or colt is acquired. To ensure the legislation aligns with industry practice, we do not recommend this provision's inclusion in the bill.

Deemed breeding business

SOP 135 proposes that prospective breeders receive similar tax treatment to investors in an existing breeding business. This would incentivise the establishment of further breeding businesses.

We recommend amending section EC 47C, which would be inserted by clause 133F into the Income Tax Act, to clarify exactly when prospective breeders would be treated as being in a "breeding business" under the proposed regime.

Integrity measures

SOP 135 proposes that deductions would be recovered on high-priced bloodstock that are removed from New Zealand. However, we do not agree that it would be appropriate to recover deductions on a horse that had been genuinely purchased for breeding but that unexpectedly could not be used for this purpose. Reasons could include a temperament change requiring gelding, an injury preventing breeding, or the discovery of infertility subsequent to purchase.

We therefore recommend amending sections CG 8B and CG 8C, which would be inserted into the Income Tax Act by clause 119B. Our amendments would prevent the recovery of deductions on horses that were purchased for breeding but which are subsequently rendered, or found to be, infertile and removed from New Zealand or sold to non-residents.

Price clarification

We recommend clause 151BA to insert section EZ 6B into the Income Tax Act, setting the minimum price thresholds for 2019 for each class of bloodstock. We propose that the threshold for standardbred yearling colts would be \$119,000, rather than \$109,000 as incorrectly calculated in SOP 135.

Standardbred and thoroughbred clarification

We recommend amending Schedule 1B, which would insert Schedules 18B and 18C into the Income Tax Act. Our amendment would clarify which premier yearling sales can be treated as standardbred sales and which are treated as thoroughbred sales.

Other matters we considered

Age discrimination in KiwiSaver changes

If enacted, clauses 231 and 236 would amend section 33 and Schedule 1 of the KiwiSaver Act to allow people over 65 to join KiwiSaver. However, employers would not be required to make compulsory contributions for them.

It was suggested that this may constitute age discrimination. We note, however, that more than 80 percent of people aged over 65 who are members of a KiwiSaver scheme currently receive employer contributions, even though it is non-compulsory. On this basis, we do not see a need to amend this clause.

Early KiwiSaver withdrawals for people with life-shortening conditions

Through our consideration of this bill, we learned that many individuals with congenital life-shortening conditions are unlikely to reach the KiwiSaver withdrawal age of 65. As these conditions do not meet the criteria of “life-threatening illnesses”, most of these people will never be able to access their KiwiSaver savings.

We heard a compelling case from Mr Tim Fairhall and Ms Joan Fairhall to allow people with congenital life-shortening conditions to withdraw their KiwiSaver savings early. We are pleased to see the Government’s announcement that it is investigating this issue, and look forward to further progress on this matter.

Providing information about offshore payments

Sections 21 and 21BA of the Tax Administration Act 1994 empower Inland Revenue to demand information relating to offshore payments from large multinationals. When that information is not provided, Inland Revenue can conduct assessments with the limited information it does hold. When that assessment leads to court proceedings, information that was previously withheld cannot be introduced and admitted as evidence later.

We considered whether the bill should remove or amend these sections. At this time, we recommend that further policy work be carried out on this issue.

Appendix

Committee process

The Taxation (Annual Rates for 2018-19, Modernising Tax Administration, and Remedial Matters) Bill was referred to the committee on 3 July 2018. The closing date for submissions was 24 October 2018. We received and considered 55 submissions from interested groups and individuals. We heard oral evidence from 11 submitters.

We received two Supplementary Order Papers on this bill. SOP 74 was received on 14 August 2018 and SOP 135 was received on 16 October 2018. We received 9 submissions on SOP 135 and heard oral evidence from 1 submitter.

We received advice from the Inland Revenue Department and our specialist tax adviser, Therese Turner (Chartered Accountant).

Committee membership

Michael Wood (Chairperson)

Hon Amy Adams

Kiritapu Allan

Andrew Bayly

Rt Hon David Carter

Tamati Coffey

Hon Judith Collins

Ian McKelvie

Willow-Jean Prime

Dr Deborah Russell

David Seymour

Fletcher Tabuteau

Dr Duncan Webb

**Taxation (Annual Rates for 2018–19, Modernising Tax
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Key to symbols used in reprinted bill

As reported from a select committee

text inserted by a majority

~~text deleted by a majority~~

Hon Stuart Nash

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256	Section 267 amended (<u>Section 15L (Amended monthly schedules))</u>	192
257	Section 285 amended (<u>Section 25A (Use of inconsistent RWT rates))</u>	192
<u>257B</u>	<u>Section 321 amended (Section 54C (Information in relation to payment of RLWT))</u>	<u>192</u>
258	Schedule 2 amended (<u>Consequential amendments to other enactments related to tax administration</u>)	192
<i>Families Package (Income Tax and Benefits) Act 2017</i>		
259	Families Package (Income Tax and Benefits) Act 2017	193
260	Section 2 amended (Commencement)	193
261	Sections 48 to 51 and 57 repealed	193
<i>Income Tax Act 2004</i>		
262	Income Tax Act 2004	193
263	Section KD 2AB amended (Parental tax credit)	193
264	Section KD 2AB amended (Parental tax credit)	193
<u>264B</u>	<u>Section MD 1 amended (Refund of excess tax)</u>	<u>193</u>
<u>264C</u>	<u>New section MD 1B inserted (Treatment of certain refunds made on income statements: 2005–06, 2006–07, and 2007–08 income years)</u>	<u>194</u>
<u>MD 1B</u>	<u>Treatment of certain refunds made on income statements: 2005–06, 2006–07, and 2007–08 income years</u>	<u>194</u>

**Taxation (Annual Rates for 2018–19, Modernising Tax
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<u>264D</u>	<u>New section MD 1C inserted (Treatment of certain refunds not paid within 4-year period: 2005–06, 2006–07, and 2007–08 income years)</u>	<u>194</u>
	<u>MD 1C Treatment of certain refunds not paid within 4-year period: 2005–06, 2006–07, and 2007–08 income years</u>	<u>194</u>
<i>Other enactments</i>		
<i>Accident Compensation Act 2001</i>		
265	Schedule 4 amended (Deductions on account of earner levies)	195
<i>Intelligence and Security Act 2017</i>		
266	Section 135 amended (Meaning of restricted information)	196
<i>Financial Advisers Act 2008</i>		
267	Section 5 amended (Interpretation)	196
<i>Financial Service Providers (Registration and Dispute Resolution) Act 2008</i>		
268	Section 4 amended (Interpretation)	196
<i>Income Tax Act 1994</i>		
269	Section KD 2AB amended (Parental tax credit)	196
<u>269B</u>	<u>Section MD 1 amended (Refund of excess tax)</u>	<u>196</u>
<u>269C</u>	<u>New section MD 1B inserted (Treatment of certain refunds made on income statements: 2000–01, 2001–02, 2002–03, and 2003–04 income years)</u>	<u>197</u>
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<i>Taxation Review Authorities Act 1994</i>		
270	Section 12 amended (Officers to maintain secrecy)	197
<i>Taxation Review Authorities Regulations 1998</i>		
271	Regulation 36 amended (Reports of decisions)	197
<i>Tax Administration (Binding Rulings) Regulations 1999</i>		
272	Tax Administration (Binding Rulings) Regulations 1999	198
273	Regulation 2 amended (Interpretation)	198
274	Regulation 3 amended (Fees)	198
275	Regulation 5 amended (Indication of time for issue of ruling in certain cases)	198
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Schedule 2	228
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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Act **2018**.

2 Commencement

5

- (1) This Act comes into force on the date on which it receives the Royal assent, except as provided in this section.

(1B) Sections 269B and 269C are treated as coming into force on 1 April 2000.

- (2) **Section 269** is treated as coming into force on 1 July 2002.

- (3) **Sections 263, 264B, 264C, and 264D** ~~is~~**are** treated as coming into force on 1 April 2005. 10

- (4) **Section 264** is treated as coming into force on 26 April 2005.

- (5) **Section 76** is treated as coming into force on 1 October 2007.

- (6) **Sections 107(1) and (3), 108(1), (3), and (4), 111, 112, 113, 117, 118, 128E, 133, 150, 151, 156, 161(1) and (5), 165B, 175B, 180, 199, 205B, 207, 208, 209, 210, 212B, 212C, 213(21), and 214** are treated as coming into force on 1 April 2008. 15

- (7) **Section 166** is treated as coming into force on 1 April 2010.

(7B) Sections 128C, 151B, and 151C are treated as coming into force on 4 September 2010. 20

- (8) ~~Section 228 is~~ **Sections 223B(2), 225(1AB), 225D, and 228** are treated as coming into force on 1 April 2011.

- (9) **Sections 129, 132, and 174(7)** are treated as coming into force on 14 April 2014.

- (10) **Sections 181, 214B, 214C, 214D, and 214E** ~~is~~are treated as coming into force on 1 April 2015.
- (10B) **Section 108B** is treated as coming into force on 1 September 2015.
- (11) **Sections 104B and 110** ~~is~~are treated as coming into force on 1 October 2015. 5
- (12) **Sections 133BA, 151D to 151H, and 182** ~~is~~are treated as coming into force on 1 April 2016.
- (12B) **Sections 205C and 205D** are treated as coming into force on 3 May 2016.
- (13) **Section 225(1) and (2)** is treated as coming into force on 1 October 2016.
- (14) **Sections 123 and 128D** ~~is~~are treated as coming into force on 30 March 2017. 10
- (14B) **Sections 76BA and 128F** are treated as coming into force on 1 April 2017.
- (15) **Sections 105, 106, 107(2), 108(2), 109, 120, 121, 154, and 155** are treated as coming into force on 1 July 2017.
- (16) **Sections 260 and 261** are treated as coming into force on 20 December 2017. 15
- (17) **Sections 44B, 46, ~~and~~ 186, 250B to 250K, 252B, 254(2), and 257B** are treated as coming into force on 29 March 2018.
- (18) **Sections 31C, 89B, 90, 115, 123B, 130, 130B, 139, 140, 141, 142, 143, 174C, 213(6) and (26C), 215, and 218(1) and (2)** are treated as coming into force on 1 April 2018. 20
- (19) **Section 75** is treated as coming into force on 17 April 2018.
- (19B) **Sections 223B(1) and (3), 225C(2), and 228B** are treated as coming into force on 15 May 2018.
- (20) **Section 134** is treated as coming into force on the date of introduction of this Act. 25
- (21) **Sections 47B, 48B, 56(3B), 58B, 153B, 153C, 153D, 153E, 153F, 153G, 153H, 153I, 156B, 157B, 157C, 178, 179, 183, 183B, ~~and~~ 184, 213B, 214F, and 225C(1)** come into force on 1 July 2018.
- (21BA) **Section 218(1B)** is treated as coming into force on 4 September 2018. 30
- (21B) **Sections 98B, 119B, 133B, 133C, 133F, 151BA, 213(13B), (18B), (24B), (24C), and (30B), and 214G** come into force on 1 January 2019.
- (22) **Sections 5(3), (21), (24), (24B), (25), (26), (37), (38B), (43), (48B), (49), (52), (58), (60), (61), and (62), 6, 13, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 34, 35, 39, 40, 41, 42, 42(1) and (5), 43, 44, 45, 47, 48, 51, 52, 54(4), 68, 69, 70, 70B, 71, 72, 74, 76B, 77, 84, 87, 88, 89, 92, 93, 94, 96B, 97, 98, 98B, 98C, 99B, 100, 101, 102(b), 119, 124B, 425, 126, 127, 128B, 157, 174(1) to (6) and (8) to (11), 476(4), 177, 183C, 187, 188, 189, 190, 191, 192, 193(2), 194, 195, 196, 197, 198, 200,** 35

- 201, 206, 211, 211B, 211C, 211D, 213(7), (11), (14), (19), (22), (24), (32), and (33), 230, 234, 235, 235C, 237, 239, 240, 241, 244, 245, 246, 247, 248, 249, 255, 256, 258, and 265** come into force on 1 April 2019.
- (23) **Sections 184B, 216, 230B, 231, 231B, 232, 233, 234B, 234C, 235B, and 236(1)** come into force on 1 July 2019. 5
- (23BA) **Sections 5(11), (46), and (56), 55B, 57, 61, 273, 274, and 275** come into force on 1 October 2019.
- (23B) **Sections 133D and 133E** come into force on 1 January 2020.
- (24) **Sections 31, 31B, 37, 38, 42(2), (3), (4), and (6), 54(5), 80(1) and (3), 81, 83, 101B, 102B, 125, 176(2) and (3), 193(3), 203(2), and 212, and 236(2)** come into force on 1 April 2020. 10

Part 1

Annual rates of income tax

- 3 **Annual rates of income tax for 2018–19 tax year** 15
- Income tax imposed by section BB 1 (Imposition of income tax) of the Income Tax Act 2007 must, for the 2018–19 tax year, be paid at the basic rates specified in schedule 1 of that Act.

Part 2

Amendments to Tax Administration Act 1994 20

- 4 **Tax Administration Act 1994**
- Part 2** amends the Tax Administration Act 1994.
- 5 **Section 3 amended (Interpretation)**
- (1) This section amends section 3(1).
- (2) Insert, in appropriate alphabetical order: 25
- accident compensation legislation** is defined in **section 143E(5)** for the purposes of that section
- (3) ~~Insert, in appropriate alphabetical order:~~
- ~~**adjusted account**, for an individual and a tax year, is defined in **section 22D(5)** for the purposes of **Part 3, subpart 3B** and **schedule 8**~~
- (4) Insert, in appropriate alphabetical order: 30
- agency** is defined in **section 18E(5)** for the purposes of that section and **section 18F**
- (5) Insert, in appropriate alphabetical order:

- applicant** is defined in **schedule 7, part C, subpart 2, clause 47(6)** for the purposes of that clause
- applicant information** is defined in **schedule 7, part C, subpart 2, clause 47(6)** for the purposes of that clause
- (6) Replace the definition of **approved credit reporting agency** with: 5
approved credit reporting agency is defined in **schedule 7, part C, subpart 1, clause 34(10)** for the purposes of that clause
- (7) Replace the definition of **authorised officer** with: 10
authorised officer is defined in the following clauses for the purposes of that clause:
- (a) **schedule 7, part C, subpart 1, clause 26(4):**
 - (b) **schedule 7, part C, subpart 2, clause 42(9):**
 - (c) **schedule 7, part C, subpart 2, clause 44(8):**
 - (d) **schedule 7, part C, subpart 2, clause 46(7)**
- (8) Insert, in appropriate alphabetical order: 15
authorised officer of the Ministry is defined in **schedule 7, part C, subpart 2, clause 45(6)** for the purposes of that clause
authorised officer of the Police is defined in **schedule 7, part C, subpart 2, clause 45(6)** for the purposes of that clause
- (9) Replace the definition of **beneficiary** with: 20
beneficiary is defined in **schedule 7, part C, subpart 2, clause 42(9)** for the purposes of that clause
- (10) Replace the definition of **beneficiary information** with: 25
beneficiary information is defined in **schedule 7, part C, subpart 2, clause 42(9)** for the purposes of that clause
- (11) In the definition of **binding ruling**, after paragraph (b), insert:
(bb) short-process ruling made under **section 91EK**:
- (12) Insert, in appropriate alphabetical order: 30
chief executive is defined in the following clauses for the purpose of that clause:
- (a) **schedule 7, part C, subpart 1, clause 36(4):**
 - (b) **schedule 7, part C, subpart 2, clause 44(8)**
- (13) Insert, in appropriate alphabetical order: 35
Commission is defined in **schedule 7, part C, subpart 1, clause 36(4)** for the purposes of that clause
- (14) Insert, in appropriate alphabetical order:

- company** is defined in **schedule 7, part C, subpart 1, clause 36(4)** for the purposes of that clause
- (15) Replace the definition of **Corporation** with:
Corporation is defined in **schedule 7, part C, subpart 2, clause 42(9)** for the purposes of that clause 5
- (16) Replace the definition of **credit report** with:
credit report is defined in **schedule 7, part C, subpart 1, clause 34(11)** for the purposes of that clause
- (17) Repeal the definition of **duty of the Commissioner**.
- (18) Insert, in appropriate alphabetical order: 10
~~**earnings as a private domestic worker** is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause~~
earnings as a self-employed person is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause
earnings as a shareholder-employee is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause 15
~~**earnings as an employee** is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause~~
~~**earnings as an employer** is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause~~ 20
- (19) Replace the definition of **earnings related compensation** with:
earnings-related compensation is defined in **schedule 7, part C, subpart 2, clause 42(9)** for the purposes of that clause
- (20) Replace the definition of **employee** with: 25
employee—
 (a) is defined in section 46(7) for the purposes of that section:
 (b) is defined in **section 143E(5)** for the purposes of that section
- (20B) Replace the definition of **employer** with:
employer—
 (a) in section 47, has the same meaning as in paragraphs (c) and (d) of the definition of that term in section YA 1 of the Income Tax Act 2007: 30
 (b) is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause
- (21) Insert, in appropriate alphabetical order:
final account, for an individual and a tax year, is defined in **section 22D(6)** for the purposes of **Part 3, subpart 3B, and sections 4A, 33, 37, 38, 42C, 89D, 106, 110, and 143**, and the definitions of **tax return** and **taxpayer's tax position** 35

- (22) Insert, in appropriate alphabetical order:
- finer defaulter** is defined in **schedule 7, part C, subpart 2, clause 44(8)** for the purposes of that clause
- finer defaulter information** is defined in **schedule 7, part C, subpart 2, clause 44(8)** for the purposes of that clause 5
- (23) In the definition of **full and complete inspection**, in paragraph (b), replace “section 16B” with “**sections 17C and 47617D**”.
- (24) In the definition of **gift-exempt body**, replace “sections 32, 58, and 89” with “**sections 18K, 32, and 58**”.
- (24B) Insert, in appropriate alphabetical order: 10
- income other than reportable income**, for the purposes of **Part 3, subpart 3B** and the definition of **tax position**, has the same meaning as **other income**
- (25) Repeal the definition of **income statement**.
- (26) Insert, in appropriate alphabetical order:
- individual**, for a person, is defined in **section 22D(1)** of the Tax Administration Act 1994 for the purposes of **Part 3, subpart 3B, sections 4A, 15B, 22, 33, 37, 38, 42C, 89D, 92, 106, 110, 143, 443A, and 474AA, and 227G, and schedule 58**, and the definitions of **final account, pre-populated account, tax return, and taxpayer’s tax position** 15
- (27) Insert, in appropriate alphabetical order: 20
- information demand** means a notice under **section 17B**
- (28) Repeal the definition of **information requisition**.
- (29) Repeal the definition of **Inland Revenue officer**.
- ~~(30) Insert, in appropriate alphabetical order:~~
- ~~**integrity of the tax system** is defined in **section 6** for the purposes of that section and **section 6G**~~ 25
- (31) Replace the definition of **issuing officer** with:
- issuing officer** is defined in **section 17D(6)** for the purposes of that section
- (32) Insert, in appropriate alphabetical order:
- large multinational group**, for an income year or a period set by the Commissioner under section 78G, means a consolidated accounting group that, in the income year or period,— 30
- (a) has a member resident in New Zealand or income with a source in New Zealand; and
- (b) has a member resident in a country or territory other than New Zealand; 35
- and

- (c) in the preceding income year or period, has annual consolidated group revenue equal to or exceeding the exemption threshold referred to in paragraph 5.53 of the OECD transfer pricing guidelines
- (33) Replace the definition of **legal personal representative** with:
legal personal representative is defined in **schedule 7, part B, clause 15(2)** for the purposes of that clause 5
- ~~(34) Insert, in appropriate alphabetical order:
~~**legislative anomaly** is defined in ~~section 6G(4)~~ for the purposes of that section and ~~sections 6D and 91AAZB~~~~~~
- (35) Insert, in appropriate alphabetical order: 10
Ministry is defined in **schedule 7, part C, subpart 2, clause 45(6)** for the purposes of that clause
- (36) Insert, in appropriate alphabetical order:
nominated person means a person who— 15
- (a) is nominated under **section 124F** by another person to act on their behalf in relation to— 15
- (i) their tax affairs:
- (ii) their social policy entitlements and obligations; and
- (b) is treated by the Commissioner as a nominated person; and
- (c) does not later have their status as a nominated person disallowed by the Commissioner 20
- (37) Insert, in appropriate alphabetical order:
non-filing taxpayer, for a person and a tax year, means—
- ~~(a) a person who derives assessable income for the tax year that consists solely of— 25~~
- ~~(i) reportable income:~~
- ~~(ii) a de minimis amount referred to in **section 22J(1)**; or~~
- (b) a person whose only income having a source in New Zealand for the tax year is a schedular payment derived in their capacity as a non-resident entertainer and who chooses not to file a return of income for the tax year; or 30
- (c) a person who for the tax year, derives only non-resident passive income referred to in section RF 2(3) of the Income Tax Act 2007; or
- (d) a person whose only income having a source in New Zealand for the tax year is a payment derived in their capacity as a non-resident seasonal worker 35
- (38) In the definition of **offshore payment**, replace “section 21(8)” with “**section 17F(7)**”.

- (38B) Insert in appropriate alphabetical order:
other income is defined in **section 22D(3)** for the purposes of **Part 3, sub-part 3B, and section 141JA, and schedule 8**
- (39) Insert, in appropriate alphabetical order:
parental leave is defined in **schedule 7, part C, subpart 2, clause 47(6)** for the purposes of that clause 5
- (40) Insert, in appropriate alphabetical order:
permitted disclosure is defined in **section 16C(5)** for the purposes of **sub-part 3A and schedule 7**
- (41) Repeal the definitions of **person incorrectly assumed to be a provisional taxpayer, person to whom this section applies, and person with access to restricted information.** 10
- (42) Insert, in appropriate alphabetical order:
personal information is defined in **schedule 7, part C, subpart 2, clause 46(7)** for the purposes of that clause 15
- (43) Insert, in appropriate alphabetical order:
pre-populated account, for an individual and a tax year, is defined in **section 22D(4)** for the purposes of **Part 3, subpart 3B, and sections 4A, 80KM, 406 and 443A, and 106, schedule 8, and section CX 27** of the Income Tax Act 2007 20
- (43B) Insert, in appropriate alphabetical order:
private domestic worker is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause
- (44) Replace the definition of **private dwelling** with:
private dwelling is defined in **section 17(5)** for the purposes of that section and **section 17D** 25
- (45) Insert, in appropriate alphabetical order:
property or documents is defined in **section 17(5)** for the purposes of that section and **sections 16 and 16B**
- (46) In the definition of **proscribed question**, in paragraph (b), replace “refers to a person’s purpose or intention” with “refers to a person’s purpose or intention, other than in relation to the test of principal purpose of making taxable supplies as described in **section 91CB(3)(c)**”. 30
- (47) Insert, in appropriate alphabetical order:
provider of digital services means a person who provides digital services to enable another person who is a user of the services to communicate information to, and receive information from, the Commissioner 35
- (48) Insert, in appropriate alphabetical order:

- public services** is defined in **section 18E(4)** for the purposes of that section and **sections 16B and 18F**
- (48B) Insert, in appropriate alphabetical order:
- qualifying individual** is defined in **section 22D(1B)** for the purposes of **Part 3, subpart 3B, sections 4A, 22, and 120C**, in the definition of **date interest starts**, paragraph (a), and **schedule 8** 5
- (49) Insert, in appropriate alphabetical order:
- reportable income** is defined in **section 22D(2)** for the purposes of this Act and the Income Tax Act 2007
- (50) Replace the definition of **reportable unpaid tax** with: 10
- reportable unpaid tax** is defined in **schedule 7, part C, subpart 1, clause 34(12)** for the purposes of that clause
- (51) Insert, in appropriate alphabetical order:
- representative** means a person who— 15
- (a) is eligible under **section 124D(2)** to act as a representative; and
 - (b) is approved by the Commissioner as a representative; and
 - (c) does not later have their approval of representative status disallowed by the Commissioner
- (52) In the definition of **resident foreign trustee**, in paragraph (a), delete “that is not registered as a charitable entity under the Charities Act 2005”. 20
- (53) Insert, in appropriate alphabetical order:
- responsible department** is defined in **schedule 7, part C, subpart 2, clause 47(6)** for the purposes of that clause
- (54) Insert, in appropriate alphabetical order:
- revenue information** is defined in **section 16C(2)** for the purposes of **Part 3, subpart 3A and schedule 7** 25
- revenue law** is defined in **section 16C(1)** for the purposes of **Part 3, subpart 3A and schedule 7**
- revenue officer** is defined in **section 16C(4)** for the purposes of **Part 3, subpart 3A and schedule 7** 30
- (54B) Insert, in appropriate alphabetical order:
- self-employed person** is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause
- (55) Insert, in appropriate alphabetical order:
- sensitive revenue information** is defined in **section 16C(3)** for the purposes of **Part 3, subpart 3A and schedule 7** 35
- serious threat** is defined in **section 18J(2)** for the purposes of that section

- sex offence is defined in **schedule 7, part C, subpart 2, clause 45(6)** for the purposes of that clause
- (56) Insert, in appropriate alphabetical order:
short-process ruling means a short-process ruling under **sections 91EK to 91ET** 5
- (57) Insert, in appropriate alphabetical order:
social security agreement is defined in **schedule 7, part C, subpart 2, clause 46(7)** for the purposes of that clause
- (58) In the definition of **tax**,—
(a) repeal paragraph (a)(xi): 10
(b) repeal paragraph (ca)(iii).
- (59) In the definition of **tax agent**,—
(a) replace “section 34B(2)” with “**section 124C(3)**”:
(b) replace paragraph (b) with:
(b) is listed by the Commissioner as a tax agent; and 15
- (60) In the definition of **tax position**,—
(a) replace paragraph (l) with:
(l) whether the taxpayer must provide information to the Commissioner on the income other than reportable income that they derive for a tax year:
(b) replace paragraph (m) with: 20
(m) the application of **Part 3, subpart 3B**:
- (61) In the definition of **tax return**, after paragraph (a), insert:
(ab) includes an individual’s final account that is treated under **section 22I(1)(a)** as a return of income; and
- (62) In the definition of **taxpayer’s tax position**, replace paragraph (a)(ii) with: 25
(ii) an individual’s final account that is treated under **section 22I(1)(a)** as a return of income; or
- (63) Insert, in appropriate alphabetical order:
victim is defined in **schedule 7, part C, subpart 2, clause 45(6)** for the purposes of that clause 30
- (64) Insert, in appropriate alphabetical order:
workplace legislation means—
(a) Electricity Act 1992:
(b) Employment Relations Act 2000:
(c) Equal Pay Act 1972: 35
(d) Gas Act 1992:

	(e) Hazardous Substances and New Organisms Act 1996:	
	(f) Health and Safety in Employment Act 1992:	
	(g) Health and Safety at Work Act 2015:	
	(h) Holidays Act 2003:	
	(i) Machinery Act 1950:	5
	(j) Minimum Wage Act 1983:	
	(k) Parental Leave and Employment Protection Act 1987:	
	(l) Volunteers Employment Protection Act 1973:	
	(m) Wages Protection Act 1983:	
	(n) WorkSafe New Zealand Act 2013:	10
	(o) an Act under or in relation to which a labour inspector or an employee of WorkSafe New Zealand or designated agency exercise their functions:	
	(p) any regulations made under the Acts listed in paragraphs (a) to (o)	
6	Section 4A amended (Construction of certain provisions)	
(1)	Replace section 4A(1)(ca) with:	15
	(ca) a provision referring to a tax position taken under Part 3, subpart 3B refers to a tax position taken explicitly or implicitly in an individual's final account for a tax year, whether or not the tax position arises from information included by the Commissioner in the individual's pre-populated account:	20
(2)	Subsection (1) applies for the 2018–19 and later income years.	
7	New subpart heading inserted (Subpart 2A — Commissioner and department)	
	Before section 5, insert as a subpart heading, “Subpart 2A — Commissioner and department”.	25
8	New section 5B inserted (Commissioner of Inland Revenue)	
	After section 5, insert:	
5B	Commissioner of Inland Revenue	
	The person appointed as chief executive of the department under the State Sector Act 1988 is designated the Commissioner of Inland Revenue.	30
9	Sections 6, 6A, and 6B replaced	
	Replace sections 6, 6A, and 6B with:	
	Subpart 2B — Care and management of tax system	

6	Responsibility of Ministers and officials to protect integrity of tax system	
	<i>Best endeavours to protect integrity of tax system</i>	
(1)	Every Minister and every officer of any government agency having responsibilities under this Act or any other Act in relation to the collection of tax and for the other functions under the Inland Revenue Acts must at all times use their best endeavours to protect the integrity of the tax system.	5
	<i>Definition of integrity of tax system</i>	
(2)	Without limiting its meaning, the integrity of the tax system includes —	
(a)	the public perception of that integrity; and	
(b)	the rights of persons to have their liability determined fairly, impartially, and according to law; and	10
(c)	the rights of persons to have their individual affairs kept confidential and treated with no greater or lesser favour than the tax affairs of other persons; and	
(d)	the responsibilities of persons to comply with the law; and	15
(e)	the responsibilities of those administering the law to maintain the confidentiality of the affairs of persons; and	
(f)	the responsibilities of those administering the law to do so fairly, impartially, and according to law.	
6A	Commissioner's duty of care and management	20
	<i>Care and management</i>	
(1)	The Commissioner is charged with the care and management of the taxes covered by the Inland Revenue Acts and with such other functions as may be conferred on the Commissioner.	
	<i>Highest net revenue practicable within the law</i>	25
(2)	In collecting the taxes committed to the Commissioner's charge, and despite anything in the Inland Revenue Acts, it is the duty of the Commissioner to collect over time the highest net revenue that is practicable within the law having regard to —	
(a)	the resources available to the Commissioner; and	30
(b)	the importance of promoting compliance, especially voluntary compliance, by all persons with the Inland Revenue Acts; and	
(c)	the compliance costs incurred by persons.	
6B	Directions to Commissioner	
	<i>Order for directions</i>	35
(1)	The Governor General may, by Order in Council and with due regard to this subpart and the provisions of the State Sector Act 1988 and the Public Finance	

~~Act 1989, issue directions to the Commissioner in relation to the administration of the Inland Revenue Acts.~~

Limitations

- (2) ~~**Subsection (1)** does not authorise the giving of directions concerning the tax affairs of individual persons or the interpretation of tax law.~~

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Order published

- (3) ~~Every order made under **subsection (1)** must, as soon as practicable after it is made, —~~

- (a) ~~be published in a publication chosen by the Commissioner; and~~
(b) ~~be laid before the House of Representatives together with any accompanying statement of the reasons for the order and any advice of the Commissioner in relation to it.~~

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Binding after 7 days

- (4) ~~An order made under **subsection (1)** becomes binding on the Commissioner on the 7th day after the date on which it is made.~~

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6C Power to remedy legislative anomalies

Actions to remedy legislative anomalies

- (1) ~~In addition to the discharge of the duty of care and management referred to in **section 6A(2)**, the Commissioner may remedy a legislative anomaly in the Inland Revenue Acts by making or doing 1 of the following in a way that is consistent with the intended purpose or object of the relevant provisions:~~

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- (a) ~~recommend to the Minister of Revenue that a regulation be made and approved by the Governor-General by an Order in Council under **subsection (2)**;~~

- (b) ~~make a determination that, because of the anomaly, the Commissioner's approach to the interpretation or application of the relevant provisions, or to the application of an administrative practice, is to be treated in some other way;~~

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- (c) ~~undertake an administrative action, including —~~

- (i) ~~notifying a class of persons that the Commissioner intends to treat the gap or inconsistency caused by the anomaly in a particular way when the gap or inconsistency could place a disproportionate burden on the class or another class of persons;~~

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- (ii) ~~granting an exemption from, or making a direction for, compliance with the relevant provisions when the gap or inconsistency caused by the anomaly could place a disproportionate burden on a class of persons;~~

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- (iii) ~~declaring the validity of an established administrative practice relating to a function conferred on the Commissioner by the relevant provisions.~~

Orders in Council

- (2) ~~In relation to a recommendation made under **subsection (1)(a)**, the Governor General may by Order in Council made on the recommendation of the Minister of Revenue approve a regulation made for the purposes of this section to remedy an anomaly in the relevant provisions.~~

Considerations

- (3) ~~Before a modification under **subsection (1) or (2)** is made, regard must be had to all the following considerations:~~

- (a) ~~the integrity of the tax system;~~
- (b) ~~the intended purpose or object of the relevant provisions;~~
- (c) ~~the impact of the legislative anomaly, either for the public generally or for a particular class of persons;~~
- (d) ~~the cost of complying with the unmodified provisions and whether that cost is disproportionate to the intended purpose or object of the relevant provisions;~~
- (e) ~~the interests of the public or a particular class of persons;~~
- (f) ~~whether the issue can be addressed or resolved by the Commissioner in another way at the time of the identification of the legislative anomaly.~~

Meaning of legislative anomaly

- (4) ~~For the purposes of this section and **sections 6D and 91AAZB**, a legislative anomaly means an unintended outcome caused by a gap or inconsistency in the relevant provisions that arises in relation to either the purpose or the object of a specific provision or specific set of provisions, or by a gap or inconsistency between the relevant provisions and Inland Revenue practice, which—~~

- (a) ~~produces the result that the wording does not, or may not, sufficiently reflect the intended purpose or object of the relevant provisions; and~~
- (b) ~~does not materially affect either the intended scope of the relevant provisions or the operation of the relevant provisions, whether in the past or the future.~~

Ascertaining the intended purpose or object of relevant provisions

- (5) ~~For the purposes of this section, in the analysis of the intended purpose or object of the relevant provisions,—~~

- (a) ~~consideration may be given to extrinsic material that does not form part of the relevant provisions if the material can assist in ascertaining the meaning of the relevant provisions, whether or not the particular words under consideration are ambiguous or obscure;~~

	(b) primacy is not required to be given to the text of the relevant provisions.	
	<i>Determinations</i>	
	(6) For the purposes of subsection (1)(b), the Commissioner may make a determination under section 91AAZB as to how the Commissioner's approach to the interpretation or application of the relevant provisions, or to the application of an administrative practice that is affected by the anomaly, is to be treated.	5
6D	Restrictions on modifications	
	Before a modification under section 6G is made, the Commissioner must be satisfied that—	
	(a) the modification would not cause detriment to the tax system; and	10
	(b) the extent of the modification to be made is not broader than is reasonably necessary to address the legislative anomaly that gave rise to the modification; and	
	(c) the modification is not inconsistent with the intended purpose or object of the relevant provisions.	15
6E	Consultation on modifications	
	<i>Consultative process</i>	
	(1) Before a modification under section 6G(1)(a) or (b) is made, the Commissioner must undertake a consultative process that includes the distribution to persons or organisations that represent taxpayers with whom the Commissioner considers it is reasonable to consult for the purposes of that section of—	20
	(a) the modification in draft form; and	
	(b) an explanation of how the modification would be consistent with the intended purpose or object of the relevant provisions; and	
	(c) confirmation that the Commissioner has applied section 6D.	25
	<i>Period of consultation</i>	
	(2) The process referred to in subsection (1) must provide a period of consultation of at least 4 weeks.	
6F	Requirements for modifications	
	For the purposes of section 6G,—	30
	(a) the documentation relating to a modification made by the Commissioner must include statement explaining the reason for the modification, and how it complies with sections 6G to 6E; and	
	(b) the modification must be expressed to be for a period of not more than 3 years from the date on which the modification is to come into force; and	35

(e)	the Commissioner must review the modification during the period referred to in paragraph (b) to determine if the modification should be included in an amendment to the relevant provisions; and	
(d)	the Commissioner must provide in the department's annual report to Parliament details relating to the modifications made for a tax year, including the number of times, and the circumstances in which, the power to make modifications was exercised.	5
6G	Status and publication of modifications	
	<i>Regulations approved by Order in Council</i>	
(1)	A modification under section 6G(1)(a) and (2)—	10
(a)	is a legislative instrument and a disallowable instrument for the purposes of the Legislation Act 2012; and	
(b)	must be presented to the House of Representatives under section 41 of that Act; and	
(c)	must be published under section 6 of that Act.	15
	<i>Determinations and administrative actions</i>	
(2)	A modification under section 6G(1)(b) and (c)—	
(a)	is neither a legislative instrument nor a disallowable instrument for the purposes of that Act and does not have to be presented to the House of Representatives under section 41 of that Act; and	20
(b)	must, as soon as practicable after being made, be published on an internet site maintained by or on behalf of the Commissioner.	
6H	Application of modifications	
	<i>General application unless stated</i>	
(1)	A modification applies generally unless it is expressly stated that it applies only to a particular class of persons or only in particular circumstances.	25
	<i>Person's election to apply</i>	
(2)	A person may choose whether or not to apply a modification, and if they choose not to apply the modification, the law applies to the person as if the modification did not exist.	30
	<i>Hearing authorities' determinations</i>	
(3)	When a hearing authority has made a determination under section 138P, a determination made under section 6G(1)(b) or an administrative action undertaken under section 6G(1)(c) must be made in such a way that it conforms to the hearing authority's determination.	35

10	New subpart heading inserted (Subpart 2C—Functions and powers of Commissioner)	
	Before section 7, insert as a subpart heading, “Subpart 2C—Functions and powers of Commissioner.”	
11	New subpart heading inserted (Subpart 2D—Modes of communication)	5
	Before section 14, insert as a subpart heading, “Subpart 2D—Modes of communication”.	
12	Section 15 amended (Annual report)	
	Renumber section 15 as section 13C .	
13	Section 15B amended (Taxpayer’s tax obligations)	10
	Repeal section 15B(h) and (i).	
14	Part heading and sections 15C to 15Z renumbered	
(1)	Repeal the Part heading before section 15C.	
(2)	Sections 15C to 15Z are renumbered, and headings are inserted, as indicated in schedule 4 .	15
15	New subpart 3A inserted (Collection, use, and disclosure of revenue information)	
	Replace the cross-heading before section 16, and sections 16 to 19 with:	
	Subpart 3A—Collection, use, and disclosure of revenue information	
16	Purposes of subpart	20
	The purposes of this subpart are—	
(a)	to provide the Commissioner with the necessary powers to enable—	
(i)	the collection of all taxes or duties imposed by the Inland Revenue Acts:	
(ii)	the carrying into effect of any of the Inland Revenue Acts:	25
(iii)	the carrying out of functions lawfully conferred on the Commissioner:	
(b)	to enable the collection by the Commissioner of revenue information, including the power to—	
(i)	gain access to property or documents; and	30
(ii)	remove documents to make copies; and	
(iii)	remove and retain documents for review:	
(c)	to require a person or entity to produce documents or to provide or allow access to information to the Commissioner:	

(d)	to set out the Commissioner’s powers to copy, remove, or retain documents:	
(e)	to provide a regulation-making power for the regular collection of bulk data:	
(f)	to describe how revenue information may be used:	5
(g)	to protect the confidentiality of sensitive revenue information:	
(h)	to facilitate efficient and effective government administration and law enforcement by allowing permitted disclosures of sensitive revenue information for certain specific or appropriate purposes.	
16B	Principles on which subpart based	10
	<i>Purpose of collection of revenue information</i>	
(1)	The collection of revenue information may be made for 1 or more of the following purposes:	
(a)	to protect the integrity of the tax system:	
(b)	to carry into effect the revenue laws:	15
(c)	to carry out or support a function lawfully conferred on the Commissioner:	
(d)	to encourage compliance with the revenue laws:	
(e)	for any other function lawfully conferred on the Commissioner.	
	<i>Necessary or relevant for stated purposes</i>	20
(2)	In collecting revenue information, the Commissioner may access property or documents only if taking that action is—	
(a)	necessary or relevant for a purpose set out in subsection (1) ; and	
(b)	considered likely to provide the information required.	
	<i>Protection of information</i>	25
(3)	Revenue information that is held by the Commissioner must be protected by such security safeguards as it is reasonable in the circumstances to take, against—	
(a)	loss:	
(b)	unauthorised instances of access, use, modification, or disclosure:	30
(c)	misuse.	
	<i>Non-disclosure of sensitive revenue information</i>	
(4)	A revenue officer may not disclose sensitive revenue information unless the disclosure is a permitted disclosure made—	
(a)	for the purposes of carrying into effect a revenue law or carrying out a function lawfully conferred on the Commissioner:	35
(b)	under certain agreements or regulations:	

(c)	to a person in relation to their own revenue information— or in a general case:	
(d)	for the following and certain other specified purposes:	
(i)	public services purposes:	
(ii)	international purposes:	5
(iii)	risk of harm purposes.	
	<i>Collection of information</i>	
(5)	For the purposes of subsection (2) , the collection of information includes the compilation, collation, synthesis, or generation of information by the Commissioner.	10
	<i>Commissioner, authorised officers, accompanying persons, and particular offices</i>	
(6)	For the purposes of this subpart, and section 227F ,—	
(a)	a reference to the Commissioner includes a reference to an officer of the department authorised by the Commissioner:	15
(b)	a reference to the Commissioner in sections 17(1) and (2) and 17C(1)(d) includes a reference to an accompanying person:	
(c)	when a provision requires information to be produced, filed, or delivered to the Commissioner, the Commissioner may require that the information is produced, filed, or delivered to a particular office of the department.	20
16C	Key terms	
	<i>Meaning of revenue law</i>	
(1)	For the purposes of this subpart and schedule 7, revenue law means—	
(a)	the Inland Revenue Acts:	25
(b)	the Accident Compensation Act 2001, the Accident Insurance Act 1998, the Accident Rehabilitation and Compensation Insurance Act 1992, or the Accident Compensation Act 1982:	
(c)	the New Zealand Superannuation Act 1974:	
(d)	any Act that imposes taxes or duties payable to the Crown.	30
	<i>Meaning of revenue information</i>	
(2)	For the purposes of this subpart and schedule 7, revenue information means information that is acquired, obtained, accessed, received by, or disclosed to, <u>or held by the Commissioner—</u>	
(a)	under or for the purposes of a revenue law:	35
(b)	under an information-sharing right <u>agreement</u> .	

<i>Meaning of sensitive revenue information</i>	
(3) For the purposes of this subpart and schedule 7 , sensitive revenue information —	
(a) means revenue information that relates to the affairs of a person or entity—	5
(i) that identifies, or is reasonably capable of being used to identify, the person or entity, whether directly or indirectly; or	
(ii) that might reasonably be regarded as private, commercially sensitive, or otherwise confidential; or	
(iii) the release of which could result in loss, harm, or prejudice to a person to whom or to which it relates:	10
(b) does not include aggregate or statistical data that may contain information about the person or entity to the extent to which the information does not meet the requirements of paragraph (a) .	
<i>Meaning of revenue officer</i>	
(4) For the purposes of this subpart and schedule 7 , a revenue officer —	15
(a) means a person who is employed in, or seconded to, or connected with the service of Inland Revenue; and	
(b) includes—	
(i) a person employed in the service of the Government of an overseas country or territory who is for the time being seconded to, or connected with the service of Inland Revenue:	20
(ii) a person formerly employed in, or seconded to, or connected with the service of Inland Revenue.	
<i>Meaning of permitted disclosure</i>	
(5) A For the purposes of this subpart and schedule 7 , permitted disclosure means the disclosure of an item of sensitive revenue information to another person as an exception to the rule of confidentiality set out in section 18 . The purposes for which a revenue officer may disclose sensitive revenue information are set out in sections 18D to 18J and schedule 7 .	25 30
<i>New Zealand superannuation</i>	
(6) For the purposes of subsection (1)(c) , the New Zealand Superannuation Act 1971 includes Part 1 of the Superannuation Schemes Act 1976, and the New Zealand Superannuation Corporation includes the National Provident Fund Board in relation to its functions under that Part.	35

Collection of information

17 Commissioner may obtain information by accessing property or documents

Access to property or documents

- (1) Despite anything in any other Act but subject to **subsection (2)**, the Commissioner may access any property or documents for the purpose of inspecting a document, property, process, or matter that the Commissioner considers— 5
- (a) is necessary or relevant for the purposes and principles set out in sections 16 and 16B of this section: 10
- (b) is likely to provide information that would otherwise be required for the purposes of the Inland Revenue Acts and any function lawfully conferred on the Commissioner. 10

Consents or warrants required for private dwellings

- (2) The Commissioner must not enter a private dwelling to access any property or documents except with the consent of an occupier or under a warrant issued under **section 17D**. 15

Providing assistance and answering questions

- (3) Despite section 103(3)(b)(ii) and (7) of the Search and Surveillance Act 2012, the occupier of land, or a building, or a place that the Commissioner enters, or proposes to enter, must— 20
- (a) provide the Commissioner with all reasonable facilities and assistance for the effective exercise of the powers under this section and **section 17C**; and
- (b) answer all proper questions relating to the effective exercise of the powers under this section as, and in the manner, required by the Commissioner. 25

Accompanying persons

- (4) A person whose presence at a place is considered by the Commissioner to be necessary for the effective exercise of the powers under this section may accompany the Commissioner to a place. 30

Definitions for this section

- (5) In this section, and **sections 16, 16B, and 17D**,—
- property or documents** includes—
- (a) all lands, buildings, places, or other premises:
- (b) a document, whether in the custody or under the control of a public officer, or a body corporate, or any other person 35

private dwelling means a building or part of a building occupied as residential accommodation, and includes—

- (a) a garage, shed, and other building used in connection with the private dwelling; and
- (b) any business premises that are, or are within, a private dwelling.

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17B Commissioner may require information or production of documents

Requiring information or production of documents

- (1) A person must, when notified by the Commissioner in an information demand, provide any information that the Commissioner considers necessary or relevant for any purpose relating to—

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- (a) the administration or enforcement of an Inland Revenue Act;
- (b) the administration or enforcement of any matter arising from, or connected with, a function lawfully conferred on the Commissioner.

Documents included

- (2) In this section and in **sections 17, 17G, and 17H**, a requirement to provide information includes a requirement to produce a document.

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Requirements

- (3) The Commissioner may require that information provided under this section be—

- (a) verified by statutory declaration or otherwise;
- (b) provided to a particular office of the Commissioner;
- (c) provided in a manner acceptable to the Commissioner.

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Persons included

- (4) For the purposes of this section, a person includes—

- (a) an officer employed in, or in connection with, a department of the government or a public authority;
- (b) any other public officer.

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Particular requirements for information demands and inquiries

- (5) **Sections 47E–17F to 17K** set out some particular requirements for information demands and inquiries.

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17C Commissioner’s powers in relation to documents

Taking extracts, making copies, removing for inspection

- (1) In relation to a document accessed under **section 17** or provided under **section 17B or 17G**, the Commissioner may—

- (a) take an extract from the document;
- (b) make a copy of the document;

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(c)	remove the document from a place to make a copy:	
(d)	remove the document from a place and retain it for a full and complete inspection.	
	<i>Copying and returning documents</i>	
(2)	When a document is removed and a copy made under subsection (1)(c) , the copy must be made and the document then returned as soon as practicable.	5
	<i>Removing documents with consent or under warrant</i>	
(3)	The Commissioner may remove and retain a document under subsection (1)(d) for a full and complete inspection for as long as is necessary to undertake the inspection if the Commissioner has—	10
(a)	the consent of an occupier:	
(b)	a warrant issued under section 17D .	
	<i>No charge for copies</i>	
(4)	For the purposes of subsection (1)(a) to (c) , the Commissioner may take an extract from or make a copy of a document without charge.	15
	<i>Owner's inspection</i>	
(5)	The owner of a document that is provided, accessed, or removed under subsection (1) may inspect and obtain a copy of the document at the premises to which it is removed—	
(a)	at the time the document is removed to the premises:	20
(b)	at all reasonable times subsequently.	
	<i>Evidence</i>	
(6)	A copy of a document certified by or on behalf of the Commissioner is admissible in evidence in court as if it were the original.	
17D	Warrants	25
	<i>When this section applies</i>	
(1)	This section applies for the purposes of sections 17 and 17C when—	
(a)	an application is made for a search warrant under Part 4, subpart 3 of the Search and Surveillance Act 2012 for a warrant to enter a private dwelling or to remove and retain a document from a place; and	30
(b)	an issuing officer is satisfied that the issue of the warrant is required for the exercise of a function lawfully conferred on the Commissioner.	
	<i>Warrants for entry</i>	
(2)	The issuing officer may issue a warrant to the Commissioner to enter a private dwelling when physical access to the dwelling is required.	35

<i>Warrants for removal of documents</i>	
(3)	The issuing officer may issue a warrant to the Commissioner to remove a document from a place and retain it when a full and complete inspection of the document is required.
<i>Exercising warrants</i>	
(4)	A person exercising the power of entry conferred by a warrant issued under subsection (2) or a warrant for removal of a document under subsection (3) must produce the warrant and evidence of their identity on first entering the private dwelling or the place and whenever subsequently reasonably required to do so.
<i>Relationship with Search and Surveillance Act 2012</i>	
(5)	For the purposes of this section, and in section 17(3) , the provisions of subparts 1, 3, 4, 7, 9, and 10 of part 4 of that Act, other than sections 102, 103(3)(b)(ii), 103(4)(g), 103(7), 115(1)(b), 118, 119, and 130(4) apply.
<i>Definition for this section</i>	
(6)	In this section, issuing officer has the meaning given in section 3 of that Act.
17E	Information or documents treated as in persons' knowledge, possession, or control
<i>Non-residents</i>	
(1)	For the purposes of sections 17B(1) , 143(2), and 143A(2), information or a document that is in the knowledge, possession, or control of a non-resident is treated as being in the knowledge, possession, or control of a New Zealand resident if the New Zealand resident controls, directly or indirectly, the non-resident. For this purpose,—
(a)	a New Zealand resident is treated as holding anything held by a person who—
(i)	is resident in New Zealand and is associated with the New Zealand resident:
(ii)	is a controlled foreign company and is associated with the New Zealand resident:
(b)	a law of a foreign country that relates to the secrecy of information is ignored.
<i>Large multinational groups</i>	
(2)	For the purposes of sections 17B(1) , 139AB, 143(2), and 143A(2), information or a document is treated as being in the knowledge, possession, or control of a member of a large multinational group in an income year, disregarding any law of a foreign country relating to the secrecy of information, if the information or document is relevant to the taxation of the large multinational group and

is in the knowledge, possession, or control of the member or another member of the large multinational group.

Particular information demands and inquiries

17F Commissioner may require information about offshore payments

When this section applies

(1) This section applies when—

- (a) the Commissioner notifies a person in an information demand that they are required under **section 17B** to provide information relating to an offshore payment for which a deduction may be allowed; and
- (b) the person fails to provide a response, or a sufficient response, to the information demand by the date that is 3 months after the information demand (the **demand date**).

Deduction disallowed

- (2) The Commissioner may disallow the deduction, in whole or in part, in the course of making an assessment, and the person who has the deduction (**person A**) may not dispute the assessment in proceedings under Part 8 or Part 8A unless they establish in the proceedings that they did provide a sufficient response to the information demand was provided within 3 months of the demand date, whether the response was provided by them or another person to whom an information demand was given.

Information not admissible in evidence

- (3) In relation to an assessment referred to in **subsection (2)**, when the information demand was given to person A, or to another person (**person B**) with a copy provided to person A to a person other than the person A (**person B**), the information is not admissible in proceedings under Part 8 or Part 8A in which a deduction for an offshore payment is at issue. except to the extent to which the evidence—

- (a) is provided or identified in either person A or person B's response to the information demand:
- (ab) is provided or identified in person A's response to the copy of the information demand as described in **subsection (6)**:
- (b) is contained in other material in the possession of the Commissioner at the time the Commissioner issued the information demand and can reasonably be verified by the Commissioner.

Notice of insufficient response

- (4) The rule against admissibility in **subsection (3)** applies only if the Commissioner gives person A a separate notice, before or at the time of making the assessment, stating that the Commissioner does not consider that either person A or person B has provided a sufficient response to the information demand.

Commissioner's evidence

- (5) **Subsection (3)** does not apply to prevent the Commissioner from producing any evidence in any proceedings.

Notices

- (6) When a notice under **subsection (1), (3), or (4)** is given to person B, a copy must be provided to person A. 5

Meaning of offshore payment

- (7) For the purposes of this section, an **offshore payment**, for a person, means an amount of expenditure or loss incurred or purportedly incurred by them to—
- (a) a person outside New Zealand; or 10
 - (b) a person, whether in or outside New Zealand, associated with, acting for or on behalf of, or in a fiduciary capacity in relation to, a person outside New Zealand; or
 - (c) a person in New Zealand who, in the opinion of the Commissioner, may in consequence of the expenditure or loss incurred by the taxpayer, whether or not in consequence of any other thing and whether or not as an immediate or eventual consequence, make a payment to— 15
 - (i) a person outside New Zealand; or
 - (ii) a person in New Zealand making a payment as described in this paragraph. 20

17G Commissioner may require information from large multinational groups
(BEPS)

When this section applies

- (1) This section applies when the Commissioner notifies a member of a large multinational group in an information demand that the member is required under **section 17B** to provide information relating to the large multinational group or to a member of the large multinational group, and the member— 25
- (a) fails to provide by the date that is 3 months after the information demand (the **demand date**), a response to the information demand:
 - (b) provides, by the demand date, a response that the Commissioner considers to be misleading because it contains misleading information or omits relevant information: 30
 - (c) provides, by the demand date, a response that the Commissioner considers omits, information, whether or not in the knowledge, possession, or control of the member, required by the information demand for the calculation of— 35
 - (i) an arm's length amount for a cross-border transaction:

(ii) an amount of profit attributable to a permanent establishment in New Zealand of the member or another member of the large multinational group: (d) provides, by the demand date, a response that the Commissioner considers does not fulfil the requirements of the information demand.	5
<i>Consequences of failing to provide satisfactory responses</i>	
(2) The Commissioner must notify the member by a further notice that if the member does not provide a satisfactory response to the information demand before the date (the information deadline) that is 1 month after the date of the further notice,—	10
(a) the Commissioner may rely on the information held by the Commissioner in exercising the Commissioner’s power to prosecute, penalise, assess, or reassess the member or other members of the large multinational group for a tax year to which the information required by the information demand relates; and (b) information required by the information demand and not provided to the Commissioner by the information deadline will not be allowed as evidence for use by the member or other members of the large multinational group in a dispute concerning an action of the Commissioner referred to in paragraph (a).	15 20
<i>Treatment of information in disputes</i>	
(3) If a member of a large multinational group disputes a prosecution, imposition of a penalty, assessment, or reassessment, relating to a tax year, and information that is required by an information demand and relates to the tax year is not provided to the Commissioner before the information deadline, the information that is not the subject of a court order under subsection (4) is not—	25
(a) allowed as evidence for use by the member in a disputes procedure under Part 4A: (b) admissible as evidence for the member in proceedings under Part 8 or Part 8A, or other proceedings.	30
<i>When court overrules treatment of information</i>	
(4) A member of a large multinational group is allowed to use information in a way that would otherwise be prevented by subsection (3) if a court or Authority—	
(a) determines that obtaining the information in response to the information demand would have required an investment by the member of time and resources that would have been unreasonable in relation to the relevance of the information to the tax issues involved; and (b) determines that admission of the evidence is necessary to avoid manifest injustice to the member; and	35 40

- (c) orders that the information be allowed or admissible as evidence in the proceedings.

17H Court may make order for provision of information

Applying to Court for orders

- (1) When a person does not fully comply with an information demand under **section 17B** or does not provide a tax return required under the Inland Revenue Acts, the Commissioner may apply to the District Court for an order requiring the person to provide the information or the tax return, as applicable.

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Application as alternative remedy

- (2) The Commissioner may make an application under **subsection (1)** as well as, or instead of, prosecuting the person.

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Notifying persons affected

- (3) The Commissioner must notify the person in relation to whom the order is sought of the application, and must notify any other person, as the Court directs.

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Hearing

- (4) The Commissioner and every person notified of the application is entitled to appear and be heard on the hearing of the application.

Court review

- (5) The Court may—
- (a) order the information to be provided to the Court; and
 - (b) review the information to determine—
 - (i) whether to make an order requiring the person to provide the information to the Commissioner; and
 - (ii) whether the information is the subject of legal professional privilege, whether within the meaning of section 20 or otherwise at law; and
 - (iii) whether the information is contained in a tax advice document, and if so, whether it is required to be disclosed under section 20E, 20F, or 20G.

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Court orders

- (6) The Court may order the person named in the application to provide the information, or a part of the information, to the Commissioner if and to the extent to which the Court is satisfied that the information—

- (a) is likely to be relevant for a purpose relating to the administration or enforcement of a revenue law or a matter arising from, or connected with, a function lawfully conferred on the Commissioner; and

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(b)	is not the subject of legal professional privilege, whether within the meaning of section 20 or otherwise at law.	
	<i>Returns</i>	
(7)	The Court may order the person named in the application to provide a tax return.	5
	<i>Undocumented information</i>	
(8)	A person who is required to provide information under this section must, if the information is not kept in a document, make the necessary arrangements to ensure that the information can be viewed and copied.	
	<i>Overriding provision</i>	10
(9)	This section applies despite any enactment or rule of law that may oblige a person to keep information secret, or not to disclose information, or not to perform an obligation. Compliance with a court order under this section is not a breach of the enactment, rule, or obligation.	
	<i>No excuse</i>	15
(10)	A person is not excused from having to comply with this section on the ground that—	
(a)	providing the information could or might prove a breach of a tax obligation or subject the person to a fine, penalty, or conviction; or	
(b)	the person could claim another privilege in relation to the provision of the information in proceedings in a court.	20
	<i>Offences</i>	
(11)	For offences under this section, <i>see</i> section 143G.	
17I	Commissioner may conduct inquiries	
	<i>When this section applies</i>	25
(1)	This section applies for the purposes of obtaining information—	
(a)	in relation to a person’s tax liability under an Inland Revenue Act:	
(b)	that is required—	
(i)	for the purposes of the administration or enforcement of an Inland Revenue Act:	30
(ii)	in carrying out a function lawfully conferred on the Commissioner.	
	<i>Inquiry by Commissioner</i>	
(2)	The Commissioner may notify a person that they are required to attend and provide information to the Commissioner or to produce documents in their possession or control that contain the information or that the Commissioner considers are likely to contain the information.	35

<i>Evidence</i>	
(3) The Commissioner may require a person to give evidence on oath, and orally or otherwise, and for that purpose, the Commissioner or an authorised officer may administer an oath.	
<i>Offences</i>	5
(4) For offences under this section, <i>see</i> section 143F.	
17J Commissioner may apply for District Court Judge to conduct inquiries	
<i>When this section applies</i>	
(1) This section applies when the Commissioner considers that an inquiry is necessary for the purposes of obtaining information—	10
(a) in relation to a person’s tax liability under an Inland Revenue Act:	
(b) that is required—	
(i) for the purposes of the administration or enforcement of an Inland Revenue Act:	
(ii) in carrying out a function lawfully conferred on the Commissioner.	15
<i>Inquiries before District Court Judge</i>	
(2) The Commissioner may apply to a District Court Judge to hold an inquiry for the purposes of obtaining the information.	
<i>Summoning and examination of persons</i>	20
(3) The Judge may—	
(a) summon a person that the Commissioner or another interested person requires to be examined; and	
(b) examine the person on oath in chambers regarding any matter relevant to the subject matter of the inquiry.	25
<i>Judge’s jurisdiction and person’s rights</i>	
(4) The Judge has all jurisdiction and authority in relation to the summons and examination of the person that they would have in relation to a witness in a civil action within the Judge’s ordinary jurisdiction. Subject to the Inland Revenue Acts, the person has all the rights that the person would have and is subject to the liabilities that the person would be if the person were the witness.	30
<i>Commissioner’s powers</i>	
(5) The Commissioner—	
(a) may cross-examine a person summoned:	
(b) may be represented by a barrister or solicitor who may examine, cross-examine, and re-examine a person summoned according to ordinary practice.	35

	<i>Persons interested</i>	
(6)	A person interested in the subject matter of the inquiry may be represented and may examine, cross-examine, and re-examine a person summoned according to ordinary practice.	
	<i>Statements</i>	5
(7)	The statement of a person examined under this section must be recorded in a document, signed by the person in the presence of the Judge, and delivered to the Commissioner. The statement does not form part of court records.	
	<i>Offences</i>	
(8)	For offences under this section, <i>see</i> section 143F.	10
17K	Questions and statements made in inquiries	
	<i>When this section applies</i>	
(1)	This section applies when a person is summoned and examined by either the Commissioner under section 17I or a District Court Judge under section 17J .	15
	<i>No excuse</i>	
(2)	No person summoned or examined is excused from answering a question on the ground that the answer may incriminate them or render them liable to a penalty or forfeiture.	
	<i>Statements not admissible in evidence</i>	20
(3)	A statement made by a person in answer to a question put to them is not admissible in criminal proceedings against the person, except on a charge of perjury. The provisions of the Crimes Act 1961 which relate to perjury are applicable to an inquiry by the Commissioner under section 17I .	
	<i>Travelling expenses</i>	25
(4)	A person who has been summoned is entitled to receive an amount on account of travelling expenses and loss of time. The amount is a reasonable amount determined by the Commissioner or the Judge, as applicable.	
	<i>Offences</i>	
(5)	For offences under this section, <i>see</i> section 143F.	30
	<i>Regulations</i>	
17L	Regulations providing for regular collection of bulk data	
	<i>What this section does</i>	
(1)	This section provides a regulation-making power in relation to the administration of this Act and the other Inland Revenue Acts to authorise the Commissioner to collect bulk information in the form of datasets from a person who is the holder of the information if the collection of the information is considered	35

necessary or relevant for ~~revenue purposes~~ a purpose relating to the administration or enforcement of a matter arising from or connected with a function lawfully conferred on the Commissioner.

Orders in Council

(2) The Governor-General may, by Order in Council on the recommendation of the Minister of Revenue, make regulations— 5

(a) authorising the Commissioner to collect on a continuing and regular basis, information in the form of datasets from a person, or a class of persons:

(b) prescribing— 10

(i) the type of information that may be collected:

(ii) the person or the class of persons to whom the regulations apply:

(iii) the frequency of reporting by the person or class of persons:

(iv) the form of the information:

(v) the specifications for the reporting method that must be used: 15

(bb) setting out the way in which the information is necessary for the purposes set out in **subsection (1)**:

(c) specifying a person or class of persons who may be given an exemption from some or all of a requirement under **paragraph (a)–or, (b), or (bb)**: 20

(d) prescribing how provisions of this Act or another Inland Revenue Act must be applied or modified for the purpose set out in **section 17B**.

Requirements

(3) The Minister may recommend the making of regulations under this section only if satisfied that— 25

(a) the regulations are necessary for a purpose relating to—

(i) the administration or enforcement of any of the Inland Revenue Acts:

(ii) the administration or enforcement of any matter arising from or connected with a function lawfully conferred on the Commissioner; and 30

(b) the proposed use of the information is consistent with the purposes of the Inland Revenue Acts; and

(bb) the type and quantity of information collected is no more than is necessary for a purpose relating to— 35

(i) the administration or enforcement of any of the Inland Revenue Acts:

	(ii) <u>the administration or enforcement of any matter arising from or connected with a function lawfully conferred on the Commissioner; and</u>	
	(bc) <u>the regulations do not unreasonably impinge on the privacy of individuals, and contain safeguards that adequately protect the privacy of individuals; and</u>	5
	(c) a consultative process has been undertaken that—	
	(i) includes the distribution of draft regulations and an explanation of the way in which the regulations would meet the requirements of paragraphs (a), and (b), (bb), and (bc) to the Privacy Commissioner, <u>information holders</u> , and other persons or organisations with whom the Commissioner considers it is reasonable to consult for the purposes of this section; and	10
	(ii) provides a period of consultation of at least 46 weeks.	
	<i>Review</i>	15
(4)	Within the period of time set out in subsection (5) , the Commissioner must—	
	(a) review the operation of this section; and	
	(b) assess the impact of this section, in consultation with the Privacy Commissioner; and	20
	(c) consider whether amendments to the law are necessary or desirable, and in particular, whether this section is needed; and	
	(d) report the findings to the Minister of Revenue.	
	<i>Timing of review</i>	
(5)	The review must occur after the expiry of 5 years from the commencement of this section but before the expiry of 6 years from that date <u>the commencement of this section</u> .	25
	<i>Use of information</i>	
17M	Use of information	
	<i>Purposes</i>	30
(1)	Despite anything in any other Act, nothing prevents the Commissioner from—	
	(a) using information obtained under this Act for the purposes of—	
	(i) carrying into effect any of the Inland Revenue Acts:	
	(ii) carrying out or supporting a function lawfully conferred on the Commissioner; or	35
	(b) using information obtained under any of the Inland Revenue Acts for the purposes of—	

	(i) carrying into effect the provisions of this Act:	
	(ii) carrying out or supporting a function lawfully conferred on the Commissioner.	
	<i>Permitted disclosures</i>	
(2)	For the purposes of subsection (1) , the use of information by the Commissioner includes its use in a permitted disclosure.	5
	<i>Re-use of information</i>	
(3)	In this section, the use of information includes the re-use of the information.	
	<i>Confidentiality of information</i>	
18	Confidentiality of sensitive revenue information	10
	<i>Confidentiality requirements for revenue officers</i>	
(1)	A revenue officer must keep confidential all sensitive revenue information and must not disclose the information unless the disclosure is a permitted disclosure that meets the requirements of sections 18D to 18J .	
	<i>Confidentiality requirements for other persons</i>	15
(2)	A person, other than a revenue officer, who has access to, or obtains sensitive revenue information must keep it confidential and must not disclose the information unless the disclosure is—	
	(a) <u>authorised by the Commissioner as a permitted disclosure that meets the requirements of sections 18D to 18J:</u>	20
	(ab) <u>authorised by the Commissioner for a purpose, and only to the extent authorised:</u>	
	(b) permitted under the agreement under which the information is accessed or obtained.	
	<i>Other revenue information</i>	25
(3)	Despite sections 18D to 18J and schedule 7 , the Commissioner is not required to disclose any item of revenue information if the release of the information would adversely affect the integrity of the tax system or would prejudice the maintenance of the law.	
	<i>Offences and penalties</i>	30
(4)	For the offences and related penalties,—	
	(a) by revenue officers, <i>see</i> section 143C :	
	(b) by persons other than revenue officers, <i>see</i> sections 143D to 143EB .	

18B Requirements for revenue officers and other persons

Declarations by revenue officers

- (1) For the purposes of **section 18(1)**, before a revenue officer performs their first official duty as an officer, they must complete a declaration of confidentiality as prescribed by the Commissioner.

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Certificates by other officers

- (2) For the purposes of **section 18(2)**, a person, other than a revenue officer, who acquires, obtains, or has access to revenue information must complete a certificate of confidentiality as prescribed by the Commissioner. The certificate must be kept in a form acceptable to the Commissioner by the person, entity, or agency that employs, appoints, or contracts services from, the person.

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Making declarations

- (3) The declaration under **subsection (1)** may be made before—
- (a) the Commissioner; or
 - (b) a revenue officer; or
 - (c) a person authorised by or under the Oaths and Declarations Act 1957 to take statutory declarations.

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Revenue officers treated as making declaration

- (4) A revenue officer who has made a declaration described in **subsection (1)** under an earlier taxation secrecy or fidelity provision corresponding to this provision, or who was treated as making that declaration under an earlier provision, is treated as having made a declaration under this section.

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Other persons treated as making declaration

- (5) A person other than a revenue officer who has completed a certificate as described in **subsection (2)** under an earlier taxation secrecy or fidelity provision corresponding to this provision, or who was treated as completing that certificate under an earlier provision, is treated as having completed a certificate under this section.

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Permitted disclosures

18C Permitted disclosures

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Sections 18D to 18J provide exceptions to the rule of confidentiality set out in **section 18**. These exceptions are **permitted disclosures**.

18D Disclosures made in carrying into effect revenue laws

Carrying into effect revenue law

- (1) **Section 18** does not apply to a disclosure of sensitive revenue information that is made for the purpose of carrying into effect a revenue law as set out in **schedule 7, part A**.

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Carrying out function conferred on Commissioner

- (2) **Section 18** does not apply if—
- (a) a disclosure of sensitive revenue information is made in carrying out or supporting a function lawfully conferred on the Commissioner to—
 - (i) administer the tax system: 5
 - (ii) implement the tax system:
 - (iii) improve, research, or reform the tax system; and
 - (b) the Commissioner considers the disclosure is reasonable for the purposes described in **paragraph (a)**, having regard to—
 - (i) the Commissioner’s obligation at all times to use best endeavours to protect the integrity of the tax system; and 10
 - (ii) the importance of promoting compliance with the law, especially voluntary compliance; and
 - (iii) the impact of the disclosure, personally or commercially or in some other way; and 15
 - (iv) the resources available to the Commissioner; and
 - (v) the public availability of the information.

Disclosures in co-located environments

- (3) **Section 18** does not apply to a disclosure of sensitive revenue information that a revenue officer— 20
- (a) makes—
 - (i) to a person who is a revenue officer or a person to whom **section 18B(2)** applies; and
 - (ii) at a place, and in conditions relating to the confidentiality of information, in which the Commissioner expects revenue officers to perform their duties; and 25
 - (b) does not intend, and takes the care that is reasonable in the place and conditions to prevent, the receipt of the information by the person receiving it.

Disclosures for court proceedings

- (4) **Section 18** does not apply to— 30
- (a) prevent the disclosure of sensitive revenue information to a court or tribunal if the disclosure is necessary for the purpose of carrying into effect a revenue law:
 - (b) require a revenue officer to produce a document in a court or tribunal, or to disclose to a court or tribunal a matter or thing that comes to their notice in the performance of their duties. 35

18E Disclosures made under information-sharing arrangements

Disclosure under agreements and regulations

- (1) **Section 18** does not apply to a disclosure of sensitive revenue information and other information, as applicable, that is made for the purpose of a disclosure under—

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- (a) an approved agreement under **subsection (2)**;
- (b) an agreement made under **subsection (3)**;
- (c) regulations made under **section 18F**.

Approved information-sharing agreements

- (2) The Commissioner may provide information under an information-sharing agreement approved by an Order in Council made under section 96J of the Privacy Act 1993. The information-sharing agreement—

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- (a) may relate to information that is sensitive revenue information being personal information and other non-personal information;
- (b) may extend a restricted information-sharing provision in an Inland Revenue Act, as contemplated by the Privacy Act 1993, without further authority than this section;
- (c) includes an existing approved information-sharing agreement made under the authority of this Act that continues to be in force.

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Disclosure by agreement when consent obtained

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- (3) The Commissioner may enter into an agreement to share certain information if—

- (a) the agreement—
 - (i) is made for public services purposes; and
 - (ii) relates to the disclosure of sensitive revenue information held about a person or entity; and
 - (iii) specifies appropriate conditions for the security and use of the information; and
 - (iv) stipulates a process to ensure the consent is properly obtained and recorded; and

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- (ab) the Commissioner has consulted the Privacy Commissioner on the terms of the agreement, and the Privacy Commissioner agrees that the disclosure is appropriate; and

- (b) the person or entity consents to the disclosure of the information.

Inquiry into provenance of types of data

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- (3B) Before proposing a new information-sharing agreement under **subsection (2)**, a new consent agreement under **subsection (3)**, or new regulations under **section 18F**, the Commissioner must—

	(a) <u>inquire into, and make an assessment of, the likely provenance of the types of data proposed to be shared; and</u>	
	(b) <u>consider whether particular conditions are required to be specified for the security and use of the information.</u>	
	<i>Meaning of public service</i>	5
(4)	In this section and sections 16B and 18F , public service means a public function or duty that is conferred or imposed on an agency described in sub-section (5) —	
	(a) by or under law; or	
	(b) by a policy of the Government.	10
	<i>Meaning of agency</i>	
(5)	For the purposes of this section and section 18F , agency —	
	(a) has the meaning given in section 2 of the Privacy Act 1993 as it applies for the purposes of Part 9A of that Act:	
	(b) includes a private sector agency and a public sector agency as those terms are defined in section 96C of that Act.	15
18F	Regulations for information-sharing for public services purposes	
	<i>Regulations relating to provision of public services</i>	
(1)	This section provides a regulation-making power for matters relating to the provision of public services in the sharing of revenue information <u>or other information, as applicable,</u> when—	20
	(a) the sharing of the information is intended to improve the ability of the government to deliver efficient and effective services or enforce the law; <u>and</u>	
	(b) the information is more easily or more efficiently obtained from, or verified by, the Commissioner; <u>and</u>	25
	(c) it is not unreasonable or impractical to require the Commissioner to deliver the information; <u>and</u>	
	(d) the nature of the sharing is proportionate, taking into account the purpose for which the information is proposed to be shared; <u>and</u>	30
	(e) the person, entity, or agency receiving the information has adequate protection for the information; <u>and</u>	
	(f) the sharing of the information will not unduly inhibit the future provision of information to the Commissioner.	
	<i>Regulations</i>	35
(2)	The Governor-General may, by Order in Council on the recommendation of the Minister of Revenue, make regulations—	

(a)	providing for the sharing of revenue information that the Commissioner holds with an agency; <u>and</u>	
(b)	prescribing—	
	(i) the classes or types of revenue information that may be shared:	5
	(ii) how the information is to be provided or accessed:	
	(iii) how the information is to be used:	
	(iv) how the information must be stored, kept secure, or disposed of; <u>and</u>	
(bb)	<u>providing that the information-sharing arrangements under the regulations are monitored by the Privacy Commissioner; and</u>	10
(c)	specifying—	
	(i) whether further disclosure of the information is permitted:	
	(ii) whether review requirements are to be stipulated, including instances of breaches of confidentiality.	
	<i>Requirements for making of regulations</i>	15
(3)	The Minister may recommend the making of regulations under this section only if satisfied that—	
(a)	the regulations are necessary to achieve the purpose set out in subsection (1) ; and	
(ab)	<u>the type and quantity of information to be shared under the regulations are no more than is necessary to facilitate the provision of effective and efficient services or enforce the law; and</u>	20
(ac)	<u>the regulations do not unreasonably impinge on the privacy of individuals and contain safeguards that adequately protect the privacy of individuals; and</u>	25
(ad)	<u>the mechanism used to share the information is the most appropriate mechanism, taking into account the type and quantity of the information to be shared; and</u>	
(b)	a consultative process has been undertaken that—	
	(i) includes the distribution of draft regulations and an explanation of the way in which the regulations would meet the requirements of paragraphs (a) to (ad) to the Privacy Commissioner and other persons or organisations with whom the Commissioner considers it is reasonable to consult for the purposes of this section; and	30
	(ii) provides a period of consultation of at least 4 weeks.	35
	<i>Government agency communication</i>	
(4)	An Order in Council made under the authority of this Act under section 81BA as repealed by the Taxation (Annual Rates for 2018–19, Modernising Tax	

Administration, and Remedial Matters) Act **2018**, to the extent to which it continues to be in force, is treated as a regulation made under this section.

18G Disclosures to persons and their representatives

Section 18 does not apply to a disclosure of sensitive revenue information made to a person in relation to whom the information is held. The disclosure may be made to the person and also to the person’s representative as set out in **schedule 7 part B**.

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18H Disclosures to other agencies for certain specified purposes

Section 18 does not apply to a disclosure of sensitive revenue information to certain agencies when the disclosure is made for certain specified purposes as set out in **schedule 7 part C**.

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18I Disclosures for international purposes

Section 18 does not apply to a disclosure of sensitive revenue information that is made for the purposes of an international obligation of the Commissioner as set out in **schedule 7 part D**.

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18J Disclosures for risk of harm purposes

Serious threat to health and safety

(1) **Section 18** does not apply to a disclosure of sensitive revenue information that is made when disclosure is necessary to prevent or lessen a serious threat to—

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- (a) public health or public safety;
- (b) the life or health of a person.

Meaning of serious threat

(2) For the purposes of this section, **serious threat** means a threat that the Commissioner reasonably believes to be serious having regard to—

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- (a) the likelihood of the threat being realised; and
- (b) the severity of the consequences if the threat is realised; and
- (c) the time at which the threat may be realised.

16 New subpart heading inserted (Subpart 3AB—Tax advice documents)

Before section 20, insert a new subpart heading, “ Subpart 3AB—Tax advice documents”.

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17 Subpart heading amended (Subpart 3AC—Taxpayers’ obligations to keep records)

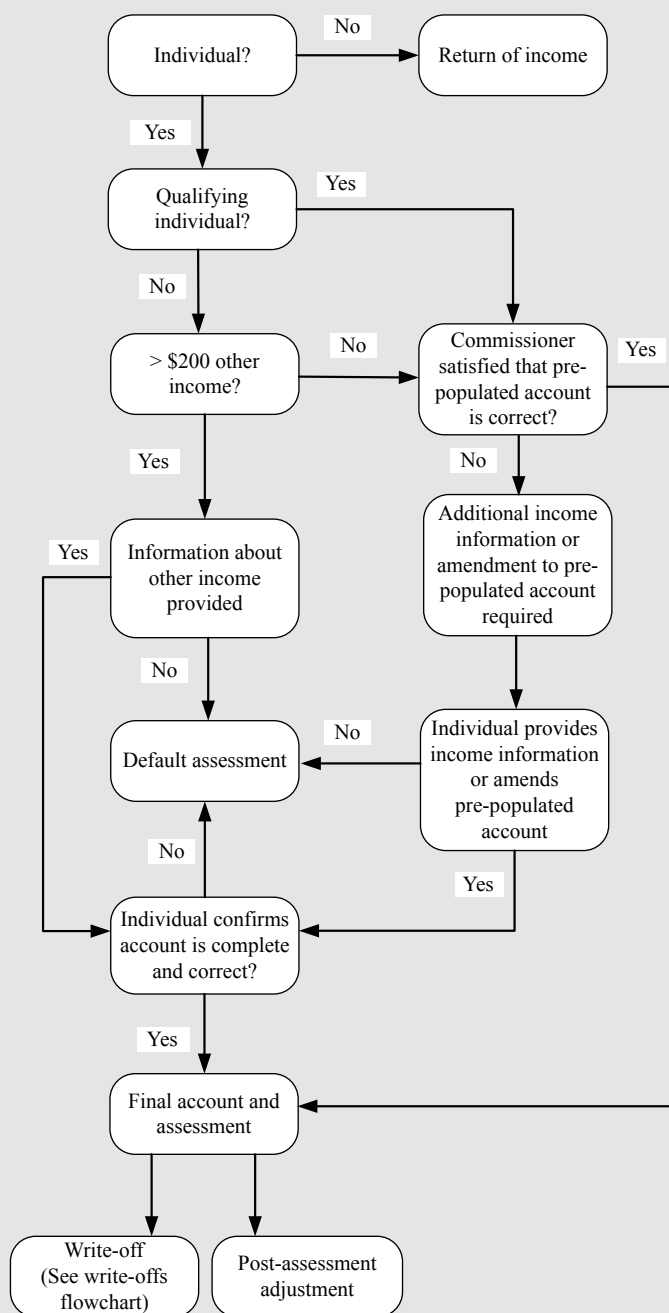
Replace the subpart heading “Subpart 3B—Taxpayer’s obligations to keep records” with “Subpart 3AC—Taxpayers’ obligations to keep records”.

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Part 2 cl 18		Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Bill
18	Section 21 repealed (Information requisitions in relation to offshore payments)	
	Repeal section 21.	
19	Section 21BA repealed (Information required to be provided by large multinational group)	5
	Repeal section 21BA.	
20	Section 22 amended (Keeping of business and other records)	
(1)	In section 22(2)(ke), replace “ section 24Q ” with “section 169B”.	
(2)	Replace section 22(3) with:	
(3)	An individual to whom Part 3, subpart 3B applies, and <u>A qualifying individual who is required by subsection (2) to retain records of their assessable income, must retain those records for a period of 12 months after the end of the income year in which the individual derived the income.</u>	10
(3)	<u>Subsection (2) applies for the 2018–19 and later income years.</u>	
21	New subpart inserted (Subpart 3B—Reporting of income information by individuals)	15
(1)	After section 22B, insert—	
	Subpart 3B—Reporting of income information by individuals	
22C	Outline of subpart	
	<i>What this subpart does</i>	20
(1)	This subpart provides the administrative settings that underpin an individual’s obligations under sections BB 2, BC 1 to BC 6, and BC 8 of the Income Tax Act 2007 to calculate and satisfy their income tax liability for a tax year. It sets out the requirements for the provision of information about an individual’s income, including—	25
(a)	the obligations of individuals to provide certain income information to the Commissioner:	
(b)	what is meant by certain key terms such as reportable income, other income, pre-populated account, adjusted account , and final account:	
(c)	when and how information must be provided to the Commissioner:	30
(d)	the treatment of an individual’s final account at the end of a tax year:	
(e)	when and how an individual’s assessment point arises <u>is made</u> :	
(eb)	<u>when certain amounts of tax payable may be written off:</u>	
(f)	how reporting errors in accounts may be corrected:	
(g)	the permitted de minimis amounts:	35

(h)	the information particulars.	
	<i>Income types</i>	
(2)	For the purposes of this Act and the Income Tax Act 2007, income that an individual derives for a tax year is categorised as either—	
(a)	their reportable income; or	5
(b)	their other income.	
	<i>Relationship with other provisions</i>	
(3)	For the provisions related to—	
(a)	returns of income, <i>see</i> sections 33 and 37 :	
(b)	returns related to family assistance credits, <i>see</i> section 41 :	10
(c)	donations tax credits, <i>see</i> section 41A :	
(d)	disputes, <i>see</i> sections 89C(I) and 89D :	
(e)	assessments, <i>see</i> sections 92, 106 , and 113:	
(f)	late filing penalties, <i>see</i> section 139A :	
(g)	amounts of tax to pay and refunds, <i>see</i> section 174AA .	15

Flowchart 1: Scheme of subpart 3B



22D Key terms

Meaning of individual

- (1) For the purposes of this subpart and **sections 4A, 22, 33, 37, 38, 42C, 89D, 92, 106, 110, 143, 443A, and 474AA, and 227G, and schedule 8**, individual—

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- (a) means a natural person; and
- (b) includes a natural person who is non-resident, other than a person whose only income for the corresponding income year is non-residents' foreign-sourced income; and
- (c) excludes, from the date of their death, a deceased natural person.

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Meaning of qualifying individual

- (1B) For the purposes of this subpart and **sections 4A, 22, and 120C**, definition of **date interest starts**, paragraph (a), and **schedule 8, qualifying individual** means—

- (a) an individual who derives only reportable income for an income year; and
- (b) has no other income information that must be provided to the Commissioner under this subpart for the income year.

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Meaning of reportable income

- (2) For the purposes of this subpart and **section 33** Act and the Income Tax Act 2007, **reportable income**, for an individual and a tax year, means an amount of income paid or payable to the individual for the corresponding income year—

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- (a) that is—
 - (i) a PAYE income payment;
 - (ii) a payment of resident passive income;
 - (iii) a payment of non-resident passive income;
 - (iv) a benefit under an employee share scheme described in schedule 4, table 1, rows 4 and 7; and
- (b) for which the person paying the amount has been provided the individual's tax file number, however this requirement does not apply if the amount is income derived jointly with another person and the Commissioner is able to allocate an amount to the individual for the income year; and
- (c) in relation to which information must be provided under this Act to the Commissioner by 31 May in the next tax year.

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Meaning of other income

- (3) For the purposes of this subpart and **section 33** **141JA and schedule 8**, **other income** or **income other than reportable income**, for an individual and a tax year, means an amount of income paid or payable to, or treated as income

of, the individual for the corresponding income year ~~other than~~ that is not their reportable income.

Meaning of pre-populated account

- (4) For the purposes of this subpart, and **sections 4A, 80KM, 443A, 106, and CX 27** of the Income Tax Act 2007, a **pre-populated account**, for an individual and a tax year, means the account—

- (a) provided by the Commissioner for the tax year; and
- ~~(b) containing the information held by the Commissioner on the reportable income derived for the corresponding income year and any other amount that the Commissioner considers the individual has derived for the income year.~~
- (b) containing the income information held by the Commissioner, including any income information provided by the individual, quantifying—
 - (i) the amount of reportable income derived for the corresponding income year; and
 - (ii) any other amount that the Commissioner considers the individual has derived for the income year.

Meaning of adjusted account

- (5) For the purposes of this subpart, ~~section 106, and schedule 8, an adjusted account~~, for an individual and a tax year, means the ~~pre-populated account for the tax year in relation to which the individual has provided information on—~~

- ~~(a) the other income that they derive for the corresponding income year;~~
- ~~(b) a deduction, credit of tax, or other amount set out in schedule 8, table 2.~~

Meaning of final account

- (6) For the purposes of this subpart, and **sections 4A, 33, 37, 38, 42C, 89D, 106, 110, and 143**, a **final account**, for an individual and a tax year, means a pre-populated account finalised under section 22HB.—

- ~~(a) a pre-populated account for the tax year if—~~
 - ~~(i) the individual has confirmed the account under section 22G(4) as correct and complete;~~
 - ~~(ii) the Commissioner has notified the individual as described in section 22I(2)(b) that the Commissioner is satisfied that their pre-populated account correctly and completely records their income for the corresponding income year;~~
- ~~(b) a zero pre-populated account referred to in section 22E(3) if, through the passage of time, the account is treated as an assessment under section 22I(2)(c);~~
- ~~(c) an adjusted account for the tax year if—~~

- ~~(i) the individual has confirmed the account under **section 226(2)** as correct and complete;~~
- ~~(ii) the Commissioner has notified the individual under **section 221(2)(b)** that the Commissioner is satisfied that their adjusted account correctly and completely records their income for the corresponding income year;~~
- ~~(iii) through the passage of time, the account is treated as an assessment under **section 221(2)(c)**;~~

5

22E Information included in pre-populated accounts

Pre-populated accounts

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- ~~(1) The Commissioner must include in an individual's pre-populated account for a tax year all the information held by the Commissioner for the tax year relating to an amount of reportable income derived for the corresponding income year and any other amount that the Commissioner considers the individual has derived for the income year.~~

15

- (1) The Commissioner must include in an individual's pre-populated account for a tax year—

- (a) all the income information held by the Commissioner for the tax year relating to an amount of reportable income derived for the corresponding income year; and
- (b) all the income information on other amounts that the Commissioner considers the individual has derived for the income year, including any income information provided by the individual.

20

Limits

- (2) Subsection (1)** applies only to the extent to which the information—
- (a) is available; and
- (b) is relevant for the individual in making an assessment for the tax year.

25

Zero pre-populated accounts

- ~~(3) If the Commissioner has no information for a tax year on an individual's reportable or other income, the individual is treated as having a zero pre-populated account.~~

30

Accounts with zero balance

- (3) An individual who has no reportable income for a tax year may ask the Commissioner to make available a pre-populated account with a zero balance in order that they may provide their income information for the tax year.

35

22F Information requirements

Obligations for information on other income

- (1) Subject to **section 22J(1)**, an individual must provide information to the Commissioner for a tax year on the total amount of assessable income that they derive for the corresponding income year to the extent to which the amount is not reportable income, see **schedule 8, part A, table 1**. 5

Obligations for reportable income information

- (2) No obligation to provide information for a tax year arises in relation to an amount of reportable income that is not included in an individual's pre-populated account for the tax year unless the individual knows, or might reasonably be expected to have known, that the amount should properly be included in their final account for the tax year. 10

Additional amounts

- (3) An individual may provide information for a tax year on an amount set out in **schedule 8, part A, table 2**. 15

Changes to information

- (4) ~~An individual may change the information contained in their pre-populated account or their adjusted account at any time before —~~
~~(a) the account is confirmed finalised under **section 22G22HB**; or~~
~~(b) the assessment is made under **section 22I(2)**.~~ 20

Benefits under employee share schemes

- (5) **Subsection (1)** does not apply to an amount of income that is a benefit that a person receives under an employee share scheme to the extent to which their employer has included information relating to the benefit in their employment income information under section 23K and schedule 4, table 1, rows 4 and 7. 25

Information provided on behalf of deceased individuals

- (6) In order to finalise the account of a deceased individual under **section 22HB**, the Commissioner may allow a person appearing on the list described in **sub-section (7)** to provide, to the best of their knowledge, income information on behalf of the deceased individual. 30

List of classes of persons

- (7) The Commissioner must publish a list of the classes of persons who are considered likely to have a relationship with a deceased individual and that the Commissioner considers may be the sort of person who is best placed to provide income information on behalf of a deceased individual. 35

22G ~~Confirming accounts~~

~~Pre-populated accounts~~

- (1) ~~An individual who derives only reportable income for a tax year may, at any time in the assessment period, confirm their pre-populated account for the tax year once they are satisfied that the account is correct and complete.~~

5

~~Adjusted accounts~~

- (2) ~~An individual who derives income other than reportable income for a tax year may confirm their adjusted account for the tax year at any time in the assessment period once—~~
- (a) ~~they have provided the information required in relation to their other income; and~~
- (b) ~~they are satisfied that the account is correct and complete.~~

10

22H Amending accounts for incorrect or missing information

When this section applies

- (1) This section applies for an individual and a tax year when incorrect information relating to the individual has been provided to the Commissioner, or information relating to the individual is missing.

15

Correction of pre-assessment errors by individuals

- (1B) An individual may amend income information in their pre-populated account at any time before the account is finalised under **section 22HB**.

20

Correction of post-assessment errors by qualifying individuals

- (1C) Despite **subsection (1B)**, a qualifying individual, or an individual who is treated as a qualifying individual, may amend the income information in their final account at any time before their terminal tax date for the tax year. Any earlier assessment for the tax year is regarded as not having been made.

25

When amended information incorrect

- (1D) **Subsection (1C)** does not apply if the Commissioner has reason to believe that the amended information is incorrect. The Commissioner may decide not to accept all the information as correct and provide an assessment for the individual under **section 106**.

30

Correction of pre-assessment errors by Commissioner

- (2) The Commissioner may amend information ~~contained~~ in the individual's pre-populated account ~~or adjusted account~~ for the tax year to correct errors in the information. The Commissioner must ~~immediately~~ notify the individual of the amendment.

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Correction of post-assessment errors by Commissioner: qualifying individuals

- (3) The Commissioner may amend information ~~contained in the~~ a qualifying individual's final account for the tax year to correct errors in the information at

any time before the end of the period referred to in section 108(1), notifying the individual of the amendment.

Correction of post-assessment errors by Commissioner: other individuals

- (3B) If the Commissioner wishes to make an adjustment in relation to the information of an individual other than a qualifying individual, the Commissioner must issue a notice of proposed adjustment under section 89B subject to the exceptions set out in **section 89C**.

Requests Later requests for changes by individuals

- (4) After their terminal tax date, an individual may ask the Commissioner to amend information contained in their final account for the tax year under section 113.

22HB Finalising accounts

Pre-populated accounts: qualifying individuals

- (1) If the Commissioner is satisfied that the income information of a qualifying individual for a tax year as set out in their pre-populated account correctly and completely records their income for the corresponding income year, the Commissioner may finalise the individual's account for the tax year.

Pre-populated accounts: other individuals

- (2) An individual other than a qualifying individual may, at any time before the date set out in **subsection (3)**,—
- (a) adjust their pre-populated account for the tax year by providing the income information required under **section 22F(1)** in relation to their other income; and
 - (b) correct any errors in their reportable income information; and
 - (c) finalise the account by confirming that the income information in the account as adjusted correctly and completely records their income for the corresponding income year.

Requests for information from qualifying individuals

- (2B) If the Commissioner requests income information from a qualifying individual in relation to their pre-populated account, the individual may—
- (a) correct any errors in their reportable income information; and
 - (b) finalise the account by confirming that the income information in the account as adjusted correctly and completely records their income for the corresponding income year.

Due dates

- (3) The date referred to in **subsection (2)** is—
- (a) 7 July in the following tax year, as set out in **section 37(1)**:

- (b) for an individual who has, under **section 37(3) to (5)**, an extension of time to file a return of income, by the later date in the next tax year.

22I Returns and assessments

Final account treated as return of income and assessment

- (1) In relation to their final account for a tax year, an individual is treated as having made— 5
- (a) a return of income for the tax year under **section 33**; and
 - (b) an assessment under **section 92** in relation to the return referred to in **paragraph (a)**; and
 - (c) a statement of a taxpayer's tax position for the tax year, unless the individual asks the Commissioner under **section 22H(3)(4)** for an amendment to be made to the information ~~contained~~ in their final account. 10

Assessment points

- (2) ~~For the purposes of **subsection (1)(b)**, the date on which an assessment arises is the earliest date in the assessment period on which—~~ 15
- ~~(a) the individual confirms that the information contained in their pre-populated account or their adjusted account for the tax year is correct and complete;~~
 - ~~(b) the Commissioner notifies the individual that the Commissioner is satisfied that the information contained in their pre-populated account or their adjusted account for the tax year is correct and complete;~~ 20
 - ~~(c) the Commissioner—~~
 - ~~(i) notifies the individual that the Commissioner is not satisfied that the information contained in their pre-populated account or their adjusted account for the tax year is correct or complete, or both; and~~ 25
 - ~~(ii) issues a default assessment under section 106.~~

Date of assessment

- (2) For the purposes of **subsection (1)(b)**, the date on which an assessment is treated as being made is the date on which an individual's pre-populated account for the tax year is finalised under **section 22HB**. 30

Date of default assessment

- (2B) If an individual does not satisfy the Commissioner that the income information in their pre-populated account for the tax year correctly and completely records their income for the corresponding income year, the date on which the assessment is treated as being made is the date on which the Commissioner provides a default assessment under **section 106**. 35

Assessment period

~~(3) For the purposes of this section, and **section 22G**, an individual's **assessment period** is the period of 3 or more months that —~~

~~(a) starts on 1 April in the tax year that follows the tax year (the **next tax year**) for which the income was derived; and~~

~~(b) ends, —~~

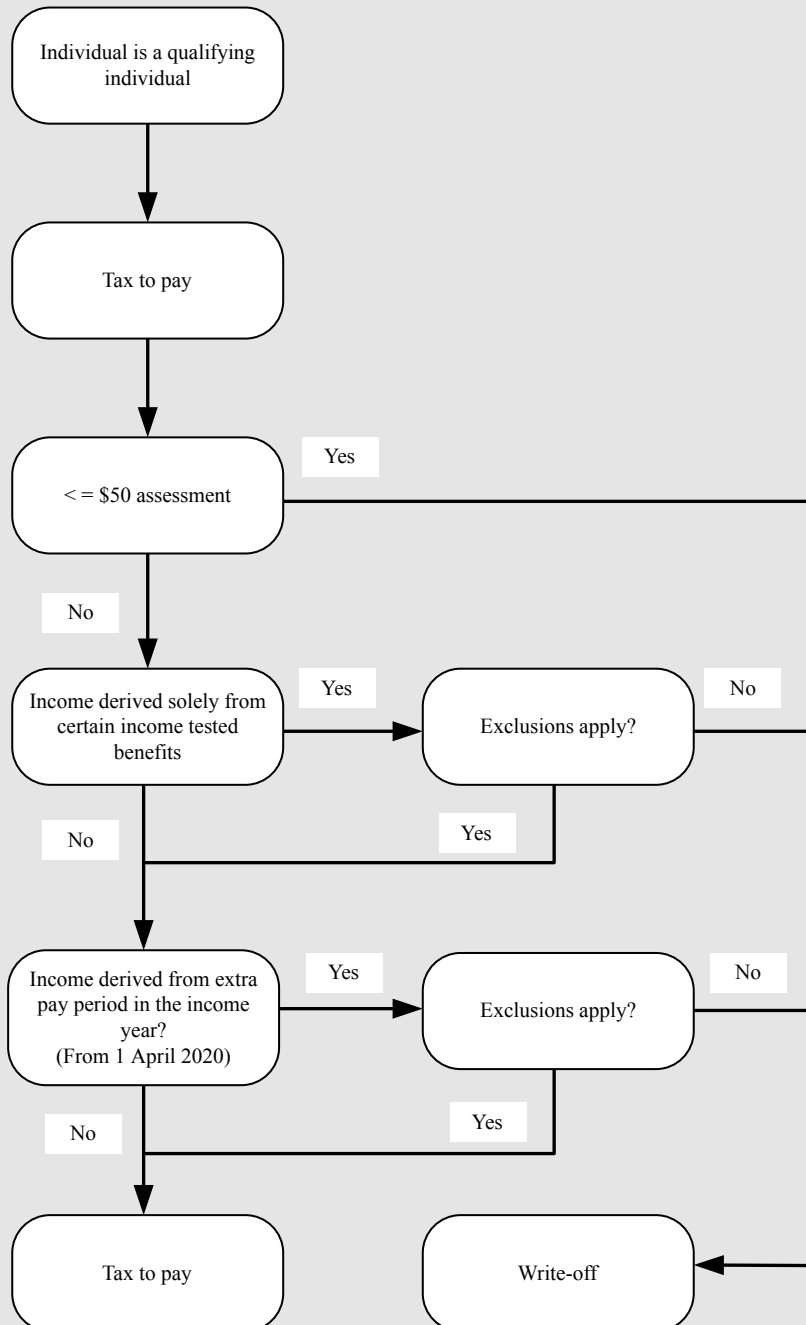
~~(i) on 7 July in the next tax year; or~~

~~(ii) for an individual who has, under **section 37**, an extension of time to file a return of income, by the later date in the next tax year.~~

Notification requirements

(4) The Commissioner must notify an individual affected when an assessment is treated as having been made under **subsection (2) or (2B)**.

Flowchart 2: Process for writing off amounts of tax to pay



22IB Commissioner’s power in relation to certain amounts of tax payable

When amounts written off

- (1) For the purposes of this subpart, the Commissioner may write off an amount of tax payable by a qualifying individual for a tax year if the requirements of **schedule 8, part B** are met.

5

Reversing write offs

- (2) The Commissioner may reverse a write off made under this section if, for the tax year and the individual,—

(a) it is established through a reassessment that the requirements of **schedule 8, part B** are not met;

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(b) during the tax year, the individual ceases to be a qualifying individual.

*Order in Council amending **schedule 8***

- (3) The Governor-General may, by Order in Council made on the recommendation of the Minister, amend **schedule 8** by—

(a) adding an item of information to, or omitting an item of information from, **part A, table 1 or table 2**;

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(b) adding an amount of tax to, or omitting an amount of tax from, **part B, clause 1**;

(c) adding a type of income to, or omitting a type of income from, **part B, clause 2**.

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Consultation

- (4) Before the Minister makes a recommendation under **subsection (3)**, a consultative process must be undertaken that includes the distribution of the proposed amendments to **schedule 8** to persons or representatives of persons that it is considered reasonable to consult for the purposes of this section.

25

22J No obligation to provide information: de minimis and certain other amounts

Small amounts of income

- (1) No obligation to provide information for a tax year arises if an individual derives income other than reportable income for the corresponding income year of \$200 or less.

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Information about certain amounts

- (2) ~~No obligation to provide information for a tax year arises if the only income derived by an individual for the corresponding income year is—~~

~~(a) income derived by an individual as a non-resident seasonal worker;~~

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~~(b) income derived by an individual as a provider of standard-cost household services who derives exempt income under section CW 61(1) of the Income Tax Act 2007;~~

(e)	income derived by an individual from providing personal services for which personal service rehabilitation payments are made when the taxable income of the individual is not more than \$14,000 for the income year and tax is withheld at the rate of 10.5% from the personal services rehabilitation payment.	5
(d)	non resident passive income described in section RF 2(3) derived by a non resident individual.	
	<i>Other specific provisions may override this section</i>	
(3)	A specific provision in an Inland Revenue Act requiring an individual to provide information in a particular circumstance overrides this section.	10
22K	Information particulars <i>Items of other income</i> (1) Without limiting the list, the The items of information related to amounts of an individual's income other than reportable income are set out in the table in schedule 8, part A, table 1.	15
(2)	The information may include information on the items set out in schedule 8, part A, table 2.	
22L	Setting electronic and non-electronic requirements <i>Prescribing forms for, and means and modes of, delivery</i>	20
(1)	For the delivery of information on an individual's income other than reportable income, the Commissioner must prescribe— (a) an electronic form and means of electronic communication; (b) a form or mode of delivery other than by electronic means.	
(2)	<i>Particular requirements and conditions</i> The requirements relating to a form, means, or mode of communication may relate to an individual, a class of individuals, or all individuals, and may be subject to the conditions specified by the Commissioner, whether generally or in a specific case.	25
(2)	Subsection (1) applies for the 2018–19 and later income years.	30
22	Section 23 amended (Keeping of returns where information transmitted electronically) Renumber section 23 as section 22AAC.	
23	Subparts 3C and 3D amended Subparts 3C and 3D are amended as described in schedule 5, tables 1 and 2 , for the sections listed in column 1, by inserting the subsection headings in column 4 before the subsections listed in column 3.	35

- 24 Section 23C amended (Meaning of employment income information)**
In section 23C(1)(a), replace “sections 23E to 23H and 23K to 23M” with “sections 23E to 23M”.
- 25 Section 23D amended (Employers’ groups for delivery of information)**
In section 23D(4), replace “sections 23E to 23H” with “sections 23E to 23H, 23J, and 23K”. 5
- 26 Section 24B amended (PAYE tax codes)**
In section 24B(3)(bb), (c), (d), and (e), replace “annual income is” with “total PAYE income payments are” in each place where it appears.
- 27 Section 24D amended (Tax codes provided by the Commissioner)** 10
(1) In section 24D, replace the section heading with “**Tax codes provided by Commissioner**”.
(2) In section 24D, in the words before paragraph (a), replace “for” with “for, or the Commissioner may recommend for the employee,”.
(3) In section 24D(4)(a), replace “special tax code” with “tailored tax code”. 15
- 28 New section 24DB inserted (Use of unsuitable tax codes)**
After section 24D, insert:
- 24DB Use of unsuitable tax codes**

For the purposes of **section 24D and schedule 5**, if the Commissioner considers that a more suitable or more accurate tax code could be, or could have been used, in relation to a PAYE income payment to an employee, the Commissioner— 20

(a) may recommend a prospective change of tax code to the employee; and

(b) with the consent of the employee, notify the employer of the change.
- 29 Section 24Q amended (Transfer of payroll donations by employers)** 25
(1) Repeal the cross-heading before section 24Q.
(2) Renumber section 24Q as section 169B, and insert the cross-heading “*Payroll donations*” before it.
- 30 Section 25A replaced (Use of inconsistent RWT rates)**
Replace section 25A with: 30
- 25A Use of unsuitable RWT rates**

(1) If the Commissioner considers that a more suitable or more accurate RWT rate could have been used in relation to a payment of resident passive income consisting of interest, the Commissioner—

- (a) may recommend a prospective change of RWT rate to the payee; and
(b) with the consent of the payee, notify the payer of the change—
(i) ~~if the payee consents; or~~
(ii) ~~if no objection is raised by the payee, on the expiry of 20 working days after the date of making the recommendation.~~ 5
- (2) The payer must use the RWT rate provided by the Commissioner in relation to the payee as soon as reasonably practicable after the date of notification. However, if the payee subsequently notifies the payer of a different RWT rate, the payer must apply the rate notified by the payee.
- 31 Subpart 3E amended (Subpart 3E—Investment income information)** 10
Subpart 3E is amended as described in **schedule 5, table 3**, for the sections listed in column 1, by inserting the subsection headings in column 4 before the subsections listed in column 3.
- 31B Section 25D amended (Investment income information)**
In section 25D(4)(c), replace “unless the partners are not required” with “unless the partnership is not required”. 15
- 31C Section 28B amended (Notification of investors’ tax file numbers)**
Replace section 28B(2) with:
- (2) Subsection (1) does not apply to—
(a) an investor who— 20
(i) is non-resident; and
(ii) does not have a tax file number; and
(iii) provides the equivalent of their tax file number for the country or territory where they reside for tax purposes, or a declaration if they are unable to provide this number; 25
(b) an investor in a multi-rate PIE that is listed on a recognised exchange in New Zealand.
- 32 Section 31C amended (Notification requirements for multi-rate PIEs)**
In section 31C(5), replace “sections HM 56 to HM 59” with “sections HM 56 to HM 58”. 30
- 33 Section 32E amended (Applications for RWT exemption certificates)**
In section 32E(2)(k), replace “CW 38(2),” with “CW 38(2), **CW 38B(2),**”.
- 34 Section 33 amended (Returns of income)**
(1) Replace section 33(1) with:

Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Bill	
Part 2 cl 35	
(1) In each tax year, a person must file a return of income for a tax year in the form and with the particulars prescribed by the Commissioner.	
(2) After section 33(1C), insert:	
(1D) An individual must provide information to the Commissioner on their assessable income for a tax year under Part 3, subpart 3B . The individual is treated as having made a return of income in their final account for the tax year under section 22I(1) .	5
(3) Subsections (1) and (2) apply for the 2018–19 and later income years.	
35 Sections 33AA, 33C, and 33D repealed	
(1) Repeal sections 33AA, 33C, and 33D.	10
(2) Subsection (1) applies for the 2018–19 and later income years.	
36 Section 34B repealed (Commissioner to list tax agents)	
Repeal section 34B.	
37 Section 36BB amended (Electronic format for details required for tax pooling intermediaries)	15
In section 36BB, replace “sections 15N to 15S” with “ sections 124O to 124S and 124ZB ”.	
38 Section 36BD amended (Electronic filing requirements for registered persons)	
In section 36BD(5), replace “employer” with “registered person”.	20
39 Section 37 amended (Dates by which annual returns to be furnished)	
(1) After section 37(1), insert:	
(1B) For the purposes of this section, an annual return of income for an individual to whom Part 3, subpart 3B applies, means a final account described in section 22D(6) containing the full income information of the individual for the tax year.	25
(2) After section 37(3), insert:	
(3B) <u>Subject to subsection (5), an extension of time to a date advised by the Commissioner is available to a person or a class of persons if—</u>	
(a) <u>a systems issue arises for an Inland Revenue digital platform resulting in a person or class of persons being prevented from, or being otherwise hindered or disadvantaged in, providing the required return or income information; and</u>	30
(b) <u>a proportionate extension of time is considered proper in the circumstances.</u>	35
(3) Subsections (1) and (2) apply for the 2018–19 and later income years.	

40 Section 38 amended (Returns to annual balance date)

(1) In section 38(1), replace “(other than a person who meets the requirements of section 33AA(1), or is issued an income statement or required to request or be issued an income statement,)” with “(other than an individual referred to in **subsection (1C))**”.

5

(2) After section 38(1B), insert:

(1C) The person is an individual whose final account for the tax year is treated under **section 22I(1)(b)** as an assessment under **section 92**.

(3) **Subsection (1)** applies for the 2018–19 and later income years.

41 Section 41 amended (Annual returns by persons who receive family assistance credit)

10

~~(1) After section 41(3), insert:~~

~~(3B) For the purposes of subsections (3) and (4), a person who is not required to furnish a return of income for a tax year includes a person to whom **Part 3, subpart 3B** applies whose only income for the tax year is—~~

15

~~(a) reportable income; or~~

~~(b) an amount that consists of—~~

~~(i) reportable income; and~~

~~(ii) other income that is less than the de minimis amount under **section 22J(4)**; or~~

20

~~(e) other income that is less than the de minimis amount under **section 22J(4)**.~~

(1) In section 41(4), replace “the person derived income in the tax year” with “the person derived income in the tax year and despite the application of Part 3, subpart 3A.”.

25

(2) **Subsection (1)** applies for the 2018–19 and later income years.

42 Section 41A amended (Returns by persons with tax credits for charitable or other public benefit gifts)

(1) In the heading to section 41A replace “**by persons with tax credits**” with “**in relation to**”.

30

(2) Replace section 41A(1) with:

(1) A person who has a tax credit under sections LD 1 to LD 3 of the Income Tax Act 2007 may apply for a refund by—

(a) providing the information on the total amount of the charitable or other public benefit gifts they have made for a tax year with the information provided under **Part 3, subpart 3B**:

35

- (b) notifying the Commissioner by electronic means in relation to an amount of charitable or other public benefit gift that they have made during the tax year to which the application relates:
 - (c) completing the form prescribed by the Commissioner.
- (3) In section 41A(5), delete “be signed by the person,”.

5
- (4) After section 41A(6), insert:
- (6B) For the purposes of section 108(1),—

 - (a) the payment of a refund under this section is treated as an assessment; and
 - (b) the 4-year period starts at the end of the tax year in which the person applies for the refund.

10
- ~~(5) After section 41A(15), insert:~~
- ~~(16) The Commissioner must publish, from time to time, in a publication chosen by the Commissioner a list of the names of entities that—~~

 - ~~(a) have provided the information required under **subsection (18)**:~~
 - ~~(b) the Commissioner considers appropriate to include on the list (for example: an entity registered under the Charities Act 2005).~~

15
- ~~(17) Despite **subsection (16)**, the name of an entity must not be published on the list if the Commissioner determines that the entity is not described in section LD 3(2)(a), (ab), (b), (c), or (d) of the Income Tax Act 2007.~~

20
- ~~(18) An entity may request that their name is included on the list by providing information to the Commissioner in the form prescribed by the Commissioner.~~
- ~~(6) **Subsections (2) to (5)** apply for the 2018–19 and later income years.~~
- ~~(5) Repeal section 41A(14) and (15).~~
- ~~(6) After section 41A(13), insert:~~

25
- ~~(14) The Commissioner must publish, from time to time, in a publication chosen by the Commissioner a list of the names of entities that—~~

 - ~~(a) have provided the information required under **subsection (16)**:~~
 - ~~(b) the Commissioner considers appropriate to include on the list (for example: an entity registered under the Charities Act 2005).~~

30
- ~~(15) Despite **subsection (14)**, the name of an entity must not be published on the list if the Commissioner determines that the entity is not described in section LD 3(2)(a), (ab), (b), (c), or (d) of the Income Tax Act 2007.~~
- ~~(16) An entity may request that their name is included on the list by providing information to the Commissioner in the form prescribed by the Commissioner.~~

35
- ~~(7) **Subsection (2)** applies for the 2018–19 and later income years.~~

- 43 Section 42C amended (Income tax returns by undischarged bankrupt)**
- (1) In section 42C, replace “if not relieved of the requirement by section 33AA” with “unless the person is an individual whose final account for the tax year is treated under **section 221(1)(b)** as an assessment under **section 92**”.
- (2) **Subsection (1)** applies for the 2018–19 and later income years. 5
- 44 Section 43 amended (Income tax returns and assessments by executors or administrators)**
- (1) Repeal section 43(4) and (5).
- (2) **Subsection (1)** applies for the 2018–19 and later income years.
- 44B Section 46 amended (Employers to make returns as to employees)** 10
- In section 46(8), replace “section 200” with “section 275”.
- 45 Section 47 amended (ESCT statements provided by employers and others)**
- In section 47(2), replace “sections 23E to 23H” with “sections 23E to 23H, 23J, and 23K”.
- 46 Section 55B amended (Information relating to offshore persons and tax file numbers)** 15
- (1) Replace section 55B(1) with:
- (1) The Commissioner must not allocate a tax file number requested by an offshore person until the Commissioner—
- (a) receives a current bank account number for the offshore person: 20
- (b) is satisfied that the information available to the Commissioner relating to the offshore person provides the Commissioner with an assurance of the identity and background of the offshore person.
- (2) **Subsection (1)** applies for applications for tax file numbers made on or after 1 October 2015 to which former section 24BA(1) applied or section 55B applies. 25
- 47 Part 3A repealed (Part 3A—Income statements)**
- (1) Repeal Part 3A.
- (2) **Subsection (1)** applies for the 2018–19 and later income years.
- 47B Section 80KA amended (Applications for payment of tax credit by instalment)** 30
- Replace section 80KA(2) with:
- (2) An application by a person who wants to be paid their tax credit, other than a parental tax credit, by instalment must not be made after the selected period starts, unless the first day of the selected period is on or after the first day of the tax year in which the application is made. 35

- 48 Section 80KM amended (Summary of instalments paid)**
In section 80KM(3)(b), replace “on the same date that the Commissioner issues the person with an income statement” with “on the date that the Commissioner provides a pre-populated account for the person under **section 22E**”.
- 48B Section 80KN amended (Payment of tax credit by chief executive)** 5
(1) In section 80KN(2), replace “payment” with “payment, unless the chief executive and the Commissioner agree that the Commissioner will, and the chief executive will not, pay to the person, or each person in a class of persons to which the person belongs, the WFF tax credit that they are entitled to receive”.
(2) After section 80KN(2), insert: 10
(3) An agreement between the chief executive and the Commissioner referred to in subsection (2) may be terminated by agreement between the chief executive and the Commissioner.
- 49 Heading and sections 81 to 88 repealed**
Repeal the Part heading before section 81 and sections 81 to 88. 15
- 50 Section 89 amended (Commissioner to notify Minister where funds of gift-exempt body applied for non-charitable purpose, etc)**
Renumber section 89 as **section 18K**.
- 51 Section 89C amended (Notices of proposed adjustment required to be issued by Commissioner)** 20
Replace section 89C(1) with:
(1) the assessment results from an amendment made under **section 22H(3)**; or
- 52 Section 89D amended (Taxpayers and others with standing may issue notices of proposed adjustment)** 25
Replace section 89D(2B) with:
(2B) For a taxpayer who is an individual, when an assessment for a tax year is made as described in **section 22H(2)(e)22(2B)**, the taxpayer may dispute the assessment only by making an adjustment to their final account for the tax year.
- 52B Section 89N amended (Completing the disputes process)** 30
Replace section 89N(1)(c)(ix) with:
(ix) the disputant and the Commissioner agree, recording their agreement in a document, to suspend the disputes process pending a decision in a test case referred to in section 89O.
- 53 ~~New heading and new section 91AAZB inserted~~** 35
~~After section 91AAZ, insert:~~

~~Determinations relating to legislative anomalies~~

**~~91AAZB Determination on Commissioner’s approach to interpretation of
certain provisions or application of administrative practices~~**

- ~~(1) The Commissioner may determine that a legislative anomaly in 1 or more provisions of an Inland Revenue Acts, or in relation to an administrative practice for a provision, has arisen and specify the modification to remedy the anomaly.~~ 5
- ~~(2) In making the determination, the Commissioner must have regard to the principles relating to the duty of care and management of the tax system set out in Part 2, subpart 2B.~~
- ~~(3) The determination may set out the income year or income years for which it is to apply, but may not apply for income years before the 2018–19 income year.~~ 10
- ~~(4) The determination may provide for the change, extension, limitation, variation, suspension, or cancellation of an earlier determination.~~
- ~~(5) Within 30 days of issuing, changing, extending, limiting, varying, suspending, or cancelling a determination under this section, the Commissioner must publish in a publication chosen by the Commissioner—~~ 15
 - ~~(a) the determination;~~
 - ~~(b) details of a changed, extended, limited, varied, suspended, or cancelled determination.~~
- ~~(6) For the purposes of this section, a person may rely on, and the Commissioner is bound by, a modification made under section 6G(1)(b).~~ 20

54 Section 91C amended (Taxation laws in respect of which binding rulings may be made)

- (1) In section 91C(1)(ec)(i), replace “arrangement; or” with “arrangement, other than as permitted by section 91CC; or”. 25
- (2) After section 91C(1A), insert:
- (1B) The Commissioner may make a binding ruling on how the record-keeping requirements of this Act apply. The provisions are—
 - (a) section 15M:
 - (b) section 21BA: 30
 - (c) section 22:
 - (d) section 22AA:
 - (e) section 22AAB:
 - (f) section 22A:
 - (g) section 22B: 35
 - (h) section 24:
 - (i) section 26:

(j)	section 32:	
(k)	section 87:	
(l)	section 152.	
(3)	In section 91C(1B) , replace paragraph (b) with:	
(b)	section 17G:	5
(4)	Replace section 91C(1B) with:	
(1B)	The Commissioner may make a binding ruling on how the record-keeping requirements of this Act apply. The provisions are—	
(a)	section 15M:	
(b)	section 17G:	10
(c)	section 22:	
(d)	section 22AA:	
(e)	section 22AAB:	
(f)	section 22A:	
(g)	section 22B:	15
(h)	section 26:	
(i)	section 32:	
(j)	section 87:	
(k)	section 152.	
(5)	Repeal section 91C(1B)(a) and (h) .	20
55	New sections 91CB and 91CC inserted	
	After section 91C, insert:	
	91CB Binding rulings on certain matters	
(1)	The Commissioner may make a private ruling or a short process ruling on whether a person meets the requirements of the Income Tax Act 2007 to be	25
(a)	a petroleum miner under section CT 6:	
(b)	a Maori authority under section CV 11:	
(c)	a local or regional promotional body under section CW 40:	
(d)	a person who derives income as a trustee in trust for charitable purposes under section CW 41(1)(a) or CW 42(1):	30
(e)	a society or institution established and maintained exclusively for charitable purposes and not carried on for the private pecuniary profit of any individual under section CW 41(1)(b) or CW 42(1):	
(f)	a community housing trust or company under section CW 42B:	
(g)	a promoter under section CW 46:	35

- ~~(h) a scientific research body under section CW 49:~~
 - ~~(i) a controlled foreign company under section EX 1:~~
 - ~~(j) a foreign investment fund under section EX 28:~~
 - ~~(k) a mutual association under subpart HE:~~
 - ~~(l) a person who carries on business through a fixed establishment as defined in section YA 1:~~ 5
 - ~~(m) a life insurer as defined in section YA 1:~~
 - ~~(n) a look through company as defined in section YA 1:~~
 - ~~(o) a New Zealand resident or a non resident as defined in section YA 1:~~
 - ~~(p) a non resident contractor as defined in section YA 1:~~ 10
 - ~~(q) a portfolio investment entity as defined in section YA 1:~~
 - ~~(r) a public authority as defined in section YA 1:~~
 - ~~(s) a unit trust as defined in section YA 1:~~
 - ~~(t) an associated person under subpart YB:~~
 - ~~(u) for the purposes of a double tax treaty,—~~ 15
 - ~~(i) a resident or a non resident:~~
 - ~~(ii) a person who has a permanent establishment in New Zealand:~~
- (1) The Commissioner may make a private ruling on whether a person meets the requirements of the Income Tax Act 2007 or the Goods and Services Tax Act 1985 that affect or define the status of a person for the purposes of either or both those Acts. Examples include— 20
- (a) whether a person carries on business through a permanent establishment or a fixed establishment:
 - (b) whether a person is resident or non-resident:
 - (c) whether 2 persons are associated: 25
 - (d) whether a person is a non-profit body for the purposes of the Goods and Services Tax Act 1985:
 - (e) whether a person is a unit trust:
 - (f) whether a person is a portfolio investment entity.
- (2) The Commissioner may make a binding ruling on whether an item of property is— 30
- (a) trading stock as that term is defined in section YA 1 of that Act:
 - (b) revenue account property as that term is defined in section YA 1 of that Act.
- (3) The Commissioner may make a binding ruling as to whether— 35
- (a) an amount that a person derives from disposing of personal property is income of the person under section CB 4 of that Act:

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(b) an amount that a person derives from disposing of land is income of the person under section CB 6 or CB 7 of that Act:	
(c) despite paragraph (b) of the definition of proscribed question , the test of principal purpose of making taxable supplies in sections 5(13A), 10(3A), 20A(4), and 21HB(1) of the Goods and Services Tax Act 1985 is met.	5
(4) Despite sections 91E to 91EJ, and 91F to 91FK, a binding ruling made under this section does not require a reference to an arrangement in order for the application of the ruling to be effective.	
91CC Binding rulings on certain determination matters	10
(1) For the purposes of the financial arrangements rules in subpart EW of the Income Tax Act 2007, the Commissioner may make a binding ruling on how a taxation law applies, or would apply, to a person and an arrangement in relation to the following matters:	
(a) whether an amount is solely attributable to an excepted financial arrangement under section EW 6:	15
(b) the use of a spreading method described in section EW 14(2)(aa) to (e) for the purposes of sections EW 15E and EW 15I:	
(c) the value of property or services referred to in section EW 32(6).	
(2) For the purposes of subsection (1) , it does not matter whether the arrangement is a single or recurring arrangement.	20
<u>55B Section 91CB amended (Binding rulings on certain matters)</u>	
<u>In section 91CB(1), replace “a private ruling” with “a private ruling or a short-process ruling”.</u>	
56 Section 91E amended (Commissioner to make private rulings on application)	25
(1) After section 91E(1), insert:	
(1B) The Commissioner may make a private ruling on the status of a person, item, or matter under section 91CB otherwise than in relation to an arrangement.	
(2) In section 91E(3)(a), replace “assumptions were made” with “conditions were stipulated”.	30
(3) In section 91E(4)(a), replace “a proscribed question; or” with “a proscribed question, other than a matter referred to in section 91CB(3) ; or”.	
<u>(3B) In section 91E(4A), replace “sections GC 6 to GC 14” with “sections GC 6 to GC 19”.</u>	35
(4) After section 91E(4A), insert:	

(4B) In this section and sections 91EA to 91ED, 91EH, and 91EI, a reference to an arrangement is ignored for the purposes of a ruling by the Commissioner under **section 91CB** on the status of a person, item, or matter.

57 Section 91EA amended (Effect of a private ruling)

⊖ ~~In section 91EA(1), replace “in accordance with the ruling” with “in accordance with the ruling or, for a ruling under section 91CB, in relation to the status of the person”.~~ 5

(2) After section 91EA(1A), insert:

(1B) For the purposes of a ruling under **section 91CB**, the Commissioner must apply the taxation law in relation to the status of a person, item, or matter in accordance with the ruling. 10

58 Section 91EB amended (Application of a private ruling)

After section 91EB(2), insert:

(3) For the purposes of subsection (2), a private ruling ceases to apply to the person in relation to an arrangement and a tax type for the arrangement, from the date on which the relevant event described in subsection (2)(a), (b), and (d) occurs unless the ruling expressly provides otherwise. 15

58B Section 91ED amended (Disclosure requirements)

In section 91ED(1B), replace “sections GC 6 to GC 14” with “sections GC 6 to GC 19”. 20

59 Section 91EF amended (Assumptions in making a private ruling)

(1) In section 91EF, replace the section heading with “**Conditions on which private ruling based**”.

(2) In section 91EF(1), replace “assumptions being made” with “conditions being stipulated”. 25

(3) Replace section 91EF(1)(a) with:

(a) stipulate the conditions on which the Commissioner bases the ruling; or

(4) Repeal section 91EF(2).

(5) In section 91EF(3),—

(a) replace “make assumptions” with “stipulate conditions”: 30

(b) replace “making those assumptions” with “stipulating the conditions”.

60 Section 91EH amended (Content and notification of a private ruling)

(1) Repeal section 91EH(1)(e).

(2) Repeal section 91EH(1B).

61 New heading and new sections 91EK to 91ET inserted

After section 91EJ, insert:

Short-process rulings

91EK Commissioner may make short-process rulings

- (1) The Commissioner may make a short-process ruling on how a taxation law applies, or would apply, to a person in relation to their particular circumstances. 5
- (2) The Commissioner may decline to make a short-process ruling if it is considered that the question asked, because of its nature or in the circumstances set out in the application, make it inappropriate for a response under a shortened process, for example, when an application— 10
 - (a) raises an issue involving an apparent gap or deficiency in policy settings:
 - (b) is directly in opposition to an existing policy of the Commissioner or technical position taken by the Commissioner:
 - (c) raises an issue that has, or would have, significant ~~implication~~implications or wide effect as a precedent: 15
 - (d) fails to provide sufficient information:
 - (e) raises a question that is better answered by the Commissioner through another process.
- (3) The Commissioner may also decline to make a short-process ruling for a reason set out in section 91E(3), (3B), (4), and (4A). 20

91EL Applying for short-process ruling

- (1) A person who meets the requirements of **subsection (3)** may apply, in their own right or on behalf of a person who is yet to come into legal existence, to the Commissioner for a short-process ruling on how a taxation law applies, or would apply, to the person in relation to a particular set of circumstances and a tax type to which the circumstances relate. 25
- (2) Two or more persons may apply jointly for a short-process ruling under **subsection (1)**.
- (3) The requirements are— 30
 - (a) the person's annual gross income for the tax year before that in which the application is made is ~~\$5,000,000~~\$20,000,000 or less; and
 - (b) the person is seeking the ruling on a matter concerning a tax (other than provisional tax), duty, or levy that is expected to amount to less than \$1,000,000.
- (3B) For the purposes of **subsection (3)(a)**,— 35
 - (a) if the person applying is part of a group of companies, the group must meet the threshold requirement:

	(b) <u>if persons apply jointly for a short-process ruling, each person must meet the threshold requirement:</u>	
	(c) <u>if a person applies for a short-process ruling on behalf of another person, the other person must meet the threshold requirement:</u>	
	(d) <u>if the person applying is not yet in legal existence, the person must have a reasonable expectation of meeting the threshold requirement for the tax year to which the ruling relates.</u>	5
(4)	For the purposes of subsection (3)(b) , if the expected amount is unknown, the person must state this fact in the application, and the Commissioner may then consider under section 91EK(2) whether a short-process ruling is appropriate in the circumstances.	10
(5)	The application must meet the requirements of section 91EO .	
(6)	The person may withdraw the application at any time by notifying the Commissioner.	
(7)	The amounts specified in subsection (3)(a) and (b) may be varied from time to time by the Governor-General by Order in Council.	15
91EM Effect of short-process ruling		
(1)	This section applies, despite anything in another Act, when—	
	(a) a short-process ruling on a taxation law applies to a person in relation to a particular set of circumstances and a tax type to which the circumstances relate; and	20
	(b) the person applies the taxation law for the tax type in the way stated in the ruling.	
(2)	The Commissioner must apply the taxation law in relation to the person, the particular circumstances, and the tax type as provided in the ruling.	25
(3)	Subsection (2) does not apply if a person has issued the Commissioner with a notice of proposed adjustment to change the effect of a ruling that the person has previously applied.	
91EN Application of short-process ruling		
(1)	A short-process ruling on a taxation law applies to a person in relation to a particular set of circumstances and a tax type to which the circumstances relate only for—	30
	(a) the taxation law expressly referred to in the ruling; and	
	(b) the period or the tax year for which the ruling applies.	
(2)	A short-process ruling does not apply to a person in relation to the particular circumstances and the related tax type to the extent to which—	35
	(a) the circumstances are materially different to the circumstances described in the ruling; or	

(b) a material omission or misrepresentation was made in connection with the application for the ruling; or (c) the ruling is based on an express understanding about a future event or other matter, and the understanding subsequently proves to be materially incorrect; or (d) the Commissioner stipulates a condition that is not met.	5
91EO Disclosure requirements	
An application for a short-process ruling must—	
(a) identify the person applying for the ruling; and (b) describe the circumstances on which the ruling is sought; and (c) disclose all relevant facts and documents relating to the circumstances described; and (d) state the general tax outcome in relation to which the ruling is sought.	10
91EP Commissioner may request further information	
The Commissioner may at any time request further relevant information from a person applying for a short-process ruling.	15
91EQ Conditions on which short-process ruling based	
(1) If the Commissioner considers that the correctness of a short-process ruling would depend on conditions stipulated about a future event or other matter, the Commissioner may— (a) state the conditions on which the Commissioner bases the ruling; or (b) decline to make the ruling. (2) The Commissioner may stipulate conditions about the answer to a proscribed question, and stipulating those conditions is treated as not determining the proscribed question for the purposes of section 91E(4)(a).	20
91ER Right to consultation	
Before the Commissioner makes a short-process ruling, the Commissioner must give the person applying for the ruling a reasonable opportunity to be consulted if the content of the proposed ruling differs from that for which the application is made.	30
91ES Content and notification of short-process ruling	
(1) A short-process ruling must state— (a) that it is a short-process ruling made under section 91EK; and (b) the identity of the person, the taxation law, and the particular set of circumstances to which the ruling applies; and	35

- (c) how the taxation law applies to the person, the circumstances, and the related tax type; and
- (d) the period or tax year for which the ruling applies; and
- (e) any conditions stipulated by the Commissioner.
- (2) The Commissioner must notify the person who applied for the ruling of the content of the ruling by sending a copy of the ruling to the person. 5

91ET Treatment of information

- (1) Information supplied to the Commissioner by the applicant for a short-process ruling is the factual basis on which the Commissioner makes the ruling.
- (2) Despite **subsection (1)**, the Commissioner— 10
 - (a) may, as part of the process of making the ruling, inquire into the correctness or existence of the facts contained in the information supplied before making the ruling:
 - (b) is not stopped by the process of making the ruling or by the use of the information as the basis of the ruling from denying, outside the process of making the ruling or after making the ruling, the correctness or existence of the facts contained in the information supplied. 15

62 Section 91F amended (Commissioner may make product rulings)

- (1) After section 91F(1), insert:
- (1B) The Commissioner may make a product ruling on the status of a person, item, or matter under **section 91CB(2) or (3)**, whether in relation to an arrangement or not. 20
- (2) In section 91F(3)(a), replace “assumptions were made” with “conditions were stipulated”.
- (3) In section 91F(4)(a), replace “a proscribed question; or” with “a proscribed question, other than a matter referred to in **section 91CB(3)**; or”. 25

63 Section 91FB amended (Application of a product ruling)

- (1) In section 91FB(1), replace “applies to an arrangement” with “applies, whether in relation to an arrangement or otherwise,”.
- (2) In section 91FB(2), replace “tax type for an arrangement” with “tax type, whether in relation to an arrangement or otherwise”. 30
- (3) After section 91FB(2), insert:
- (3) For the purposes of **subsection (2)**, a product ruling ceases to apply to the person in relation to an arrangement and a tax type for the arrangement, from the date on which the relevant event described in subsection (2)(a), (b), and (d) occurs unless the ruling expressly provides otherwise. 35

- 64 Section 91FC amended (Applying for a product ruling)**
- In section 91FC(1)(b), replace “and to the arrangement.” with “and to the arrangement; or”, and insert:
- (c) to the person.
- 65 Section 91FF amended (Assumptions in making a product ruling)** 5
- (1) In section 91FF, replace the section heading with “**Conditions on which product ruling based**”.
- (2) In section 91FF(1), replace “assumptions being made” with “conditions being stipulated”.
- (3) Replace section 91FF(1)(a) with: 10
- (a) stipulate the conditions on which the Commissioner bases the ruling; or
- (4) Repeal section 91FF(2).
- (5) Replace section 91FF(3) with:
- (3) The Commissioner may stipulate conditions about the answer to a proscribed question other than a matter referred to in **section 91CB(3)**, and stipulating those conditions is treated as not determining the proscribed question for the purposes of section 91F(4)(a). 15
- 66 Section 91FH amended (Content and notification of a product ruling)**
- (1) Repeal section 91FH(1)(f).
- (2) Repeal section 91FH(1B). 20
- 67 Section 91GB amended (Commissioner to make status rulings on application)**
- Replace section 91GB(3)(b) with:
- (b) the Commissioner considers that the correctness of a private or product ruling would depend on an understanding about a future event or other matter; or 25
- 68 Section 92 amended (Taxpayer assessment of income tax)**
- (1) After section 92(2), insert:
- (2B) For the purposes of subsections (1) and (2), an assessment of a taxpayer who is an individual to whom **Part 3, subpart 3B** applies is treated as made under **section 221(1)(b)** on the relevant date set out in **section 221(2)**. 30
- (2) **Subsection (1)** applies for the 2018–19 and later income years.
- 69 Section 106 amended (Assessment where default made in furnishing returns)**
- (1) Replace section 106(1A), (1B), and (1C) with: 35

- (1A) If the Commissioner considers that the information provided in an individual’s final account for a tax year is not likely to be correct, the Commissioner may make an assessment of the amount on which the Commissioner considers tax ought to be imposed and of the amount of that tax.
- (1B) Tax assessed under **subsection (1A)** in relation to an individual is payable by the individual unless the individual disputes the assessment and complies with the requirements of **section 89D**. 5
- (1C) **Subsection (1A)** applies if the individual to whom **Part 3, subpart 3B** applies considers an error has arisen in a pre-populated, ~~adjusted~~, or final account but does not notify the Commissioner of the reasons why the individual does not consider the account correct or provide the information necessary to correct the account. 10
- (2) **Subsection (1)** applies for the 2018–19 and later income years.
- 70 Section 108 amended (Time bar for amendment of income tax assessment)**
- (1) Repeal section 108(1A). 15
- (2) In section 108(1C)—
- (a) in paragraph (a), replace “a taxpayer furnishes” with “a taxpayer”;
- (b) in paragraph (a)(i), replace “a return” with “provides a return”;
- (c) in paragraph (a)(ii),—
- (i) replace “a statement” with “provides a statement”; 20
- (ii) replace “by the taxpayer; and” with “by the taxpayer.”;
- (d) after paragraph (a)(ii), insert:
- (iii) makes an application for a refund made under **section 41A** in relation to a tax credit for a charitable or other public benefit gift; and 25
- (e) in paragraph (b), replace “furnished the return or statement” with “provided the return or statement, or made the application”.
- (3) **Subsections (1) and (2)** apply for the 2018–19 and later income years.
- 70B Section 108B amended (Extension of time bars)**
- (1) In section 108B(1)(a), replace “for not more than 12 months” with “for 12 months”. 30
- (2) In section 108B(3)(d), replace “section 108(1), (1A), (1B) and (1C)” with “section 108(1), (1B), and (1C)”.
- 71 Section 110 amended (Evidence of returns and assessments)**
- (1) In section 110(1), delete “, income statement,”. 35
- (2) After section 110(1), insert:

- (1B) For the purposes of **subsection (1)**, a return or assessment includes the final account of an individual relating to the information that is held by the Commissioner on their assessable income.
- (3) **Subsections (1) and (2)** apply for the 2018–19 and later income years.
- 72 Section 111 amended (Commissioner to give notice of assessment to taxpayer)** 5
- (1) Replace section 111(1)(ba) with:
- (ba) the assessment is made after a failure by the taxpayer to comply with their obligations under **Part 3, subpart 3B**; or
- (2) In section 111(1)(bb), replace “under Part 3A” with “under **Part 3, subpart 3B**”. 10
- (3) In section 111(7), replace “who accepts under section 80F an income statement as correct” with “who confirms the amount of their income tax liability under **section 22622HB**”.
- (4) **Subsections (1) to (3)** apply for the 2018–19 and later income years. 15
- 73 Section 113A replaced (Correction of minor errors in subsequent returns)**
- Replace section 113A with:
- 113A Correction of certain errors in subsequent returns**
- (1) This section applies for the purposes of this Act and the Goods and Services Tax Act 1985 when— 20
- (a) a person has provided a return in which the assessment of their liability for income tax, fringe benefit tax, or goods and services tax contains 1 or more ~~minor~~ errors; and
- (b) for a single return, the total discrepancy in the assessment that is caused by the error is \$1,000 or less. 25
- (2) This section also applies for the purposes of this Act and the Goods and Services Tax Act 1985 when a person has provided a return in which the assessment of their liability for income tax, fringe benefit tax, or goods and services tax contains an error that, for the person, is not a material error.
- (3) The person may correct the error in the next return that is due after the discovery of the error. 30
- (4) For the purposes of **subsection (2)** and in relation to a single return of a person, an error is not material if the total discrepancy in the assessment is equal to or less than the lower of—
- (a) \$10,000 of the person’s ~~taxable~~ annual gross income or output tax, as applicable; and 35
- (b) 2% of the person’s ~~taxable~~ annual gross income or output tax, as applicable.

- (5) **Subsection (3)** does not apply to a person who applies the materiality threshold in **subsection (4)** in relation to an assessment of their liability for income tax, fringe benefit tax, or goods and services tax if their main purpose in applying the threshold is to delay the payment of tax.

74 Section 120C amended (Definitions) 5

- (1A) In section 120C(1), in the definition of **date interest starts**, paragraph (a), replace subparagraph (ii) with:

(ii) if the Commissioner refunds or applies tax that should be kept and taken into account in satisfying a taxpayer's tax liability at a due date, the day after the day on which the Commissioner refunds or applies the tax, unless **subparagraph (iib)** applies to the taxpayer; and 10

(iib) for a qualifying individual, if the Commissioner refunds, amends the amount of a refund, or applies tax that should be kept and taken into account in satisfying the individual's tax liability at a due date, the day after the due date for payment of the tax; and 15

- (1) In section 120C(1), in the definition of **date interest starts**, replace paragraph (b)(iii) with:

(iii) for a taxpayer whose assessment for a tax year is made under **Part 3, subpart 3B**, the date on which their assessment arises under **section 221(2) or (2B)**; and 20

- (1) **Subsections (1A) and (1)** apply for the 2018–19 and later income years.

75 Section 120F amended (Interest priority and rights of Commissioner)

- (1) Replace section 120F(1) with:

- (1) The Commissioner must apply amounts paid on account of a taxpayer's liability for unpaid tax and interest for a return period using the following pattern and order: 25

- (a) apply against interest on the amount of unpaid tax that arises first for the return period (the **earliest unpaid tax**) until that interest is paid; then
- (b) apply against the earliest unpaid tax, until that tax is paid; then
- (c) apply against the interest on the amount of unpaid tax that arises next for the return period (the **next unpaid tax**) until that interest is paid; then 30
- (d) apply against the next unpaid tax, until that tax is paid; then
- (e) apply to each later arising interest and unpaid tax amount, interest first, in time order that relevant unpaid tax amount arises for the return period, until they are paid. 35

- (2) After section 120F(5), insert:

Example for section 120F(1) (illustrative only)

On 1 September 2019, an assessment of \$100 tax to pay is raised for the 2018-19 tax year. This amount incurs \$5 use of money interest. On 1 September 2020 a re-assessment of \$120 tax to pay is raised for the 2018-19 tax year along with an additional amount of \$3 UOMI. The taxpayer pays the balance of \$128. Payments are applied against the \$5 use of money interest (i.e. interest on the earliest unpaid amount), then against the \$100 tax. Next, payments are applied against the \$3 use of money interest on \$20 tax to pay, then against the \$20 tax.

76 Section 120KB amended (Provisional tax instalments and due dates generally)

(1) After section 120KB(2), insert:

(2B) Despite subsection (2), a provisional taxpayer's residual income tax is due and payable in 3 instalments, on the dates of instalments B, D, and F for their corresponding income year, if section RC 13(1)(b) or RC 14(1)(b) of the Income Tax Act 2007 applies to the taxpayer.

(2) **Subsection (1)** applies for the 2008–09 and later income years. However it does not apply to a person to the extent to which, before the introduction of the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Bill, the person ~~takes a tax position in a return of income that is consistent with section 120KB~~ has interest cancelled ignoring the amendment in **subsection (1)**.

76BA Section 120KBB amended (Interest for most standard method and some estimation method provisional taxpayers)

(1) In section 120KBB(2), in the words before the paragraphs, replace “section 120KB(2)” with “section 120KB(2) and (2B)”.

(2) In section 120KBB(3), in the words before the paragraphs, replace “section 120KB(2)” with “section 120KB(2) and (2B)”.

(3) **Subsection (1)** applies for the 2017–18 and later income years.

76B Section 120L amended (Meaning of unpaid tax and overpaid tax for provisional tax purposes)

(1) Replace section 120L(2) and (3) with:

(2) If the taxpayer makes a payment in relation to provisional tax before the due date for instalment F, the Commissioner must apply the payment towards the provisional tax that is due on an instalment date that—

(a) is specified by the taxpayer, if the taxpayer specifies an instalment; or

(b) the Commissioner considers the payment relates to, if the taxpayer does not specify an instalment.

(3) **Subsection (2)** does not apply for provisional tax payable for the AIM method under section RC 9(4B) of the Income Tax Act 2007.

- (2) **Subsection (1)** applies for provisional tax paid on or after 1 April 2019 for the 2018–19 and later income years.

77 **New section 120VD inserted (Interest on tax credits for charitable or other public benefit gifts)**

After section 120VC, insert:

5

120VD Interest on tax credits for charitable or other public benefit gifts

No interest shall be payable by the Commissioner under section 120D(3) on an amount of tax credit calculated under section LD 1 of the Income Tax Act 2007.

78 **Section 124A renumbered (Application of Part 8)**

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Renumber section 124A as **section 125A**.

79 **New Part 7B inserted (Part 7B—Third-party providers)**

Before new **section 125A** insert:

Part 7B
Third-party providers

15

124B What this Part does

What this subpart does

- (1) This Part sets out the classes of persons who—

- (a) may apply to the Commissioner to be listed or approved, or may notify or inform the Commissioner of their status as, a provider of services to other persons in relation to—

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- (i) their tax affairs:
(ii) their social policy entitlements and obligations:

- (b) may be nominated by a person to act on their behalf in relation to—

- (i) their tax affairs:
(ii) their social policy entitlements and obligations:

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- (c) may notify the Commissioner of their intermediary status in relation to certain tax types.

Classes

- (2) The classes are—

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- (a) tax agents, *see* **section 124C**:
(b) representatives, *see* **section 124D**:
(c) nominated persons, *see* **section 124F**:
(d) PAYE intermediaries, *see* **sections 124H to 124R**:

- (e) tax pooling intermediaries, *see* **sections 124S to 124X**;
- (f) approved AIM providers, *see* **sections 124Y to 124ZE**;
- (g) RWT proxies, *see* **section 124ZF**.

Tax agents, representatives, and nominated persons

124C Tax agents	5
<i>Listing</i>	
(1) The Commissioner must compile and maintain a list of persons who are tax agents.	
<i>Applying for listing as tax agent</i>	
(2) A person may apply to the Commissioner to be listed as a tax agent if they—	10
(a) meet the requirements of subsection (3) ; and	
(b) for a person who is not a natural person, provide the information required under section 124E .	
<i>Eligibility requirements</i>	
(3) A person is eligible to be listed as a tax agent if they—	15
(a) prepare the returns of income required to be filed for 10 or more other persons; and	
(b) are—	
(i) a person carrying on a professional public practice:	
(ii) a person carrying on a business, occupation, or employment in which returns of income are prepared and filed:	20
(iii) a person employed by a company that is a member of a group of companies, and returns of income are prepared and filed by the company for the group:	
(iv) the Maori Trustee.	25
<i>Requirement to list</i>	
(4) The Commissioner must list the person as a tax agent if the Commissioner is satisfied by the available information that—	
(a) the person meets the requirements of subsection (3) ; and	
(b) listing the person as a tax agent would not adversely affect the integrity of the tax system.	30
<i>Notification of listing</i>	
(5) The Commissioner must notify the person when they are listed and the listing takes effect on a date set out in the notice.	

Notification of refusal to list

- (6) For the notification requirements applying when a person does not meet the eligibility requirements, or does not provide the required information under **subsection (2)(b)** or meet the requirements of **subsection (4)(b)**, see **section 124G(1) and (5)**.

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124D Representatives

Requirements for representatives

- (1) A person (a **representative**) may represent another person, acting on their behalf in relation to their tax affairs or their social policy entitlements and obligations, or both, if they—
- (a) meet the requirements of **subsection (2)**; and
 - (b) for a person who is not a natural person, provide the information required under **section 124E(1) and (3)**; and
 - (c) are approved as a representative by the Commissioner under **subsection (3)**.

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Eligibility requirements

- (2) A person is eligible to be a representative if they—
- (a) have signed authorities to act for 10 or more other persons in relation to their tax affairs or social policy entitlements and obligations, or both; and
 - (b) are—
 - (i) a person in a business, occupation, or employment in which they act on behalf of other persons in relation to their tax affairs or social policy entitlements and obligations, or both;
 - (ii) a person carrying on a professional public practice dealing in matters relating to tax and social policy assistance;
 - (iii) a person in a business, occupation, or employment in which they provide budget advisory services to other persons or claim entitlements to social policy assistance on behalf of other persons.

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Requirement to approve

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- (3) The Commissioner must approve the person as representing another person if the Commissioner is satisfied by the available information that—
- (a) the person meets the requirements of **subsection (2)**; and
 - (b) approving the person as a representative would not adversely affect the integrity of the tax system.

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<i>Notification of approval</i>	
(4)	The Commissioner must notify the person when they have been approved as a representative under subsection (3) , and the approval takes effect on a date set out in the notice.
<i>Notification of removal of status</i>	
(5)	For the notification requirements applying when a person does not meet the eligibility requirements, or does not provide the required information under subsection (1)(b) or meet the requirements of subsection (3)(b) , <i>see</i> section 124G(2) and (6) .
Examples	
For the purposes of section 124D(2)(b) , examples of the activities that might be undertaken by a representative are:	
	• filing and preparing tax returns • setting up instalment arrangements • managing a person's correspondence with Inland Revenue.
124E Information requirements for tax agents and representatives	
<i>Information requirements for certain entities</i>	
(1)	If the person applying to be a tax agent or a representative is not a natural person, they must provide the Commissioner with the names of the following:
(a)	for an entity that is a body corporate other than a closely-held company, each person who has the duties of tax manager, chief financial officer, chief executive officer, or director:
(b)	for a closely-held company, each shareholder:
(c)	for a partnership, each partner:
(d)	for an unincorporated body, each member.
<i>No previous information or inaccurate information</i>	
(2)	Subsection (1) also applies when a tax agent or a representative is a person other than a natural person who—
(a)	has not previously provided the information referred to in subsection (1) to the Commissioner:
(b)	has previously provided the information referred to in subsection (1) but the information is no longer accurate.
<i>Further information</i>	
(3)	In relation to both natural persons and persons other than natural persons, before deciding whether to list a person as a tax agent or to approve a person as a representative, the Commissioner may ask them for further information <u>in relation to their application</u> , and may obtain information relating to them from other persons. The information must be provided by the end of the 12 month

~~period that starts on the first day on which the information most recently provided to the Commissioner under **subsection (1)** is no longer accurate.~~

Changes in information

- (4) In relation to the requirement to provide names under **subsection (1)**, the person must notify the Commissioner of any changes in the information held by the Commissioner. The notification must be made within 12 months after the date of the change of person, shareholder, partner, or member, as applicable. 5

124F Nominated persons

Requirements for nominated persons

- (1) A person may nominate another person (a **nominated person**) to act for them in relation to their tax affairs or social policy entitlements and obligations, or both, by— 10
- (a) informing the Commissioner of the nomination; and
 - (b) providing the following information—
 - (i) their name, contact address, and tax file number; and 15
 - (ii) ~~the name, contact address, tax file number, and date of birth of the nominated person, and any other information that may lead the Commissioner to be satisfied about the identity of the nominated person;~~ and
 - (iii) the relevant tax types or social policy entitlements and obligations in relation to which the nominated person intends to act for them; and 20
 - (iv) the relevant start and end dates, as applicable, applying in relation to the tax types and social policy entitlements and obligations.

When person making nomination is not natural person 25

- (2) For the purposes of **subsection (1)**, if the person making the nomination is not a natural person, ~~additional information is required on~~ they must provide the name and position of a natural person for the person who is making the nomination.

124G Refusal, removal, or disallowance of status of tax agents, representatives, and nominated persons 30

Refusal to list persons as tax agents

- (1) The Commissioner must refuse to list a person on the list of tax agents if the Commissioner is satisfied that— 35
- (a) the person does not meet a requirement of **section 124C(3)**;
 - (b) listing the person would adversely affect the integrity of the tax system.

	<i>Discretion to remove or to disallow persons' as tax agents or representatives</i>	
(2)	The Commissioner may remove a person from the list of tax agents, or may disallow a person's approval as a representative, if the Commissioner considers that—	
(a)	the person does not meet the relevant eligibility requirements:	5
(b)	continuing to allow the person to act on behalf of another person in relation to their tax affairs or their social policy entitlements and obligations, or both, would adversely affect the integrity of the tax system.	
	<i>Discretion to disallow persons as nominated persons</i>	
(3)	The Commissioner may disallow a person's status as a nominated person if the Commissioner considers that—	10
(a)	the person is <u>not</u> a person other than a person referred to in <u>excluded under subsection (4)</u> but who is acting—	
(i)	in a fee-earning or other professional capacity for another person:	
(ii)	for multiple persons, whether in a fee-earning or other capacity;	15
	and	
(b)	continuing to allow the person to act on behalf of another person in relation to their tax affairs or their social policy entitlements and obligations, or both, would adversely affect the integrity of the tax system.	
	<i>Certain family members excluded</i>	20
(4)	For the purposes of subsection (3)(a) , the persons excluded are—	
(a)	a spouse, civil union partner, or de facto partner:	
(b)	a relative, that is, another person connected with the person within 2 degrees of a relationship, whether by blood relationship or by adoption.	
	<i>Notification of refusal to list</i>	25
(5)	For the purposes of subsection (1) , the Commissioner must—	
(a)	notify the person of the refusal:	
(b)	consider any arguments that are provided within 30 days from the date of the notice or, if appropriate in the circumstances, a later date set by the Commissioner.	30
	<i>Notification of exercise of discretion to remove or disallow</i>	
(6)	For the purposes of subsection (2) or (3) , the Commissioner must—	
(a)	notify the person of the reasons for the exercise of the discretion:	
(b)	consider any arguments against the exercise of the discretion that are provided within 30 days from the date of the notice or, if appropriate in the circumstances, a later date set by the Commissioner.	35

	<i>Notification exceptions</i>	
(7)	The requirement to notify a person under subsection (5)(a) or (6)(a) may be disregarded if the Commissioner considers it necessary in the circumstances to protect the integrity of the tax system.	
	<i>Effective date</i>	5
(8)	The Commissioner must notify a person on taking an action described in subsection (5) or (6) . The removal, refusal, or disallowance, as applicable, takes effect on the date of the notice.	
80	Section 124H amended (PAYE intermediaries and listed PAYE intermediaries)	10
(1)	In section 124H, replace the section heading with “ PAYE intermediaries ”.	
(2)	In section 124H(1), replace “section 15F may apply under section 15D” with “ section 124K may apply under section 124I ”.	
(3)	Repeal section 124H(2).	
81	Sections 124L, 124M, and 124N repealed	15
	Repeal sections 124L, 124M, and 124N.	
82	Section 124O amended (Employers’ arrangements with PAYE intermediaries)	
(1)	After section 124O(1), insert:	
(1B)	The notification requirements in subsection (1) are met if the PAYE intermediary provides the information set out in paragraphs (a) to (d).	20
(2)	Repeal section 124O(4).	
83	Section 124R repealed (Subsidy claim forms)	
	Repeal section 124R.	
84	Section 125 amended (Certain rights of objection not conferred)	25
(1)	In section 125(j)(iii), replace “sections 33, 89” with “sections 18K, 33”.	
(2)	In section 125(j)(iv),—	
(a)	replace “21 to 23” with “ 17F, 17G, 18I , 21B to 23”:	
(b)	delete “88,”.	
85	Section 135 amended (Powers of Taxation Review Authority on determination of objection or case stated)	30
	In section 135(2),—	
(a)	replace “a determination” with “a determination or binding ruling” in each place where it appears:	

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	(b)	replace “alter the determination” with “alter the determination or ruling” in each place where it appears:
	(c)	replace “fresh determination” with “fresh determination or ruling”.
86	Section 136 amended (When objection may be referred directly to High Court)	5
	In section 136(18),—	
	(a)	replace “a determination” with “a determination or binding ruling” in each place where it appears:
	(b)	replace “alter the determination” with “alter the determination or ruling” in each place where it appears: 10
	(c)	replace “fresh determination” with “fresh determination or ruling”.
87	Section 138A amended (Application of this Part)	
	(1)	In section 138A(1)(b), replace “section 124A(2)(a)” with “section 125A(2)(a)”.
	(2)	In section 138A(2), replace “section 124A” with “section 125A”.
88	Section 138E amended (Certain rights of challenge not conferred)	15
	(1)	In section 138E(1)(e)(iii), replace “sections 33, 89” with “sections 18K, 33”.
	(2)	In section 138E(1)(e)(iv),—
	(a)	replace “21 to 23, <u>34B</u> ” with “ 17F, 17G, 18I , 21B to 23”:
	(ab)	replace “120A to 120U, 138I(2B)” with “120A to 120U, Part 7B, 138I(2B) ”: 20
	(b)	delete “88,”.
89	Section 139A amended (Late filing penalty for certain returns)	
	After section 139A(9), insert:	
	(10)	Despite subsection (2)(a)(i), a taxpayer is not liable to pay a late filing penalty if the Commissioner considers that, in a particular case or class of cases, a penalty should not be imposed. However the Commissioner’s discretion may be exercised only if— 25
	(a)	it is necessary because of resource constraints imposed on the Commissioner during the period of co-existence of 2 Inland Revenue software platforms; and 30
	(b)	the taxpayer’s non-compliance is not serious or unreasonable.
89B	Section 139B amended (Late payment penalty)	
	After section 139B(2B)(b), insert:	
	(bb)	<u>further income tax under section OB 65, OB 66, OK 21, or OK 22 of the Income Tax Act 2007 imposed for the 2018–19 and later income years;</u> 35

- (bc) imputation additional tax under section OB 71 or OB 72 of that Act imposed for the 2018–19 and later income years:
- 90 Section 141B amended (Unacceptable tax position)**
In section 141B(1F)(a), replace “section 45D” with “**section 15Z**”.
- 91 Section 141B amended (Unacceptable tax position)** 5
In section 141B(1F)(a), replace “**section 15Z**” with “**section 124ZE**”.
- 92 Section 141JA amended (Application of Part 9 to non-filing taxpayers)**
(1) Replace section 141JA(b) with:
(b) is required to provide information under **Part 3, subpart 3B** on their other income, and the Commissioner considers that the information is likely to be correct. 10
- (2) **Subsection (1)** applies for the 2018–19 and later income years.
- 93 Section 143 amended (Absolute liability offences)**
(1) In section 143(4), replace “an income statement” with “an individual’s final account under **Part 3, subpart 3B**”. 15
- (2) **Subsection (1)** applies for the 2018–19 and later income years.
- 94 ~~Section 143A amended (Knowledge offences)~~**
~~After section 143A(1)(b), insert:~~
(bb) ~~knowingly takes no action in relation to an incorrectly pre-populated account referred to in **section 22E** with the result that the information about an individual’s taxable income for a tax year is incorrect or incomplete; or~~ 20
- 95 Section 143C amended (Offence for failure of officers of department to maintain secrecy)**
(1) In section 143C, replace the section heading with “**Offences related to disclosure of sensitive revenue information by revenue officers**”. 25
- (2) In section 143C(1), replace “section 81” with “**section 18(1)**”.
- 96 Sections 143D and 143E replaced**
Replace sections 143D and 143E with:
- 143D Offences related to disclosure of certain information by persons other than revenue officers** 30
(1) This section applies in relation to a disclosure of information that the Commissioner has obtained under the Inland Revenue Acts or information that is obtained through a function lawfully conferred on the Commissioner to a person who is— 35

- (a) a person who acquires, has access to, or is given the information through—
 - (i) the agency of the Commissioner under **schedule 7, part A, clauses 7, 10, 11, and 12, and part C, clauses 22, 23, 35, 42, 44, and 47**; or 5
 - (ii) their access to the digital storage systems of the department; or
 - (iii) their access to the information under an approved information-sharing agreement referred to in **section 18E(2)**; or
 - (b) a person, other than a revenue officer, who is employed by or provides services to a government agency and is required by the agency to perform their duties, and with facilities, shared with revenue officers who are expected by the Commissioner to perform their duties in the place and with the facilities; or 10
 - (c) a person who, by the nature of their physical access to the premises or digital storage systems of the department, may have, or is likely to have access to the information, and has been required by the Commissioner to sign a certificate under **section 18B(2)**; or 15
 - (d) a person who accompanies the Commissioner as described in **section 16B(6)(b)** to a place where the person may or is likely to have access to the information; or 20
 - (e) a person employed in the department responsible for the administration of the Public Records Act 2005 or a person employed by or in a repository approved under section 26 of that Act has access to public records in relation to which a confidentiality obligation exists under **section 18(1)**. 25
 - (2) The person commits an offence if they—
 - (a) knowingly fail to comply with **section 18B(2)** before they acquire, obtain, or have access to the information; or
 - (b) despite complying with **section 18B(2)**, knowingly discloses the information. 30
 - (3) A person who is convicted of an offence under this section is liable to—
 - (a) imprisonment for a term not exceeding 6 months; or
 - (b) a fine not exceeding \$15,000; or
 - (c) both.
- 143E Offences related to disclosure of certain information to employees** 35
- (1) For the purposes of **section 18(2)**, a person described in **subsection (4)** commits an offence if they—

- (a) are a person who has access to, acquires, or obtains, information on a matter relating to a revenue law described in **section 16C(1)(a) to (c)**; and
 - (b) are an employer or principal of an agent (the **employer**); and
 - (c) knowingly or negligently allow an employee to acquire, have access to, or be given the information before the employee has signed a certificate of confidentiality referred to in **section 18B(2)**. 5
- (2) For the purposes of **section 18(2)** a person commits an offence if they—
 - (a) are a person who has access to, acquires, or obtains, information on a matter relating to a revenue law described in **section 16C(1)(a) to (c)**; and 10
 - (b) are a director, manager, secretary, member, or principal officer of the employer (the **director**), or is a person purporting to act in 1 or more of those capacities; and
 - (c) knowingly allow an employee to acquire, have access to, or be given revenue information before the employee has signed a certificate of confidentiality referred to in **section 18B(2)**. 15
- (3) A person who is convicted of an offence under **subsection (1) or (2)** is liable to a fine not exceeding \$15,000.
- (4) The person is— 20
 - (a) a person who is or has been a member of, or who is appointed or employed by, the Accident Compensation Corporation; or
 - (b) a person who is or has been appointed or employed by the Regulator under the Accident Insurance Act 1998; or
 - (c) a person, association, company, firm, body, or institution to which powers and functions have been delegated or sub-delegated under accident compensation legislation; or 25
 - (d) an officer, employee, or agent of the person or other entity referred to in **paragraph (c)**; or
 - (e) a person who is or has been a member of or who is or has been appointed or employed by the New Zealand Superannuation Corporation; or 30
 - (f) a person or entity referred to in **paragraph (c)** to which powers and functions have been delegated or sub-delegated under the New Zealand Superannuation Act 1974.
- (5) For the purposes of this section,— 35
 - (a) an **employee** includes an officer or agent of the employer:
 - (b) **accident compensation legislation** means the Accident Compensation Act 1982, the Accident Rehabilitation and Compensation Insurance Act 1992, the Accident Insurance Act 1998, the Accident Compensation Act 2001. 40

143EB Offences related to disclosure of certain information by employers and directors

- (1) A person referred to in **section 143E(1) or (2)** as the employer or the director commits an offence if they disclose information on matters relating to a revenue law described in **section 16C(1)(a) to (c)** that comes to their knowledge through the agency of the Commissioner unless the disclosure is for the purpose of carrying into effect the relevant revenue law. 5
- (2) A person who is convicted of an offence under this section is liable to—
 - (a) imprisonment for a term not exceeding 6 months; or
 - (b) a fine not exceeding \$15,000; or 10
 - (c) both.

96B Section 173L amended (Transfer of excess tax within taxpayer’s accounts)

Replace section 173L(3) with:

- (3) Despite subsection (2)(b) and (bb)—
 - (a) a taxpayer who has an early balance date must, for tax withheld or deducted on their behalf or a tax credit for expenditure on research and development, choose a day after the end of the tax year in which the amount was withheld or deducted or the tax year corresponding to the accounting year to which the credit relates: 15
 - (b) a taxpayer who has excess tax withheld or deducted on their behalf and has filed a tax return for the tax year in which the excess tax arises before the end of that tax year must, for the excess tax, choose the day after the date that the return is filed. 20

97 Section 174AA amended (Power of Commissioner in respect of small amounts of refunds or tax payable) 25

- (1) ~~Replace section 174AA, section heading, with “Power of Commissioner in relation to refunds or tax payable”.~~

- (2) ~~Replace section 174AA(b) with:~~

- (b) ~~for an individual, the amount of tax payable arises—~~
 - (i) ~~despite the correct application of a withholding liability;~~ 30
 - (ii) ~~despite the application of a rate of tax that corresponds to the individual’s correct marginal rate;~~
 - (iii) ~~in relation to income of less than \$200 when tax was withheld from the income incorrectly;~~
 - (iv) ~~in relation to an additional payment for an underpaid amount when the individual is entitled to receive a benefit, grant, or other social assistance payment from the Ministry of Social Development;~~ 35

~~(v) in relation to a payment to a provider of standard cost household services who derives exempt income under section CW 61(1) of the Income Tax Act 2007:~~

~~(vi) in relation to a payment to a non-resident seasonal worker:~~

98 Section 184A amended (Refund of tax paid in excess made by direct credit to bank account) 5

(1) In section 184A(2), replace “When a taxpayer claims a refund, the taxpayer” with “To enable a payment to be made by direct credit under this section, a taxpayer”.

(2) After section 184A(5)(a), insert: 10

(ab) an amount of income tax:

98B New section 225AB inserted (Order in Council amending schedule 18B of Income Tax Act 2007)

After section 225A, insert:

225AB Order in Council amending schedule 18B of Income Tax Act 2007 15

(1) This section provides a power to amend, by Order in Council, the list of sales of bloodstock yearlings in **schedule 18B** of the Income Tax Act 2007 that meet the definition of a **premier yearling sale** in **section EC 39B(4)** of that Act.

(2) The Governor-General may, by Order in Council made on the recommendation of the Minister of Revenue, amend **schedule 18B** of that Act by— 20

(a) adding the name of a sale of bloodstock yearlings:

(b) substituting the name of a sale of bloodstock yearlings in recognition of a change in its name:

(c) removing the name of a sale of bloodstock yearlings. 25

(3) Before recommending the making of an Order in Council to—

(a) add the name of a sale of bloodstock yearlings to **schedule 18B** of that Act, the Minister of Revenue must be satisfied that the sale—

(i) is of bloodstock yearlings of interest to New Zealand resident and non-resident prospective buyers; and 30

(ii) will be held in New Zealand:

(b) remove the name of a sale of bloodstock yearlings from **schedule 18B** of that Act, the Minister of Revenue must be satisfied that the sale—

(i) is no longer of bloodstock yearlings of interest to New Zealand resident and non-resident prospective buyers: 35

(ii) will no longer be held in New Zealand.

- (4) Before making a recommendation under **subsection (2)**, the Minister of Revenue must—
- (a) consult the Minister for Racing on the proposed amendment; and
 - (b) be satisfied that consultation has been undertaken on the proposed amendment that is appropriate and reasonable for the purposes of this section.

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98C New section 227EB inserted (Transitional provisions: publication requirements related to RWT-exempt status and certain exemption certificates)

After section 227E, insert:

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227EB Transitional provisions: publication requirements related to RWT-exempt status and certain exemption certificates

- (1) For the transitional period referred to in section 227E(1), the Commissioner may—
- (a) create an electronic register of persons who hold an RWT exemption certificate for the purposes of establishing their RWT-exempt status; and
 - (b) publish a person's tax file number and the start date and, if applicable, the end date recorded on the person's RWT exemption certificate.
- (2) A reference in a document to an RWT exemption certificate or to a person holding an RWT exemption certificate is to be read as including a reference to RWT-exempt status or to the person having RWT-exempt status, as applicable, to the extent necessary to reflect sensibly the intent of the document.
- (3) A reference in a document to an exemption certificate for a schedular payment or to the provision of a copy of an exemption certificate is to be read as including a reference to a notice of the Commissioner under schedule 5, part C, clause 6 that a person is entitled to receive payment for which no amount of tax is to be withheld or to the provision of evidence of the notice, as applicable, to the extent necessary to reflect sensibly the intent of the document.

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99 New section 227F inserted (Transitional provisions related to information disclosures)

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After section 227E, insert:

227F Transitional provisions related to information disclosures

- (1) **Subpart 3A, sections 16 to 17K** are sections 16 to 19, 21 and 21BA of the Tax Administration Act 1994 in rewritten form and are intended to have the same effect. **Subsection (3)** overrides this subsection.
- (2) Unless a limit in **subsection (3)** applies, in circumstances where the meaning of a taxation law that comes into force at the commencement of this Act (the **new law**) is unclear or gives rise to absurdity—

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- (a) the wording of a taxation law that is replaced in part by **section 15** of this Act and that corresponds to a new law (the **old law**) must be used to determine the correct meaning of the new law; and
- (b) it can be assumed that a corresponding old law provision exists for each new law provision. 5
- (3) **Subsections (1) and (2)** do not apply in the case of a new law that is amended after the commencement of this Act, with effect from the date on which the amendment comes into force.
- (4) For the avoidance of doubt, in relation to permitted disclosures under **sched-
ule 7**, the authorisation of a specific disclosure under an exception set out in the schedule does not affect the general rule that confidentiality, as set out in **section 18**, applies only to sensitive revenue information. 10
- 99B New section 227G inserted (Transitional provision related to individuals' income information)**
- After section 227F, insert: 15
- 227G Transitional provision related to individuals' income information**
- For income years in the period from the 2000–01 income year to the 2019–20 income year, an individual who may have or may have had an entitlement under the family scheme under sections MD 1 and ME 1 of the Income Tax Act 2007, and the equivalent provisions in the Income Tax Act 2004 and the Income Tax Act 1994, but who was not required to provide a return of income for a tax year in that period, may, despite **section 108**, choose to file a return of income for the tax year. 20
- 100 Schedule 4 amended (Reporting of employment income information)**
- In schedule 4, table 1, row 4, item g, replace “earner premium” with “earner levy”. 25
- 101 Schedule 5 amended (Certain tax codes and rates)**
- (1) In schedule 5, part A, clause 1(2), replace “special tax code” with “tailored tax code”.
- (2) In schedule 5, part A, clause 4, rows 3, 4, 5, and 6 of the table, replace “annual income is” with “total PAYE income payments” are in each place where it appears. 30
- (3) In schedule 5, part B, clause 1,—
- (a) replace the heading with “**Tailored tax codes**”:
- (b) in subclauses (1), (2), (4), (5), and (6), replace “special tax code” with “tailored tax code” in each place where it appears. 35
- (4) In schedule 5, part B, clause 1(6),—

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(a) replace “notifying the employee or responsible department, as applicable.” with “notifying the employee, the employer, or responsible department, as applicable.”; (b) replace “Once notified, the employee” with “If the employee is notified, they”.	5
101B Schedule 6 amended (Reporting of investment income information)	
<u>In schedule 6, table 1, row 6, replace “The contact address of the investor” with “The contact address of the investor and, if the investor is non-resident, the country code of the investor”.</u>	
102 New schedules inserted	10
After schedule 5, insert, as set out in schedule 1 of this Act, the following schedules:	
(a) schedule 7 (Disclosure rules): (b) schedule 8 (Reporting of income information by individuals <u>and treatment of certain amounts</u>).	15
102B Schedule 8 amended (Reporting of income information by individuals and treatment of certain amounts)	
Replace schedule 8, part B with:	
<u>Part B</u> <u>Treatment of certain amounts</u>	
<u>1 Writing off certain amounts of tax payable</u>	20
Subject to clause 2 , the Commissioner must write off the following amounts under section 22IB :	
(a) <u>an amount of tax relating to income derived for a tax year by a qualifying individual that is equal to or less than \$50:</u> (b) <u>an amount of tax relating to reportable income that is derived for a tax year by an individual solely from—</u> (i) <u>an income tested benefit:</u> (ii) <u>an education grant:</u> (iii) <u>a payment of New Zealand superannuation:</u> (iv) <u>a veteran’s pension:</u> (c) <u>an amount of tax relating to the income of an individual for a tax year that arises solely because the individual has an extra pay period in the corresponding income year, being—</u> (i) <u>53 pay periods in the income year for a person paid weekly; or</u>	25 30 35

- (ii) 27 pay periods in the income year for a person paid fortnightly; or
(iii) 14 pay periods in the income year for a person paid in 4-weekly periods.
- 2 Exclusions**
- (1) An amount of tax does not qualify for a write off under **clause 1** if the amount is derived by— 5
- (a) an individual who—
- (i) is issued with a family notice of entitlement for some or all of the tax year;
(ii) is paid a family assistance credit for which the amount of family credit abatement under section MD 13 of the Income Tax Act 2007 is greater than zero; 10
- (b) an individual who is living in a marriage, civil union, or de facto relationship with an individual who—
- (i) is issued with a family notice of entitlement for some or all of the tax year; 15
(ii) is paid a family assistance credit for which the amount of family credit abatement under section MD 13 of that Act is greater than zero.
- (2) An amount of tax does not qualify for a write off under **clause 1(c)** if, for the tax year and an amount of income referred to in **subclause (3)**,— 20
- (a) the Commissioner has recommended for the individual, and the individual has consented to, a change of tax code under **section 24DB** or change of tax rate under **section 25A** giving the individual a higher tax code or higher RWT rate; 25
(b) the individual has used a tailored tax code under **schedule 5, part A** in relation to the income.
- (3) For the purposes of **subclause (2)**, the income is—
- (a) an amount of income for which the obligations of the individual under the PAYE rules are not met; 30
(b) an amount of investment income from which RWT is withheld at a rate that is lower than the correct rate;
(c) an amount from which tax is withheld at a rate that is lower than the correct rate when the amount of income is—
- (i) schedular income; 35
(ii) income from employment that is an extra pay;
(iii) income from employment that is secondary employment earnings;

(d)	<u>an amount derived by an individual whose annual gross income is more than \$48,000 when the amount of income is—</u>	
(i)	<u>a taxable Maori authority distribution;</u>	
(ii)	<u>an amount of salary or wages from employment as an election day worker, when the individual has used the EDW code;</u>	5
(iii)	<u>an amount of salary or wages from employment as a casual agricultural employee, when the individual has used the CAE code;</u>	
(e)	<u>an amount of a benefit under an employee share agreement in relation to which an employer has not made an election under section RD 7B of the Income Tax Act 2007 to withhold tax.</u>	10
(4)	<u>For the purposes of subclause (3), the correct rate is—</u>	
(a)	<u>0.105, if the individual’s annual gross income is \$14,000 or less; or</u>	
(b)	<u>0.175, if the individual’s annual gross income is more than \$14,000 and not more than \$48,000; or</u>	
(c)	<u>0.300, if the individual’s annual gross income is more than \$48,000 and not more than \$70,000; or</u>	15
(d)	<u>0.330, if the individual’s annual gross income is more than \$70,000.</u>	
3	<u>Small amounts of tax payable</u>	
	<u>Despite clause 2, the Commissioner may write off an amount of tax under section 221B if the amount is not substantial and represents an underpayment of tax that is attributable to a function or operation of the tax collection rules.</u>	20

103 Consequential amendments

The consequential amendments to provisions of the Tax Administration Act 1994 that are listed in **schedule 3** apply as set out in that schedule.

Part 3

Amendments to Income Tax Act 2007

25

104 Income Tax Act 2007

Part 3 amends the Income Tax Act 2007.

104B Section CB 6A amended (Disposal within 5 years: bright-line test for residential land)

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In section CB 6A(4),—

- | | | |
|-----|---|----|
| (a) | <u>replace the subsection heading with “<i>Estate or interest acquired upon completion of land development or subdivision</i>”;</u> | |
| (b) | <u>replace “a freehold estate” with “an estate or interest”;</u> | |
| (c) | <u>replace “the freehold estate” with “the estate or interest”;</u> | 35 |

- (d) replace “acquiring an interest, in relation to the land, that is contingent” with “entering into the agreement under which they acquired the estate or interest”.

105 Section CB 9 amended (Disposal within 10 years: land dealing business)

Replace section CB 9(3), except for the heading, with:

5

- (3) Subsection (2) is overridden by the exclusions in sections CB 15C and **CB 15D**, for bodies linked or associated with a local authority and for companies in the same wholly-owned group as Housing New Zealand Corporation, and subsections (1) and (2) are overridden by the exclusions in sections CB 16 and CB 19, for residential land and for business premises.

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106 Section CB 10 amended (Disposal within 10 years: land development or subdivision business)

Replace section CB 10(3), except for the heading, with:

- (3) Subsection (2) is overridden by the exclusions in sections CB 15C and **CB 15D**, for bodies linked or associated with a local authority and for companies in the same wholly-owned group as Housing New Zealand Corporation, and subsections (1) and (2) are overridden by the exclusions in sections CB 16 and CB 19, for residential land and for business premises.

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107 Section CB 11 amended (Disposal within 10 years of improvement: building business)

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- (1) Replace section CB 11(1) and (2) with:

Income

- (1) An amount that a person derives from disposing of land is income of the person if they dispose of the land and—

- (a) within 10 years before the disposal, the person or an associate of the person completed improvements to the land; and

25

- ~~(b) at the time the improvements were begun, the person or an associate of the person carried on a business of erecting buildings.~~

- (b) at the time the improvements were begun,—

- (i) the person carried on a business of erecting buildings;

30

- (ii) an associate of the person carried on a business of erecting buildings.

Person or associate

- (2) **Subsection (1)** applies whether or not the land was acquired for the person’s business or an associate’s business.

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- (2) Replace section CB 11(3), except for the heading, with:

- (3) ~~**Subsection (2)**~~ **(1)(b)(ii)** is overridden by the exclusions in sections CB 15C and **CB 15D**, for bodies linked or associated with a local authority and for

- companies in the same wholly-owned group as Housing New Zealand Corporation, and subsections (1) and (2) are overridden by the exclusions in sections CB 16 and CB 19, for residential land and for business premises.
- (3) **Subsection (1)** applies for the 2008–09 and later income years. However it does not apply to a person to the extent to which, before the introduction of the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Bill, the person takes a tax position in a return of income that is consistent with section CB 11(1) and (2) ignoring the amendment in **subsection (1)**. 5
- 108 Section CB 15 amended (Transactions between associated persons)** 10
- (1) In section CB 15(1), in the words before paragraph (a), delete “under which-ever is applicable of sections CB 6 to CB 14”.
- (2) After section CB 15(1), insert:
- Exclusion for Housing New Zealand Corporation and wholly-owned group*
- (1B) **Subsection (1)** is overridden by **section CB 15D**. 15
- (3) Replace section CB 15(2), other than the heading, with:
- (2) For the purposes of sections CB 7 to CB 12 and CB 14, if a person (the **transferor**) transfers land to a person (the **transferee**) who is an associated person at the time of the transfer, the transferee is treated as acquiring the land on the date, other than under this subsection, on which the transferor acquired the land. 20
- ~~(4) **Subsections (1) and (3)** apply for the 2008–09 and later income years.~~
- (4) **Subsections (1) and (3)** apply for the 2008–09 and later income years. However it does not apply to a person to the extent to which, before the introduction of the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Bill, the person takes a tax position in a return of income that is consistent with section CB 15 ignoring the amendment in **subsections (1) and (3)**. 25
- 108B Section CB 15C amended (Council-controlled organisations and other companies)** 30
- In section CB 15C(1), words before paragraph (a), replace “CB 11(2)” with “**CB 11(1)(b)(ii)**”.
- 109 New heading and new section CB 15D inserted**
- After section CB 15C, insert:

Exclusions for Housing New Zealand Corporation and wholly-owned group

CB 15D Housing New Zealand Corporation and wholly-owned group

Exclusion from application of some land provisions

- (1) Sections CB 9(2), CB 10(2), ~~CB 11(2)~~ **CB 11(1)(b)(ii)**, and CB 15(1) do not apply to Housing New Zealand Corporation or a company in the same wholly-owned group of companies as Housing New Zealand Corporation. 5

Exclusion for group members and members of consolidated group

- (2) If **subsection (1)** applies to prevent an amount from being income of a person who is a member of a wholly-owned group of companies or a consolidated group, the amount is not income of the person under section CV 1 or CV 2 (which apply to group companies and to consolidated groups). 10

Defined in this Act: amount, company, consolidated group, income, wholly-owned group of companies

110 Section CB 16A amended (Main home exclusion for disposal within 5 years) 15

- (1) In section CB 16A(2)(b), replace “residential land” with “residential land described in subsection (1)”.
- (2) **Subsection (1)** applies to a person’s disposal of residential land if the date that the person first acquires an estate or interest in the residential land is on or after 1 October 2015. 20

111 Section CB 16 amended (Residential exclusion from sections CB 6 to CB 11)

- (1) Replace section CB 16(1)(b) with:
- (b) the dwellinghouse was occupied mainly as a residence by,—
- (i) the person: 25
- (ii) if members of the person’s family live with them, the person and members of the person’s family living with them:
- (iii) if the person is a trustee, 1 or more beneficiaries of the trust.
- (2) In section CB 16(3), replace “dwellinghouses” with “dwellinghouses described in subsection (1)”. 30
- (3) **Subsections (1) and (2)** apply for the 2008–09 and later income years.

112 Section CB 17 amended (Residential exclusion from sections CB 12 and CB 13)

- (1) Replace section CB 17(1)(b) with:
- (b) the development, division, or improvement is for use in, and for the purposes of, the residing on the land of,— 35
- (i) the person:

- (ii) if members of the person’s family live with them, the person and members of the person’s family living with them.
- (2) Replace section CB 17(2)(b) with:
 - (b) the larger area of land was 4,500 square metres or less immediately before it was divided and was occupied mainly as residential land for,—
 - (i) the person:
 - (ii) if members of the person’s family live with them, the person and members of their family living with them.
- (3) **Subsections (1) and (2)** apply for the 2008–09 and later income years.
- 113 Section CB 18 amended (Residential exclusion from section CB 14)** 10
 - (1) Replace section CB 18(3)(a) with:
 - (a) means a purpose that the person has of using the land or intending to use the land mainly as a residence for,—
 - (i) the person:
 - (ii) if members of the person’s family live with them, the person and members of the person’s family living with them; and
 - (2) **Subsection (1)** applies for the 2008–09 and later income years.
- 114 Section CB 27 amended (Income equalisation schemes)**
 - (1) Repeal section CB 27(b).
 - (2) In section CB 27, in the list of defined terms, delete “adverse event income equalisation scheme”. 20
 - (3) **Subsection (1)** applies for income years beginning after the date on which this Act receives the Royal assent.
- 115 Section CB 28 amended (Environmental restoration accounts)**
 - In section CB 28(7),— 25
 - (a) in the words before paragraph (a), after “contaminant”, insert “or making of noise”:
 - (b) in paragraph (a), after “contaminant”, insert “or making of noise”.
- 116 Section CD 3 amended (Meaning of dividend)**
 - In section CD 3, replace “CD 21” with “CD 20”. 30
- 117 Section CD 5 amended (What is a transfer of value)**
 - (1) In section CD 5(2)(a), replace “section EW 46C(3)” with “section EW 46C(4)”. 35
 - (2) **Subsection (1)** applies for a person for the 2008–09 and later income years, except for an income year before the 2015–16 income year for which the per-

son takes a tax position in a return of income that is inconsistent with the amendment made by **subsection (1)**.

118 Section CD 6 amended (When is a transfer caused by a shareholding relationship?)

- (1) In section CD 6(3), replace “subpart HE (Mutual associations)” with “section DV 19 (Association rebates)”. 5
- (2) In section CD 6(4), replace “subpart HE” with “section DV 19”.
- (3) In section CD 6(5),—
 - (a) in the subsection heading, replace “*section DV 18 and subpart HE*” with “*sections DV 18 and DV 19*”: 10
 - (b) replace “subpart HE” with “section DV 19”.

119 Section CE 1 amended (Amounts derived in connection with employment)

- (1) Before section CE 1(2), insert:

Unrepaid overpayments

- (1C) A person who receives an amount that is an unrepaid PAYE income overpayment is treated as deriving the amount in connection with their employment or service ~~for the income year in which they receive the amount.~~ 15
 - (a) for the income year in which they receive the amount, if **paragraph (b)** does not apply; or
 - (b) on the payday for which the employment income information of the employer who paid the amount to the person includes an upwards adjustment for the amount under regulations made under section 23N of the Tax Administration Act 1994. 20

Repaid overpayments

- (1D) An amount received by a person that is a PAYE-related overpayment is not income of the person to the extent to which ~~the amount has been repaid to the employer.~~ 25
 - (a) the amount has been repaid to the employer who paid the amount to the person;
 - (b) the amount is repayable to that employer by the person under an agreement between them and none of the following apply: 30
 - (i) the person breaches the agreement and does not remedy the breach within 2 months;
 - (ii) that employer considers that the person will not comply with the agreement in the future; 35
 - (c) the amount is recoverable under section 248 of the Accident Compensation Act 2001.

- (2) In section CE 1, in the list of defined terms, insert “employment income information”, “income year”, “payday”, “PAYE-related overpayment”, and “unre-
paid PAYE income overpayment”.

119B New sections CG 8B and CG 8C inserted

- (1) After section CG 8, insert:

**CG 8B Recoveries after deductions for high-priced bloodstock removed from
New Zealand**

When this section applies

- (1) This section applies when—

- (a) high-priced bloodstock is removed from New Zealand before being—
 (i) first raced in New Zealand;
 (ii) used for breeding in New Zealand; and
 (b) a person who is a prospective bloodstock breeder has been allowed a
deduction in relation to the high-priced bloodstock; and
 (c) the high-priced bloodstock is expected, at the time of its removal from
New Zealand, to be able to be used for future breeding.

Income

- (2) The person has an amount of income to the extent to which the greater of the
high-priced bloodstock’s market value on the day on which it is removed from
New Zealand and the total amount of deductions the person has been allowed
in relation to the high-priced bloodstock exceeds the total of any amounts of
income the person has derived in relation to the high-priced bloodstock.

Timing of income

- (3) The income is allocated to the income year in which the high-priced bloodstock
is removed from New Zealand.

Defined in this Act: amount, deduction, high-priced bloodstock, income, income year, New Zealand,
prospective bloodstock breeder

**CG 8C Recoveries after deductions for high-priced bloodstock disposed of to
non-residents**

When this section applies

- (1) This section applies when—

- (a) a person who is a prospective bloodstock breeder (**person A**) disposes of
high-priced bloodstock to a non-resident (**person B**) for consideration
before the high-priced bloodstock has been—
 (i) first raced in New Zealand;
 (ii) used for breeding in New Zealand;
 (iii) removed from New Zealand; and

	<u>(b) person A has been allowed a deduction in relation to the high-priced bloodstock; and</u>	
	<u>(c) the high-priced bloodstock is expected, at the time of the disposal, to be able to be used for future breeding.</u>	
	<u>Income</u>	5
(2)	<u>The amount described in subsection (3) is income of person A.</u>	
	<u>Amount of income</u>	
(3)	<u>The amount is the greater of—</u>	
	<u>(a) the amount of consideration receivable by person A for disposing of the high-priced bloodstock; and</u>	10
	<u>(b) the amount given by the formula in subsection (4).</u>	
	<u>Formula</u>	
(4)	<u>For the purposes of subsection (3)(b), the amount is calculated using the formula—</u>	
	<u>ownership disposal percentage × total deductions.</u>	15
	<u>Definition of items in formula</u>	
(5)	<u>In the formula,—</u>	
	<u>(a) ownership disposal percentage is the percentage of person A’s total share or interest in the high-priced bloodstock that they have disposed of to person B:</u>	20
	<u>(b) total deductions is the amount equal to the total amount of deductions person A has been allowed in relation to the high-priced bloodstock.</u>	
	<u>Timing of income</u>	
(6)	<u>The income is allocated to the income year in which the high-priced bloodstock is disposed of.</u>	25
	<u>Relationship with section CB 2</u>	
(7)	<u>This section overrides section CB 2(2).</u>	
	<u>Defined in this Act: amount, deduction, dispose, high-priced bloodstock, income, income year, New Zealand, prospective bloodstock breeder</u>	
(2)	<u>Subsection (1) applies to bloodstock acquired on or after 1 January 2019.</u>	30
120	Section CV 1 amended (Group companies)	
(1)	In section CV 1, after the heading, insert as a subsection heading “ <i>Income</i> ”.	
(2)	In section CV 1, insert as subsection (2):	
	<u>Relationship with section CB 15D</u>	
(2)	Subsection (1) is overridden by section CB 15D (Housing New Zealand Corporation and wholly-owned group).	35

121 Section CV 2 amended (Consolidated groups: income of company in group)

Replace section CV 2(3) with:

Relationship with sections CB 15C and CB 15D

- (3) Subsection (2) is overridden by sections CB 15C and **CB 15D** (which apply to bodies linked or associated with a local authority or companies in the same wholly-owned group as Housing New Zealand Corporation).

5

122 Section CW 9 amended (Dividend derived from foreign company)

Repeal section CW 9(2)(a)(vi).

123 Section CW 19 amended (Amounts derived during short-term visits)

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In section CW 19(1), in the words before the paragraphs, delete “in a tax year”.

123B Section CW 35 amended (Personal service rehabilitation payments)

- (1) After the section title to section CW 35, insert “*Exempt income*” as a subsection heading.

- (2) Replace section CW 35(a) with:

15

(a) they are paid the amount under the Accident Compensation Act 2001 either—

(i) in the income year; or

(ii) as a reimbursement payment in a later income year; and

- (3) In section CW 35(b), replace “in the income year” with “in the income year or in an earlier income year”.

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- (4) In section CW 35(c), replace “for the income year” with “for the income year or an earlier income year”.

- (5) In section CW 35, insert as subsection (2):

Meaning of reimbursement payment

25

- (2) For the purposes of this section, **sections CZ 35, DF 4, and LB 7, reimbursement payment** means a personal service rehabilitation payment that—

(a) relates to a key aspect of social rehabilitation that is provided to a person in an income year; and

(b) is paid to them in an income year that is later than the income year in which they were provided the rehabilitation.

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- (6) In section CW 35, in the list of defined terms, insert “reimbursement payment”.

124 New section CW 38B inserted (Public purpose Crown-controlled companies)

After section CW 38, insert:

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CW 38B Public purpose Crown-controlled companies

Exempt income

- (1) An amount of income derived from sinking funds relating to the debt of a public purpose Crown-controlled company is exempt income.

Exempt income

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- (2) Any other amount of income derived by a public purpose Crown-controlled company is exempt income.

Exclusion: amounts received in trust

- (3) **Subsection (2)** does not apply to an amount of income that a public purpose Crown-controlled company derives as a trustee, other than an amount distributed as beneficiary income to a beneficiary who derives the amount as exempt income.

10

Orders in Council

- (4) The Governor-General may, by Order in Council made on the recommendation of the Minister of Revenue, amend **schedule 35**—

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- (a) to add the name of a company that meets the following criteria:

- (i) the company is listed in schedule 4A of the Public Finance Act 1989 or 100% of the voting interests in the company are held by the group of persons that holds 100% of the voting interests in a company listed in schedule 4A of that Act; and

20

- (ii) Ministers of the Crown hold, on behalf of the Crown, more than 50% of the voting interests in the company; and

- (iii) all other voting interests, if any, in the company are held by local authorities; and

- (iv) the company's primary purpose is the carrying out of a public policy objective of the Government of New Zealand:

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- (b) to substitute the name of a company in recognition of a change in its name:

- (c) to remove the name of a company.

When Minister of Revenue must recommend Order in Council under subsection (4)(c)

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- (5) The Minister of Revenue must recommend that an Order in Council be made to remove the name of a company from **schedule 35** if the Minister is satisfied that—

- (a) the company has been removed from the register of companies kept under the Companies Act 1993; or

35

- (b) the company no longer meets the criteria set out in **subsection (4)(a)**.

Defined in this Act: amount, company, exempt income, group of persons, income, income tax, local authority, public purpose Crown-controlled company, trustee, voting interest

124B Section CW 41 amended (Charities: non-business income)

In section CW 41(5), replace “In this section and sections CW 42 and CW 43, tax charity” with “Tax charity”.

125 Section CW 42 amended (Charities: business income)

- (1) Before section CW 42(1)(a), insert: 5
 - (aa) the entity carrying on the business is, at the time that the income is derived, registered as a charitable entity under the Charities Act 2005; and
- (2) **Subsection (1)** applies for the ~~2019–20~~2020–21 and later income years.

126 Section CX 10 amended (Employment-related loans) 10

- (1) After section CX 10(2)(b), insert:
 - (bb) as an amount that is a PAYE-related overpayment:
- (2) In section CX 10, in the list of defined terms, insert “PAYE-related overpayment”.
- (3) **Subsections (1) and (2)** apply for the 2019–20 and later income years. 15

127 Section CX 27 amended (Assistance with tax returns)

- (1) In section CX 27, after the heading, insert as a subsection heading “*Not fringe benefit*”.
- (2) In section CX 27, replace “an employee’s income statement or return of income” with “an employee’s return of income”. 20
- (3) In section CX 27, insert as subsection (2):
Employees’ returns of income
 - (2) For the purposes of this section, an employee’s return of income includes the income information held by the Commissioner and set out in the employee’s pre-populated account referred to in **section 22D(4)** of the Tax Administration Act 1994. 25
- (4) In section CX 27, in the list of defined terms, delete “income statement”.

128 Section CX 51 amended (Income equalisation schemes)

- (1) In section CX 51, delete “, EH 42 (Refund of excess deposit),”.
- (2) **Subsection (1)** applies for income years beginning after the date on which this Act receives the Royal assent. 30

128B Section CX 60 amended (Intra-group transactions)

- (1) After section CX 60(1), insert:

Excluded income

(1B) An amount that is referred to in section FM 8(2) and not in section FM 8(3) is excluded income.

(2) **Subsection (1)** applies for the 2019–20 and later income years.

128C Section CZ 25 amended (Land and buildings as revenue account property affected by Canterbury earthquakes and replaced—insurance or compensation, Government purchase) 5

(1) In section CZ 25(1), in the words before the paragraphs, replace “2019–20” with “2024–25”.

(2) In section CZ 25(4)(a), replace “2018–19” with “2023–24”. 10

(3) In section CZ 25(5),—

(a) in the subsection heading, replace “2018–19” with “2023–24”;

(b) in paragraph (a), replace “2018–19” with “2023–24”.

128D New section CZ 25B inserted (Land and buildings as revenue account property affected by Hurunui/Kaikōura earthquakes and replaced—insurance or compensation) 15

(1) After section CZ 25, insert:

CZ 25B Land and buildings as revenue account property affected by Hurunui/Kaikōura earthquakes and replaced—insurance or compensation

When this section applies 20

(1) This section applies for a person and an income year (the **current year**) before the 2024–25 income year when the person,—

(a) in or before the current year, derives for buildings or land (the **affected property**), all of which is revenue account property, insurance or compensation, if a Hurunui/Kaikōura earthquake as that term is defined in section 4 of the Hurunui/Kaikōura Earthquakes Recovery Act 2016 damages the land and damages each building, or the neighbourhood of the building, causing the building to be useless for the purpose of deriving income and consequently to be demolished or abandoned for later demolition; and 25
30

(b) in the absence of this section, would have in or before the current year a total amount of income (the **insurance income**) under sections CB 6, CB 7, CB 12, CB 13, and CG 6 (which relate to income from certain disposals of land and from compensation for trading stock) from the compensation or insurance for the affected property that exceeds the total amount of deductions under sections DB 23 and DB 27 (which relate to deductions for the cost or value of land) for the affected property; and 35

(c) plans, in the current year, to acquire property (the **replacement property**)—

- (i) replacing affected property; and
(ii) meeting the requirements of **subsection (4)**; and
(iii) having a cost exceeding the total amount of deductions under sections DB 23 and DB 27 for the affected property; and
(d) notifies the Commissioner under **subsection (6)** in relation to the affected property. 5
- Suspended recovery income*
- (2) The amount (the **excess recovery**) by which the insurance income referred to in **subsection (1)(b)** exceeds the deductions referred to in **subsection (1)(b)** is not income of the person except to the extent of the amount (the **suspended recovery income**) remaining after adjustment under **subsection (3)** that is attributed to an income year by **subsection (5)**. 10
- Effect of purchase of replacement property*
- (3) If the person incurs expenditure (the **replacement cost**) to acquire replacement property,— 15
- (a) for the purposes of determining the value of the replacement property for section EA 2 (Other revenue account property), the amount of the person's expenditure on the replacement property is reduced by—
- (i) the amount calculated by dividing the replacement cost by the total amount of deductions under sections DB 23 and DB 27 for the affected property and multiplying the result by the excess of the insurance income over the replacement cost, if the insurance income exceeds the replacement cost and the calculated amount is less than or equal to the amount of insurance income; or 20
- (ii) the amount of the excess recovery, if the insurance income does not exceed the replacement cost or is less than the amount calculated in **subparagraph (i)**; and 25
- (b) the amount of the suspended recovery income immediately before the expenditure is reduced by an amount equal to the reduction of expenditure under **paragraph (a)** for the purposes of section EA 2. 30
- Requirements for replacement property*
- (4) For an item of affected property, replacement property must be a building or land that is revenue account property—
- (a) acquired in or before the person's 2023–24 income year; and
(b) located in the earthquake-affected area as that term is defined in section 4 of the Hurunui/Kaikōura Earthquakes Recovery Act 2016, relating to— 35
- (i) the Canterbury Regional Council (Environment Canterbury), the Hurunui District Council, the Kaikoura District Council, or the

	<u>Marlborough District Council, if the affected property is located in an earthquake-affected area relating to 1 of those councils; or</u>	
	(ii) <u>the Wellington City Council, the Hutt City Council, or the Wellington Regional Council (Greater Wellington), if the affected property is located in an earthquake-affected area relating to 1 of those councils.</u>	5
	<i>Amount remaining at end of 2023–24 income year or when person changes intentions, is liquidated, or becomes bankrupt</i>	
(5)	<u>The person has an amount of income for the affected property in the current year equal to the amount of suspended recovery income when—</u>	10
	(a) <u>the current year ends, if the current year is the 2023–24 income year;</u>	
	(b) <u>in the current year, the person decides not to replace the affected property;</u>	
	(c) <u>in the current year, the person goes into liquidation or becomes bankrupt.</u>	
	<i>Notice of election for affected property</i>	15
(6)	<u>A person choosing to rely on this section to suspend in a current year the recognition of suspended recovery income from the insurance for affected property must notify the Commissioner.</u>	
	<i>Contents of notice of election</i>	
(7)	<u>A notice under subsection (6) must—</u>	20
	(a) <u>describe the affected property; and</u>	
	(b) <u>give details of replacement property acquired in the current year to replace, in full or in part, the affected property; and</u>	
	(c) <u>give the cost of the replacement property and the reduction under subsection (3) of that cost for the purposes of section EA 2; and</u>	25
	(d) <u>give the amount, for the affected property, of the income from insurance or compensation remaining suspended under this section at the end of the current year.</u>	
	<i>Relationship to section CG 6</i>	
(8)	<u>This section overrides section CG 6.</u>	30
	Defined in this Act: amount, deduction, income, income year, notice, notify	
(2)	<u>Subsection (1) applies for the 2015–16 and later income years.</u>	
128E	<u>New section CZ 35 inserted (Treatment of backdated payments for social rehabilitation: 2008–09 to 2017–18 income years)</u>	
	<u>After section CZ 34, insert:</u>	35

CZ 35 Treatment of backdated payments for social rehabilitation: 2008–09 to 2017–18 income years

When this section applies

(1) This section applies for income years from the 2008–09 income year to the 2017–18 income year when—

- (a) a person is paid an amount as a personal service rehabilitation payment; and
- (b) the person pays an amount to another person for providing them a key aspect of social rehabilitation, referred to in the definition of **personal service rehabilitation payment**, in an income year; and
- (c) the payment referred to in **paragraph (a)** that is paid in relation to the service referred to in **paragraph (b)** is made in an income year that is later than the income year in which the service is provided to the person.

Treatment of payment

(2) If the Commissioner is satisfied that the tax obligations relating to the personal service rehabilitation payment have been met, the payment is treated as exempt income for the income year in which the person derives the payment.

Defined in this Act: amount, Commissioner, exempt income, income year, pay, personal service rehabilitation payment

128F Section DB 18AA amended (Square metre rate method)

(1) In section DB 18AA(1), replace “building” with “premises”.

(2) Replace section DB 18AA(3), other than the heading, with:

(3) In the formula,—

- (a) **total premise costs** is the total amount of actual mortgage interest, rates, and rent that the person has paid with respect to buildings and their curtilage on the premises in the income year;
- (b) **business proportion** is determined by dividing business square metres by the total area of buildings on the premises in square metres;
- (c) **business square metres** is the total area, in square metres, of any separately identifiable parts of buildings on the premises that are used primarily for business purposes;
- (d) **square metre rate** is the applicable square metre rate that is published by the Commissioner.

(3) **Subsections (1) and (2)** apply for the 2017–18 and later income years.

129 Section DB 41 amended (Charitable or other public benefit gifts by company)

After section DB 41(2), insert:

No deduction

- (2B) Despite subsection (2), a company is not allowed a deduction for the amount of a charitable or other public benefit gift it makes, to the extent to which the amount is, for the company, an asset ignored for the purposes of **section HR 12** (Non-exempt charities: treatment of tax-exempt accumulations) and described in **section HR 12(3)(a)**. 5

130 Section DB 46 amended (Avoiding, remedying, or mitigating effects of discharge of contaminant)

- (1) In section DB 46, heading, after “**contaminant**”, insert “**or making of noise**”.
(2) In section DB 46(1)(b)(i), after “contaminant”, insert “or making of noise”. 10

130B Section DF 4 amended (Payments for social rehabilitation)

- (1) Replace section DF 4(1), other than the heading, with:

- (1) This section applies when—

- (a) a person is paid a personal service rehabilitation payment under the Accident Compensation Act 2001 either— 15
(i) for an income year; or
(ii) as a reimbursement payment, in a later income year; and
(b) the amount is assessable income of the person.

- (2) Replace section DF 4(3)(a) with:

- (a) **amount paid** is the amount paid by the person— 20
(i) for a key aspect of social rehabilitation provided to them for the income year or for an earlier income year; and
(ii) to the extent to which the amount is less than the amount of personal service rehabilitation payment paid to them, after taking into account any amount of tax withheld: 25

- (3) In section DF 4, in the list of defined terms, insert “reimbursement payment”.

131 Section DQ 2 repealed (Adverse event income equalisation scheme)

- (1) Repeal section DQ 2.
(2) **Subsection (1)** applies for income years beginning after the date on which this Act receives the Royal assent. 30

132 Section DV 12 amended (Maori authorities: donations)

After section DV 12(1), insert:

No deduction

- (1B) Despite subsection (1), a Maori authority is not allowed a deduction for the amount of a donation it makes or for the amount of a charitable or other public benefit gift it makes, to the extent to which the amount is, for the Maori author- 35

ity, an asset ignored for the purposes of **section HR 12** (Non-exempt charities: treatment of tax-exempt accumulations) and described in **section HR 12(3)(a)**.

133 Section DV 19 amended (Association rebates)

- (1) In section DV 19(2)(a), replace “or” with “and”. 5
- (2) **Subsection (1)** applies for the 2008–09 and later income years.

133BA Section DZ 20 amended (Expenditure incurred while income-earning activity interrupted by Canterbury earthquake)

In section DZ 20(1), replace “2019–20” with “2024–25” in each place where it appears. 10

133B Section EC 39 amended (First income year in breeding business)

- (1) After section EC 39(2), insert:
Prospective breeders’ bloodstock to which this section applies
- (2B) This section also applies to stud-founding bloodstock at the end of the prospective bloodstock breeder’s first income year in which the stud-founding bloodstock is 2 years of age. 15
- (2) In section EC 39, in the list of defined terms, insert “prospective bloodstock breeder” and “stud-founding bloodstock”.
- (3) **Subsection (1)** applies to bloodstock acquired on or after 1 January 2019.

133C New section EC 39B inserted (Stud-founding bloodstock and related terms) 20

- (1) After section EC 39, insert:

EC 39B Stud-founding bloodstock and related terms

Meaning of stud-founding bloodstock

- (1) **Stud-founding bloodstock** means high-priced bloodstock that a prospective bloodstock breeder owns if— 25
 - (a) the prospective bloodstock breeder acquires the high-priced bloodstock before it is 2 years of age; and
 - (b) within 4 months after the day on which the prospective bloodstock breeder acquires the high-priced bloodstock— 30
 - (i) the prospective bloodstock breeder notifies the Commissioner of their intention to use the high-priced bloodstock for breeding bloodstock for profit; and
 - (ii) information as the Commissioner requires is provided to the Commissioner; and 35

- (c) the high-priced bloodstock is registered in the New Zealand Stud Book or in the New Zealand Harness Racing Stud Book.

Meaning of high-priced bloodstock

- (2) **High-priced bloodstock** means bloodstock that—

- (a) is sold, when a yearling, at a premier yearling sale for an amount greater than the relevant national minimum price threshold for the calendar year in which the sale occurs; and
- (b) is expected, when sold at the premier yearling sale, to be capable of being used for breeding when it reaches maturity.

Meaning of prospective bloodstock breeder

- (3) **A prospective bloodstock breeder** means a person who acquires bloodstock—

- (a) when they do not have an existing bloodstock breeding business; and
- (b) with the intention of—
- (i) having the bloodstock first raced in New Zealand; and
- (ii) using the bloodstock for breeding bloodstock in New Zealand for profit.

Meaning of premier yearling sale

- (4) **A premier yearling sale** means a sale of bloodstock yearlings that is listed in **schedule 18B** (Premier yearling sales).

Meaning of national minimum price threshold

- (5) **National minimum price threshold**, for a class of bloodstock and for the 2019 calendar year, means the national minimum price threshold set by **section EZ 6B** (National minimum price threshold for 2019 calendar year) for bloodstock of the class.

Defined in this Act: bloodstock, business, Commissioner, high-priced bloodstock, national minimum price threshold, New Zealand, premier yearling sale, prospective bloodstock breeder, stud-founding bloodstock

- (2) **Subsection (1)** applies to bloodstock acquired on or after 1 January 2019.

133D Section EC 39B amended (Stud-founding bloodstock and related terms)

Replace **section EC 39B(5)**, other than the heading, with:

- (5) **National minimum price threshold**, for a class of bloodstock and for a calendar year, means the national minimum price threshold set under **section EC 39C** or by **section EZ 6B** (National minimum price threshold for 2019 calendar year), as applicable, for bloodstock of the class for the calendar year.

133E New section EC 39C inserted (Setting and publication of national minimum price threshold)

- (1) After **section EC 39B**, insert:

EC 39C Setting and publication of national minimum price threshold

Setting of national minimum price threshold

- (1) The Commissioner must set a national minimum price threshold for each class of bloodstock set out in **schedule 18C, column 2** (Breeds and classes of bloodstock). The national minimum price threshold for a calendar year (the **threshold year**) must be set at the amount given by,— 5
- (a) for each class of the standardbred breed of horses,—
- (i) for each of the 3 calendar years immediately preceding the threshold year, calculating the value at the 97th percentile of sale prices for that class at the premier yearling sales in the calendar year; 10
 and
- (ii) dividing the sum of the 3 percentile values calculated in **subparagraph (i)** by 3; and
- (iii) rounding the amount calculated in **subparagraph (ii)** to the nearest multiple of \$1,000, with the amount being rounded up if it 15
 ends in \$500:
- (b) for each class of the thoroughbred breed of horses,—
- (i) for each of the 3 calendar years immediately preceding the threshold year, calculating the value at the 95th percentile of sale prices for that class at the premier yearling sales in the calendar year; 20
 and
- (ii) dividing the sum of the 3 percentile values calculated in **subparagraph (i)** by 3; and
- (iii) rounding the amount calculated in **subparagraph (ii)** to the nearest multiple of \$1,000, with the amount being rounded up if it 25
 ends in \$500.

When national minimum price threshold must be set and published

- (2) The Commissioner must set and publish the national minimum price threshold that applies for a calendar year before the first premier yearling sale in that calendar year is held. 30

Consequence of late setting and publication of national minimum price threshold

- (3) This subsection applies when the Commissioner does not set and publish the national minimum price threshold that applies for a calendar year before the first premier yearling sale in that calendar year is held. For sales of bloodstock yearlings at the premier yearling sales that occur before the Commissioner has set and published the national minimum price threshold that applies for that calendar year, the national minimum price threshold for each class of bloodstock set out in **schedule 18C, column 2** that has most recently been set under **section EC 39C** or by **section EZ 6B** (National minimum price 35
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threshold for 2019 calendar year) is, for the purposes of **section EC 39B(2)**, treated as being the national minimum price threshold for the calendar year in which the sale occurs.

Defined in this Act: bloodstock, Commissioner, national minimum price threshold, premier yearling sale

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(2) **Subsection (1)** applies for the 2020 and later calendar years.

133F New sections EC 47B to EC 47E inserted

(1) After section EC 47, insert:

EC 47B Removal of high-priced bloodstock from New Zealand after earlier deductions

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When this section applies

(1) This section applies when—

(a) high-priced bloodstock is removed from New Zealand before being—

(i) first raced in New Zealand;

(ii) used for breeding in New Zealand; and

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(b) a person who is a prospective bloodstock breeder has been allowed a deduction in relation to the high-priced bloodstock.

Treatment as disposal

(2) The person is treated as having disposed of the high-priced bloodstock.

Defined in this Act: deduction, high-priced bloodstock, New Zealand, prospective bloodstock breeder

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EC 47C When prospective breeders treated as being in breeding business

Prospective breeders treated as being in breeding business

(1) A prospective bloodstock breeder is treated as having, and carrying on, a bloodstock breeding business on and from the day on which the prospective bloodstock breeder acquires stud-founding bloodstock until the earliest of the following days:

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(a) the day on which the prospective bloodstock breeder commences a bloodstock breeding business using the stud-founding bloodstock;

(b) the day on which the prospective bloodstock breeder is treated as having disposed of the stud-founding bloodstock under section EC 47(1);

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(c) the day on which the prospective bloodstock breeder is treated as having disposed of the stud-founding bloodstock under **section EC 47B**;

(d) the day on which the prospective bloodstock breeder is treated as having disposed of the stud-founding bloodstock under **section EC 47D**;

(e) the day on which the prospective bloodstock breeder commences a bloodstock breeding business using bloodstock that are not stud-founding bloodstock, if the Commissioner has approved an application under

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	<u>section EC 47E for the stud-founding bloodstock to be treated as being used in the course of the business.</u>	
	<u><i>Other bloodstock not part of breeding business</i></u>	
(2)	Despite subsection (1) , if the prospective bloodstock breeder owns bloodstock that are not stud-founding bloodstock during the period of time described in that subsection, those bloodstock are not treated as part of the prospective bloodstock breeder's bloodstock breeding business.	5
	<u>Defined in this Act: bloodstock, business, Commissioner, prospective bloodstock breeder, stud-founding bloodstock</u>	
	<u>EC 47D Change of prospective bloodstock breeders' expectation or intention after earlier deductions</u>	10
	<u><i>When this section applies</i></u>	
(1)	This section applies when—	
	(a) <u>a person owns high-priced bloodstock that they acquired as a prospective bloodstock breeder; and</u>	15
	(b) <u>the person has been allowed a deduction in relation to the high-priced bloodstock; and</u>	
	(c) <u>the person has not used the high-priced bloodstock for breeding bloodstock in New Zealand for profit; and</u>	
	(d) <u>the person—</u>	20
	(i) <u>no longer expects that the high-priced bloodstock will be able to be used for future breeding;</u>	
	(ii) <u>no longer intends to use the high-priced bloodstock for breeding bloodstock in New Zealand for profit.</u>	
	<u><i>Treatment as disposal at market value</i></u>	25
(2)	The person is treated as having disposed of the high-priced bloodstock. The disposal is treated as having occurred at the high-priced bloodstock's market value on the day on which the person's expectation or intention first changed.	
	<u>Defined in this Act: deduction, high-priced bloodstock, prospective bloodstock breeder</u>	
	<u>EC 47E Prospective breeders commencing actual breeding businesses</u>	30
	<u><i>When this section applies</i></u>	
(1)	This section applies when, ignoring section EC 47C , a bloodstock owner commences a bloodstock breeding business using bloodstock that are not stud-founding bloodstock.	
	<u><i>Stud-founding bloodstock subsumed into breeding business</i></u>	35
(2)	If the bloodstock owner owns stud-founding bloodstock they acquired as a prospective bloodstock breeder, they may apply to the Commissioner to have the stud-founding bloodstock treated as being used in the course of the business.	

- Application to Commissioner*
- (3) The application must be made with the supporting information that the Commissioner requires within 1 month after the day on which the business commenced.
- Effect of application being approved* 5
- (4) If the Commissioner approves the application, **sections CG 8B** (Recoveries after deductions for high-priced bloodstock removed from New Zealand), **CG 8C** (Recoveries after deductions for high-priced bloodstock disposed of to non-residents), and **EC 47B to EC 47D** are, from the date on which the business commenced, treated as not applying in relation to the bloodstock owner and the stud-founding bloodstock. 10
- Defined in this Act: apply, bloodstock, business, Commissioner, prospective bloodstock breeder, stud-founding bloodstock
- (2) **Subsection (1)** applies to bloodstock acquired on or after 1 January 2019.
- 133G Section EE 45 amended (Consideration for purposes of section EE 44)** 15
- Replace section EE 45(5)(a) with:
- (a) if the person is a registered person, “market value” means the market value excluding the amount of GST that would have been charged if the market value is treated as being consideration received for a taxable supply by the person: 20
- 134 Section EE 47 amended (Events for purposes of section EE 44)**
- After section EE 47(2), insert:
- Event timing for person’s becoming tax exempt*
- (2B) Despite subsection (2), if the event is connected to a person’s income becoming exempt income, the event is treated as occurring immediately before the person’s income becomes exempt. 25
- 135 Section EH 1 amended (Income equalisation schemes)**
- (1) In section EH 1(2), heading, replace “Three” with “Two”.
- (2) Repeal section EH 1(2)(b).
- (3) In section EH 1(3), in the words before paragraph (a), replace “3” with “2”. 30
- (4) Repeal section EH 1(3)(b).
- (5) **Subsections (2) and (4)** apply for income years beginning after the date on which this Act receives the Royal assent.
- 136 Section EH 4 amended (Main deposit)**
- (1) In section EH 4(5), after “is a forester”, insert “, or has been used for the purpose stated in section EH 15(3)(a) for which the refund was made”. 35

- (2) **Subsection (1)** applies for income years beginning after the date on which this Act receives the Royal assent.

137 Section EH 35 amended (Meaning of main maximum deposit)

- (1) Repeal section EH 35(3)(b)(ii).
- (2) **Subsection (1)** applies for income years beginning after the date on which this Act receives the Royal assent. 5

138 Headings and sections EH 37 to EH 62 repealed

- (1) Repeal the headings after section EH 36.
- (2) Repeal section EH 37 and the next heading.
- (3) Repeal sections EH 38 and EH 39 and the next heading. 10
- (4) Repeal section EH 40 and the next heading.
- (5) Repeal section EH 41 and the next heading.
- (6) Repeal sections EH 42 and EH 43 and the next heading.
- (7) Repeal sections EH 44 to EH 56 and the next heading.
- (8) Repeal section EH 57 to EH 59 and the next heading. 15
- (9) Repeal section EH 60 and the next heading.
- (10) Repeal sections EH 61 and EH 62.
- (11) **Subsections (1) to (10)** apply for income years beginning after the date on which this Act receives the Royal assent.

139 Section EK 2 amended (Persons who may make payment to environmental restoration account) 20

In section EK 2(b)(ii), after “contaminant”, insert “or making of noise”.

140 Section EK 11 amended (Application for refund)

In section EK 11(1)(a), after “contaminant”, insert “or making of noise”.

141 Section EK 12 amended (Refund if application or excess balance) 25

In section EK 12(2)(a)(i), after “contaminant”, insert “or making of noise”.

142 Section EK 20 amended (Environmental restoration account of consolidated group company)

In section EK 20(4), after “contaminant”, insert “or making of noise”.

143 Section EK 23 amended (Other definitions) 30

In section EK 23(2)(a)(i), after “contaminant”, insert “or making of noise”.

144 Section EW 6 amended (Relationship between financial arrangements and excepted financial arrangements)

- (1) After section EW 6(3), insert:

Binding rulings

- (4) The Commissioner may make a binding ruling under **section 91CC(1)(a)** of the Tax Administration Act 1994 on how a taxation law applies, or would apply, to a person and an arrangement on whether an amount is solely attributable to an excepted financial arrangement.

- (2) In section EW 6, in the list of defined terms, insert “binding ruling”.

145 Section EW 14 amended (What spreading methods do)

- (1) After section EW 14(3), insert:

Binding rulings

- (4) The Commissioner may make a binding ruling under **section 91CC(1)(b)** of the Tax Administration Act 1994 on the use of a spreading method described in subsection (2)(aa) to (e) for the purposes of **sections EW 15E and EW 15I**.

- (2) In section EW 14, in the list of defined terms, insert “binding ruling”.

146 Section EW 15E amended (Determination alternatives)

- (1) Replace section EW 15E(2)(d) with:

- (d) a determination made by the Commissioner under section 90AC(1)(bb) of the Tax Administration Act 1994 or a binding ruling made under **section 91CC(1)(b)** of that Act:

- (2) In section EW 15E, in the list of defined terms, insert “binding ruling”.

147 Section EW 15I amended (Mandatory use of yield to maturity method for some arrangements)

- (1) Replace section EW 15I(2)(c) with:

- (c) a determination made by the Commissioner under section 90AC(1)(bb) of the Tax Administration Act 1994 or a binding ruling made under **section 91CC(1)(b)** of that Act:

- (2) In section EW 15I, in the list of defined terms, insert “binding ruling”.

148 Section EW 32 amended (Consideration for agreement for sale and purchase (ASAP) of property or services, hire purchase agreement, specified option, or finance lease)

- (1) In section EW 32(2), replace “EW 33C” with “EW 33C, EW 33D”.

- (2) In section EW 32(2B), replace “EW 33B.” with “EW 33B. Section EW 33D applies.”.

- (3) In section EW 32(2C), replace “section EW 33C applies” with “sections EW 33C and EW 33D apply”.

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(4)	In section EW 32(2D), replace “section EW 33C applies” with “sections EW 33C and EW 33D apply”.
(4B)	<u>In section EW 32(2E), replace “the value of the property or services” with “the value of the property or services on the rights date”.</u>
(5)	In section EW 32(2E), replace “section EW 33C applies” with “sections EW 33C and EW 33D apply”. 5
(6)	In section EW 32(6), replace “specific determination” with “specific determination or binding ruling under section 91CC(1)(c) of the Tax Administration Act 1994”.
(7)	In section EW 32, in the list of defined terms, insert “binding ruling”. 10
149	New section EW 33D inserted (Foreign ASAPs: contingencies)
	After section EW 33C, insert:
EW 33D Foreign ASAPs: contingencies	
<i>Assets and liabilities</i>	
(1)	For a foreign ASAP, in relation to the sale and purchase of a business combine by way of sale and purchase of the combine’s assets and liabilities, an amount of contingent consideration under the ASAP is credited or debited, as applicable, against goodwill if — 15
(a)	the component of contingent consideration is realised and has not been accounted for initially. 20
(b)	the component of contingent consideration is never realised and the initial accounting is reversed.
<i>Shares</i>	
(2)	For a foreign ASAP, in relation to the sale and purchase of a business combine by way of sale and purchase of the combine’s shares, a amount of contingent consideration under the ASAP is credited or debited, as applicable, against the shares if — 25
(a)	the amount of contingent consideration is realised and has not been accounted for initially.
(b)	the amount of contingent consideration is never realised and the initial accounting is reversed. 30
Defined in this Act: foreign ASAP, share	
149	<u>New section EW 33D inserted (Foreign ASAPs: contingencies for business combines)</u>
	<u>After section EW 33C, insert:</u> 35

EW 33D Foreign ASAPs: contingencies for business combines

Assets and liabilities

- (1) For a foreign ASAP, in relation to the sale and purchase of a business combine by way of sale and purchase of the combine’s assets and liabilities, an amount of contingent consideration under the ASAP is credited or debited, as applicable, against goodwill to the extent to which— 5
- (a) **section EW 32(2B)** applies to the ASAP and the amount of contingent consideration is realised and has not been accounted for initially;
- (b) **section EW 32(2B)** applies to the ASAP and the amount of contingent consideration is never realised and the initial accounting for contingent consideration is reversed: 10
- (c) **section EW 32(2C), (2D), or (2E)** applies to the ASAP and the amount of contingent consideration is realised and has not been included in the value of the property or services at the rights date;
- (d) **section EW 32(2C), (2D), or (2E)** applies to the ASAP and the amount of contingent consideration is never realised and the amount included in the value of the property or services at the rights date is reversed. 15

Shares

- (2) For a foreign ASAP, in relation to the sale and purchase of a business combine by way of sale and purchase of the combine’s shares, an amount of contingent consideration under the ASAP is credited or debited, as applicable, against the shares if— 20
- (a) **section EW 32(2B)** applies to the ASAP and the amount of contingent consideration is realised and has not been accounted for initially: 25
- (b) **section EW 32(2B)** applies to the ASAP and the amount of contingent consideration is never realised and the initial accounting for contingent consideration is reversed:
- (c) **section EW 32(2C), (2D), or (2E)** applies to the ASAP and the amount of contingent consideration is realised and has not been included in the value of the property or services at the rights date: 30
- (d) **section EW 32(2C), (2D), or (2E)** applies to the ASAP and the amount of contingent consideration is never realised and the amount included in the value of the property or services at the rights date is reversed. 35

Defined in this Act: amount, foreign ASAP, share

150 Section EW 46C amended (Consideration when debt forgiven within economic group)

- (1) In section EW 46C(4),—
- (a) in the words before the paragraphs, delete “if”; and 40

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(b) in paragraph (a), replace “the relevant debt” with “if the relevant debt”; and (c) in paragraph (b), replace “the proportional debt ratio” with “to the extent to which the proportional debt ratio”.	
(2) In section EW 46C(5),—	5
(a) in the words before the paragraphs, delete “if”; and (b) in paragraph (a), replace “the relevant debt” with “if the relevant debt”; and (c) in paragraph (b), replace “the proportional debt ratio” with “to the extent to which the proportional debt ratio”.	10
(3) Subsections (1) and (2) apply for a person for the 2008–09 and later income years, except for an income year before the 2015–16 income year for which the person takes a tax position in a return of income that is inconsistent with the amendments made by subsections (1) and (2) .	
151 Section EX 56 amended (Cost method)	15
Replace section EX 56(3)(b)(ii) with:	
(ii) the person chooses to use the amount of the independent valuation and there is a period of at least 4 income years between the start of the relevant income year and their last application of this paragraph to the interest, during which period they used the cost method for the interest for all income years.	20
<u>151BA New section EZ 6B inserted (National minimum price threshold for 2019 calendar year)</u>	
After section EZ 6, insert:	
<u>EZ 6B National minimum price threshold for 2019 calendar year</u>	25
The national minimum price threshold for the 2019 calendar year for each class of bloodstock set out in <u>schedule 18C, column 2</u> (Breeds and classes of bloodstock) is set at—	
(a) <u>\$84,000 for standardbred yearling fillies; and</u> (b) <u>\$119,000 for standardbred yearling colts; and</u> (c) <u>\$467,000 for thoroughbred yearling fillies; and</u> (d) <u>\$402,000 for thoroughbred yearling colts.</u>	30
Defined in this Act: bloodstock, national minimum price threshold	
<u>151B Section EZ 23B amended (Property acquired after depreciable property affected by Canterbury earthquakes)</u>	35
(1) <u>In section EZ 23B(1), in the words before the paragraphs, replace “2019–20” with “2024–25”.</u>	

(2) In section EZ 23B(8)(a), replace “2018–19” with “2023–24”.

151C Section EZ 23BB amended (Interest in property acquired after depreciable property affected by Canterbury earthquakes)

(1) In section EZ 23BB(1), in the words before the paragraphs, replace “2019–20” with “2024–25”.

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(2) In section EZ 23BB(9)(a)(i), replace “2018–19” with “2023–24”.

151D Section EZ 70 amended (Insurance for Canterbury earthquake damage of property: treatment as disposal and reacquisition)

In section EZ 70(1), in the words before the paragraphs, replace “2019–20” with “2024–25”.

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151E Section EZ 71 amended (Insurance for Canterbury earthquake damage of property: limit on depreciation recovery income)

In section EZ 71(1), in the words before the paragraphs, replace “2019–20” with “2024–25”.

151F Section EZ 72 amended (Item treated as available for use if access restricted due to Canterbury earthquake)

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In section EZ 72(c), replace “2018–19” with “2023–24”.

151G Section EZ 73 amended (Insurance for Canterbury earthquake damage causing disposal: optional timing rule for income, deductions)

In section EZ 73, replace “2018–19” with “2023–24” in each place where it appears.

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151H Section EZ 74 amended (Insurance for repairs of Canterbury earthquake damage: optional timing rule for income, deductions)

In section EZ 74, replace “2018–19” with “2023–24” in each place where it appears.

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152 New heading and new section EZ 80 inserted

After section EZ 79, insert:

Adverse event income equalisation accounts

EZ 80 Transfers of deposits when adverse event income equalisation accounts abolished

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When this section applies

(1) This section applies when a person has an adverse event income equalisation account (the **adverse event account**) at the end of the income year (the **repeal year**) in which the repeal of section EH 39 (Adverse event income equalisation account) comes into force.

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	<i>Main income equalisation account</i>	
(2)	If the person does not have a main income equalisation account (the main account) at the end of the repeal year, the Commissioner must open such an account in the name of the person at the beginning of the following year.	
	<i>Balance in adverse event account credited to person's main account</i>	5
(3)	An amount equal to the balance in the person's adverse event account is debited to the person's adverse event account at the end of the repeal year and credited to the person's main account at the beginning of the following year.	
	<i>Relationship with sections DQ 1 and EH 4</i>	
(4)	A credit to the person's main account under subsection (3) is a deposit that is not subject to section EH 4 (Main deposit) and the person is not allowed a deduction under section DQ 1 (Main income equalisation scheme) for the deposit.	10
	Defined in this Act: adverse event income equalisation account, Commissioner, deduction, income year, main income equalisation account	15
153	Section FC 2 amended (Transfer at market value)	
(1)	After section FC 2(3), insert:	
	<i>Relationship with section HC 14</i>	
(4)	Subsection (1) does not apply for the purposes of determining whether a transfer of property is a distribution as defined in section HC 14 (Distributions from trusts).	20
(2)	In section FC 2, in the list of defined terms, insert “distribution”.	
153B	<u>Section FE 5 amended (Thresholds for application of interest apportionment rules)</u>	
(1)	<u>Repeal section FE 5(6).</u>	25
(2)	<u>Subsection (1)</u> applies for income years beginning on or after 1 July 2018.	
153C	<u>Section FE 16B amended (Total group non-debt liabilities)</u>	
	<u>In section FE 16B(1)(e), words before subparagraph (i), replace “liability of a person for tax” with “liability for tax that a person chooses to include in a reduction under this section”.</u>	30
153D	<u>Section FH 3 amended (Payments under financial instruments producing deduction without income)</u>	
(1)	<u>In section FH 3(5)(b)(i), replace “as income” with “as ordinary income”.</u>	
(2)	<u>Subsection (1)</u> applies for income years beginning on or after 1 July 2018.	

153E Section FH 4 amended (Receipts under financial instruments producing deduction without income)

- (1) In section FH 4(6)(b), replace “the payment is received” with “the deduction or tax relief referred to in subsection (1)(c) is allowed”.
- (2) **Subsection (1)** applies for income years beginning on or after 1 July 2018.

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153F Section FH 5 amended (Payments by New Zealand resident or New Zealand deducting branch producing deduction without income)

- (1) Repeal section FH 5(1)(a).
- (2) Replace section FH 5(2)(a) with:
 - (a) the payee is a non-resident who receives the payment other than through a New Zealand deducting branch of the payee; and
- (3) **Subsections (1) and (2)** apply for income years beginning on or after 1 July 2018.

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153G Section FH 10 amended (Expenditure or loss of dual resident company producing double deduction without double income)

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- (1) In section FH 10(2),—
 - (a) after “is denied a deduction for”, insert “an amount equal to”:
 - (b) after “in the income year”, insert “reduced by the amount of the expenditure for which the dual tax jurisdiction does not allow a deduction against income or equivalent tax relief”.
- (2) **Subsection (1)** applies for income years beginning on or after 1 July 2018.

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153H Section FH 12 amended (Offset of mismatch amounts against surplus assessable income)

- (1) In section FH 12(4)(d), after “source of the income”, insert “or the tax status of the payer”.
- (2) **Subsection (1)** applies for income years beginning on or after 1 July 2018.

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153I Section FH 15 amended (Definitions)

- (1) In section FH 15(1), definition of **mismatch amount**, replace “deduction is allowed under section FH 12” with “deduction is denied or assessable income is increased under section FH 5, FH 6, FH 8, FH 9, or FH 10”.
- (2) In section FH 15(1), definition of **mismatch situation**, replace “give rise” with “may give rise”.
- (3) **Subsections (1) and (2)** apply for income years beginning on or after 1 July 2018.

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154 Section FM 9 amended (Amounts that are company’s income)

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Replace section FM 9(3) with:

	<i>Relationship with sections CB 15C and CB 15D</i>	
(3)	This section is overridden by sections CB 15C(2) and CB 15D(2) (which apply to bodies linked or associated with a local authority or companies in the same wholly-owned group as Housing New Zealand Corporation).	
155	Section FM 15 amended (Amortising property and revenue account property)	5
	After section FM 15(7), insert:	
	<i>Exception for Housing New Zealand Corporation and consolidated group</i>	
(8)	Subsections (1) to (7) do not apply to Housing New Zealand Corporation or a company in the same consolidated group as Housing New Zealand Corporation.	10
156	Section FM 40 amended (Losing eligibility to be part of consolidated group)	
	In section FM 40(4), replace “its eligibility or its entitlement” with “its eligibility”.	15
156B	Section GB 54 amended (Arrangements involving establishments)	
(1)	<u>In section GB 54(1)(b), after “bringing about”, insert “the supply by the intermediary to the recipient or”.</u>	
(2)	<u>In section GB 54(1)(h),—</u>	
(a)	<u>in the words before subparagraph (i), replace “income tax, or of income tax” with “income tax or ancillary tax, or of income tax or ancillary tax”:</u>	20
(b)	<u>in subparagraph (i), replace “income tax” with “income tax or ancillary tax”:</u>	
(c)	<u>in subparagraph (ii), replace “income tax” with “income tax or ancillary tax” in each place where it appears:</u>	25
(d)	<u>in subparagraph (iii), replace “income tax” with “income tax or ancillary tax” in each place where it appears:</u>	
(3)	<u>In section GB 54(1)(i), words before subparagraph (i), after “purpose”, insert “or effect”.</u>	
(4)	<u>Subsections (1) and (3) apply for income years beginning on or after 1 July 2018.</u>	30
(5)	<u>Subsection (2) applies for income years beginning on or after the date on which the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Act 2018 receives the Royal assent.</u>	
157	New heading and new section GB 54GB 55 inserted	35
	After section GB 53 GB 54 , insert:	

Arrangements involving tax credits for charitable or other public benefit gifts

GB 55 Arrangements involving tax credits for charitable or other public benefit gifts

When this section applies

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(1) This section applies when—

- (a) a person enters into an arrangement; and
- (b) the arrangement has a purpose or effect of defeating the intent and application of **section LD 1** (Tax credits for charitable or other public benefit gifts) ~~a purpose of the arrangement is that section LD 1 (Tax credits for charitable or other public benefit gifts) has a more favourable effect than would otherwise have occurred.~~

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Credit reduced

(2) A tax credit under section LD 1 is reduced to the amount that the Commissioner considers would have arisen had the arrangement not occurred.

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Defined in this Act: amount, arrangement, Commissioner, tax credit

157B Section GC 16 amended (Credit rating of borrower: other than insuring or lending person)

(1) In section GC 16(10)(a), words before subparagraph (i), replace “rating for long-term senior unsecured debt of the member” with “rating, for debt that is long-term senior unsecured debt and not related-party debt or between associated non-residents, of the member”.

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(2) After section GC 16(10)(a), insert:

- (ab) if no member of the borrower’s worldwide group under subpart FE has long-term senior unsecured debt, the credit rating of the member of the borrower’s worldwide group with the highest credit rating, which may be determined without considering the credit ratings of members that are reasonably considered to be unlikely to have the highest credit rating;

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(3) In section GC 16(11),—

- (a) in paragraph (a), replace “senior unsecured debt” with “senior debt”;
- (b) in paragraph (b), replace “senior unsecured debt” with “senior debt”.

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157C Section GC 17 amended (Credit rating of borrower: insuring or lending person)

(1A) In section GC 17(a), after “rating for long-term senior unsecured debt”, insert “that is not related-party debt or between associated non-residents”.

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(1) After section GC 17(a), insert:

- (ab) if no member of the borrower’s worldwide group under subpart FE has long-term senior unsecured debt, the credit rating of the member of the

- borrower’s worldwide group with the highest credit rating, which may be determined without considering the credit ratings of members that are reasonably considered to be unlikely to have the highest credit rating; or
- (2) In section GC 17(c) replace “senior unsecured debt” with “senior debt”.
- 158 Section HC 10 amended (Complying trusts)** 5
- Replace section HC 10(2)(a)(ii) with:
- (ii) by the election expiry date given by section HC 30(5) for section HC 30(2); and
- 159 Section HC 15 amended (Taxable distributions from non-complying and foreign trusts)** 10
- (1) Replace section HC 15(5)(a) with:
- (a) the profit or other capital gain does not include a gain that must be taken into account for the purposes of determining an income tax liability:
- (ab) if the trustee is not a trustee of a trust referred to in **paragraph (ac)**, the profit or other capital gain does not include an amount of capital gain (the **gain amount**) that is derived by the trustee through a transaction or a series of transactions if— 15
- (i) the transaction or series of transactions is between the trustee and an associated person who is not a natural person or corporate trustee; and 20
- (ii) the gain amount is greater than the capital gain that the trustee would derive from a transaction at market value:
- (ac) if the trustee is a trustee of a trust, for which a CFC is a settlor and no person is treated as a settlor under section HC 28(3) or (4), the profit or other capital gain does not include an amount of capital gain that is derived by the trustee through a transaction or a series of transactions between the trustee and an associated person: 25
- (2) After section HC 15(5), insert:
- Certain capital gains for trustee of foreign trust*
- (5B) For a foreign trust, profit described in **subsection (5)(ab) or (ac)** is income of the trustee for the purposes of section HC 16. 30
- (3) **Subsection (1)** applies for a person and a distribution made—
- (a) on or after the date on which this Act receives the Royal assent:
- (b) before the date on which this Act receives the Royal assent, if the person takes a tax position in relation to the distribution— 35
- (i) before the date on which this Act receives the Royal assent; and
- (ii) that is consistent with the amendment made by **subsection (1)**.

160 Section HC 16 amended (Ordering rule for distributions from non-complying and foreign trusts)

- (1) Replace section HC 16(2)(c) with:
 - (c) third, an amount that the trustee derives in the income year from the realisation of a capital asset of the trust or another capital gain and that is not income under **section HC 15(5B)** for the purposes of this section: 5
- (2) Replace section HC 16(6)(c) with:
 - (c) a distribution from a trust, other than a non-complying trust, that is settled by a natural person and for which an election is made under section HC 30(2). 10

161 Section HC 27 amended (Who is a settlor?)

- (1) After section HC 27(2)(a), insert:
 - (ab) provides, for less than market value, services to the trust or for the benefit of the trust: 15
- (2) In **section HC 27(2)(ab)**, after “benefit of the trust”, insert “that are more than incidental to the operation of the trust”. 15
- (3) After section HC 27(3C), insert:

Resettlements

 - (3D) Despite subsection (2), a trustee of a trust (the **head trust**) who is resident in New Zealand and settles an amount on a second trust (the **sub-trust**), or makes a distribution to, or on terms of, the sub-trust, is not a settlor of the sub-trust if ~~the settlor of the head trust is a non-resident, when the settlement or distribution is made on or to the sub-trust,—~~ 20
 - (a) a settlor of the head-trust exists and each settlor of the head trust is a non-resident; or 25
 - (b) no settlor of the head-trust exists and the last surviving settlor of the head trust was a non-resident when that settlor ceased to exist.
- (4) In section HC 27, in the list of defined terms, insert “distribution” and “non-resident”. 25
- (5) **Subsection (1)** applies for a person and the 2008–09 and later income years, except if the person takes a tax position, in relation to the income year,— 30
 - (a) before the date on which this Act receives the Royal assent; and
 - (b) that is inconsistent with the amendment made by **subsection (1)**.
- (6) **Subsection (3)** applies for a person and a settlement or distribution made— 35
 - (a) on or after the date on which this Act receives the Royal assent: 35
 - (b) before the date on which this Act receives the Royal assent, if the person takes a tax position in relation to the settlement or distribution—
 - (i) before the date on which this Act receives the Royal assent; and

- (ii) that is consistent with the amendment made by **subsection (3)**.

162 Section HC 30 amended (Treatment of foreign trusts when settlor becomes resident)

- (1) In section HC 30(3)(a), after “election”, insert “and which does not give rise after the transition date to an income tax liability that is paid before the distribution is made”. 5

- (2) Replace section HC 30(3)(b) and (c) with:

- (b) as a complying trust to the extent to which the distribution consists of an amount that is derived by the trustee—
- (i) before the date of the election and gives rise on or after the transition date to an income tax liability that is paid before the distribution is made; or 10
 - (ii) on or after the date of the election, if the requirements of section HC 10(1)(a) are met for the trustee income derived on or after the date of the election: 15
- (c) as a non-complying trust to the extent to which the distribution consists of an amount that would not be included in a distribution described in paragraphs (a) and **(b)**.

- (3) Replace section HC 30(4)(a) and (b) with:

- (a) as a foreign trust to the extent to which the distribution consists of an amount that is derived by the trustee before the election expiry date and does not give rise on or after the transition date to an income tax liability: 20
- (b) as a non-complying trust to the extent to which the distribution consists of an amount that is derived by the trustee— 25
- (i) before the election expiry date and gives rise on or after the transition date to an income tax liability; or
 - (ii) on or after the election expiry date:

163 Section HC 36 amended (Trusts and minor beneficiary rule)

In section HC 36(1), in the words before paragraph (a), after “all settlements on the trust”, insert “meet the requirements of section HC 37(1) or”. 30

164 Section HC 37 amended (Testamentary trusts and minor beneficiary rule)

In section HC 37(1), in the words before paragraph (a), after “all settlements on the trust”, insert “meet the requirements of section HC 36(1) or”.

165 Section HE 3 amended (Association rebates)

In section HE 3(1)(a), replace “.” with “; and”. 35

165B Section HG 11 amended (Limitation on deductions by partners in limited partnerships)

- (1) Replace section HG 11(2), other than the heading, with:
- (2) The partner is denied the deduction for an income year to the extent of the lesser of—
 - (a) the greater of zero and the amount calculated by subtracting, from their limited partnership deduction for the income year, the amount (the **partner’s basis**) calculated using the formula in subsection (3) on the last day of the income year; and
 - (b) the greater of zero and the amount calculated by subtracting, from their limited partnership deduction for the income year, the amount of assessable income that they have by virtue of section HG 2 for the limited partnership and the income year.
- (2) In section HG 11, in the list of defined terms, insert “assessable income” and “limited partnership”.
- (3) For a person who is not a limited partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (1)** applies for income years starting on and after 1 April 2008.

166 Section HM 2 amended (What is a portfolio investment entity?)

In section HM 2(3), replace “HM 30” with “HM 20”. 20

166B Section HM 12 amended (Income types)

After section HM 12(1)(b)(iv), insert:

- (ivb) insurance, indemnity, or compensation, amounts replacing income that would be described in subparagraph (iv):

167 Section HM 28 replaced (When listed PIE no longer meets crediting requirement) 25

Replace section HM 28 with:

HM 28 When listed PIE no longer meets requirements

Loss of PIE status

- (1) A listed PIE loses PIE status immediately if—
 - (a) it fails to meet the requirements of section HM 19:
 - (b) it does not make an election under section HM 29 to cancel PIE status and ceases to be listed by a recognised exchange:
 - (c) it makes an election under section HM 29 to cancel PIE status and, after the entity ceases to be listed by a recognised exchange, a period of 2 years from the delisting, or a longer period allowed by the Commissioner under **subsection (2)**, expires:

	(d) when the entity is not listed by a recognised exchange, the number of shareholders in the entity is less than 100.	
	<i>Commissioner may grant extension of time</i>	
(2)	The Commissioner may grant an extension of the 2-year period referred to in subsection (1)(c) if the extension is reasonable in the circumstances.	5
	Defined in this Act: listed PIE, PIE, recognised exchange, shareholder	
168	Section HR 8 inserted (Transitional residents)	
(1)	In section HR 8(7)(b), replace “the person or their tax agent” with “the person, their tax agent, or their representative”.	
(2)	In section HR 8, in the list of defined terms, insert “representative”.	10
169	Cross-heading amended (Financial institution special purposes vehicles)	
(1)	In the cross-heading after section HR 8, replace “ <i>Financial institution</i> ” with “ <i>Debt funding</i> ”.	
(2)	<u>Subsection (1) applies for income years starting on and after the date on which this Act receives the Royal assent.</u>	15
170	Section HR 9 replaced (Financial institution special purpose vehicles are transparent)	
(1)	Replace section HR 9 with:	
HR 9	<u>Debt funding special purpose vehicles are transparent if election made by originator under section HR 9BA</u>	20
	For the purposes of the liabilities and obligations under an Inland Revenue Act, other than under sections EW 24 to EW 25B (which relate to consistency of use of spreading methods for financial arrangements), of an originator person, who is the originator or another company in the same wholly owned group of companies as the originator, as applicable, that has all of the assets of a debt funding special purpose vehicle treated as their assets for financial reporting purposes, as described in the definition of debt funding special purpose vehicle, paragraph (b), and the relevant debt funding special purpose vehicle, if an election has been made <u>by any of the debt funding special purpose vehicle’s originators under section HR 9BA or HZ 9 (Elections to treat existing debt funding special purpose vehicles as transparent),—</u>	25
(a)	the person <u>originator</u> is treated as carrying on an activity carried on by the debt funding special purpose vehicle, and having a status, intention, and purpose of the debt funding special purpose vehicle <u>to the extent to which that activity, status, intention, or purpose relates to assets the originator transferred to the debt funding special purpose vehicle,</u> and the debt funding special purpose vehicle is treated as not carrying on that activity or having that status, intention, or purpose:	30
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(b) the ~~person~~ originator is treated as holding property that the debt funding special purpose vehicle holds if the originator transferred that property to the debt funding special purpose vehicle, and the debt funding special purpose vehicle is treated as not holding that property:

(c) the ~~person~~ originator is treated as being a party to any arrangement to which the debt funding special purpose vehicle is a party if the originator transferred that arrangement to the debt funding special purpose vehicle, or if that arrangement relates to assets the originator transferred to the debt funding special purpose vehicle, and the debt funding special purpose vehicle is treated as not being ~~that a~~ party to that arrangement:

(d) the ~~person~~ originator is treated as doing a thing and being entitled to a thing that the debt funding special purpose vehicle does or is entitled to if that thing relates to assets the originator transferred to the debt funding special purpose vehicle, and the debt funding special purpose vehicle is treated as not doing that thing or being entitled to that thing.

Defined in this Act: arrangement, ~~company~~, debt funding special purpose vehicle, Inland Revenue Acts, originator, ~~wholly owned group of companies~~

(2) **Subsection (1)** applies for income years starting on and after the date on which this Act receives the Royal assent.

171 New section HR 9BA inserted (Elections to treat debt funding special purpose vehicles as transparent)

(1) After section HR 9, insert:

HR 9BA Elections to treat debt funding special purpose vehicles as transparent

How elections made

(1) ~~A person, who is the originator or another company in the same wholly owned group of companies as the originator, as applicable, that has all of the assets of a debt funding special purpose vehicle treated as their assets for financial reporting purposes, as described in the definition of debt funding special purpose vehicle, paragraph (b),~~ An originator makes an election referred to in section HR 9 by returning income derived and expenditure incurred by the debt funding special purpose vehicle in their first return of income filed after the originator transferred any of their assets to the debt funding special purpose vehicle.

Effect of election

(2) An election under this section—

- (a) cannot be revoked; and
- (b) has effect from the date on which the originator first transferred any of their assets to the debt funding special purpose vehicle; and
- (c) remains in effect until the relevant company or trustee of a trust stops being a debt funding special purpose vehicle.

	<i>Relationship with section HZ 9</i>	
(3)	<u>This section is overridden by section HZ 9 (Elections to treat existing debt funding special purpose vehicles as transparent).</u>	
	Defined in this Act: company, debt funding special purpose vehicle, income, originator, return of income, trustee, wholly owned group of companies	5
(2)	<u>Subsection (1) applies for income years starting on and after the date on which this Act receives the Royal assent.</u>	
172	Section HR 9B replaced (Bankruptcy-remote property during application of section HR 9)	
(1)	Replace section HR 9B with:	10
	HR 9B Bankruptcy-remote property during application of section HR 9	
	Despite section HR 9 , property that an originator-person holds because of the application of section HR 9 cannot be attached, charged, disposed of, or otherwise used in the payment of the person <u>originator</u> 's tax debt, except to the extent to which—	15
	(a) the tax debt—	
	(i) does not relate to income tax or provisional tax; and	
	(ii) would have been the relevant debt funding special purpose vehicle's tax debt in the absence of section HR 9 :	
	(b) the property could have been attached, charged, disposed of, or otherwise used in payment of the tax debt in the absence of section HR 9 .	20
	Defined in this Act: debt funding special purpose vehicle, dispose, income tax, <u>originator</u> , pay, provisional tax, tax	
(2)	<u>Subsection (1) applies for income years starting on and after the date on which this Act receives the Royal assent.</u>	25
173	Section HR 10 replaced (What happens when vehicle stops being financial institution special purpose vehicle?)	
(1)	Replace section HR 10 with:	
	HR 10 What happens when vehicle stops being transparent debt funding special purpose vehicle?	30
	<i>Property transferred and parties reconstituted</i>	
(1)	When a company or a trustee of a trust (the vehicle) stops being a debt funding special purpose vehicle for any reason, other than on unwind, and an election has been made under section HR 9BA or HZ 9 (<u>Elections to treat existing debt funding special purpose vehicles as transparent</u>) that relates to the debt funding special purpose vehicle, the following apply:	35
	(a) the relevant person <u>originator</u> is treated as disposing of its property (the property) that has been subject to section HR 9(b) in relation to the	

vehicle immediately before the vehicle stops being a debt funding special purpose vehicle:

- (b) the vehicle is treated as acquiring the property immediately after the vehicle stops being a debt funding special purpose vehicle:
- (c) the relevant ~~person~~originator is treated as not being a party to an arrangement (the **arrangement**) that the ~~person~~originator was treated as being a party to under **section HR 9(c)** in relation to the vehicle immediately before the vehicle stops being a debt funding special purpose vehicle: 5
- (d) the vehicle is treated as being a party to the arrangement immediately after the vehicle stops being a debt funding special purpose vehicle. 10

Property transferred: market value

- (2) The disposition of property in **subsection (1)(a)** and the acquisition of property in **subsection (1)(b)** are treated as occurring with a single third party for payments equal to the property's market value. 15

~~*Parties reconstituted: consideration*~~

- (3) ~~At the time the ~~person~~originator or the vehicle becomes a party to an arrangement under **subsection (1)(c) or (d)**, the market value, at that time, of consideration that has been paid, or is or will be payable, to or by the ~~person~~originator or vehicle, as applicable, for or under the arrangement, ignoring **section HR 9(c)**, is treated as consideration that has been paid, or is or will be payable, to or by the ~~person~~originator or vehicle for or under the arrangement.~~ 20

Arrangements assumed: market value

- (3) At the time of the relevant originator becoming not a party to an arrangement, and the vehicle becoming a party to the arrangement, under **subsection (1)(c) or (d)**,— 25
 - (a) if the arrangement is a liability of the originator,—
 - (i) the vehicle is treated as receiving consideration equal to the market value of the liability, expressed as a positive amount, from a single third party: 30
 - (ii) the originator is treated as paying consideration equal to the market value of the liability, expressed as a positive amount, to a single third party; or
 - (b) if the arrangement is an asset of the originator,—
 - (i) the originator is treated as receiving consideration equal to the market value of the asset from a single third party: 35
 - (ii) the vehicle is treated as paying consideration equal to the market value of the asset to a single third party.

Definition

- (4) In this section, **unwind** means a process, ignoring **section HR 9**, by which— 40

	(a) guarantees, and securities, and debts, as applicable, described in the definition of debt funding special purpose vehicle, paragraph (d), are cancelled; and (b) interests described in the definition of debt funding special purpose vehicle, paragraph (b) are transferred to the person <u>relevant originator</u>; and (c) the vehicle is terminated, by liquidation or otherwise.	5
	<i>Relationship with section HZ 10</i>	
(5)	<u>This section overrides section HZ 10 (What happens when election is made under section HZ 9?).</u> Defined in this Act: <u>amount</u>, arrangement, company, consideration, debt funding special purpose vehicle, dispose, liquidation, market value, <u>originator</u>, pay, trustee, unwind	10
(2)	<u>Subsection (1) applies for income years starting on and after the date on which this Act receives the Royal assent.</u>	
174	Section HR 12 amended (Non-exempt charities: treatment of tax-exempt accumulations)	15
(1)	In section HR 12(1)(a), delete “(person A)”. (2) Repeal section HR 12(1)(b). (3) Replace section HR 12(2) with:	
	<i>When this section does not apply</i>	20
(2)	This section does not apply if— (a) the person is re-registered on the register of charitable entities within 1 year of the end date: (b) the person’s end date arises because they are a company and shares in them are disposed of, and the disposal is for market value consideration: (c) the person would, but for this paragraph, have \$5,000 <u>\$10,000</u> or less income under this section on their end date.	25
(4)	In section HR 12(3), replace the words before the paragraphs with: The person has an amount of income derived on the day that is 1 year after the end date that is equal to the current market value, on the end date, of assets that the person has on the end date less the current market value, on the end date, of liabilities that the person has on the end date, but ignoring:	30
(5)	Replace section HR 12(3)(a)(ii) with: (ii) in accordance with the person’s rules set out in the register of charitable entities immediately before the person’s removal from the register:	35
(6)	In section HR 12(3)(c), replace “assets other than money gifted or left” with “assets that are not money and are gifted or bequeathed”.	
(7)	After section HR 12(3)(c), insert:	

- (d) assets that are land set apart in a Maori reservation for the purposes of a marae or meeting place under Part 17 of the Te Ture Whenua Maori Act 1993.
- (8) After **section HR 12(3)(d)**, as inserted by **subsection (7)**, insert:
- (e) assets that are shares in companies, if this section applies to the companies and their end dates are the same as the person's end date. 5
- (9) Repeal section HR 12(4).
- (10) Replace section HR 12(7) with:
- Definitions*
- (7) In this section,— 10
- end date** means, for a person, the day of final decision:
- current market value** means—
- (a) for an asset or liability for which section HR 11 gives a value for the purposes of this Act, that value:
- (b) for an asset or liability for which section HR 11 does not give a value for the purposes of this Act,— 15
- (i) the market value of the asset or liability; but
- (ii) if the person uses the Public Benefit Entity International Not-for-Profit Accounting Standard 17 (the **standard**), the fair value of the asset or liability under the standard. 20
- (11) In section HR 12, in the list of defined terms, insert “current market value”.

174B New sections HZ 9 and HZ 10 inserted

- (1) After section HZ 8, insert:

HZ 9 Elections to treat existing debt funding special purpose vehicles as transparent 25

When this section applies

- (1) This section applies when an originator transferred any of their assets to a debt funding special purpose vehicle before the date on which the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Act 2018 receives the Royal assent. 30

How elections made

- (2) An originator makes an election referred to in **section HR 9** (Debt funding special purpose vehicles are transparent if election made by originator) by returning income derived and expenditure incurred by the debt funding special purpose vehicle in their return of income for an income year starting on or after the date on which the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Act 2018 receives the Royal assent. 35

Effect of election

- (3) An election under this section—
- (a) cannot be revoked; and
 - (b) has effect from the start of the income year for which the election is made; and
 - (c) remains in effect until the relevant company or trustee of a trust stops being a debt funding special purpose vehicle.

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Relationship with **section HR 9BA**

- (4) This section overrides **section HR 9BA** (Elections to treat debt funding special purpose vehicles as transparent).

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Defined in this Act: company, debt funding special purpose vehicle, income, income year, originator, return of income, trustee

HZ 10 What happens when election is made under section HZ 9?

When this section applies

- (1) This section applies when—
- (a) an originator makes an election under **section HZ 9** that relates to a debt funding special purpose vehicle; and
 - (b) immediately before the election is made the debt funding special purpose vehicle holds a financial arrangement or an excepted financial arrangement that was transferred to the debt funding special purpose vehicle by 1 of its originators.

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Originator: stepping in

- (2) For the purposes of calculating the income tax liability of the debt funding special purpose vehicle and its originators for the income year in which the election is made and later income years (the **post-disposal periods**),—
- (a) the relevant originator is treated for the post-disposal periods as if they had acquired and held the financial arrangement or excepted financial arrangement, not the debt funding special purpose vehicle;
 - (b) the relevant originator is treated for the post-disposal periods as if they had paid any consideration originally paid by the debt funding special purpose vehicle for or under the financial arrangement or excepted financial arrangement, and the debt funding special purpose vehicle is treated as not having paid that consideration;
 - (c) the relevant originator is treated for the post-disposal periods as if they had received any consideration originally received by the debt funding special purpose vehicle for or under the financial arrangement or excepted financial arrangement, and the debt funding special purpose vehicle is treated as not having received that consideration;

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- (d) the debt funding special purpose vehicle is, for the financial arrangement, a party that is not required to calculate a base price adjustment, despite section EW 29 (When calculation of base price adjustment required).
- Relationship with **section HR 10*** 5
- (3) **Section HR 10** (What happens when vehicle stops being transparent debt funding special purpose vehicle?) overrides this section.
- Defined in this Act: debt funding special purpose vehicle, excepted financial arrangement, financial arrangement, income tax liability, income year, originator
- (2) **Subsection (1)** applies for income years starting on and after the date on which this Act receives the Royal assent. 10
- 174C Section LB 7 amended (Tax credits related to personal service rehabilitation payments: providers)**
- (1) After section LB 7(4), insert:
- Reimbursement payments* 15
- (5) For the purposes of this section and section LB 8, the payment of a personal service rehabilitation payment for a period includes a payment made under the Accident Compensation Act 2001 that is received as a reimbursement payment in a later period.
- (2) In section LB 7, in the list of defined terms, insert “reimbursement payment”. 20
- 175 Section LD 1 amended (Tax credits for charitable or other public benefit gifts)**
- (1) In section LD 1(4), replace “tax agent” with “tax agent or representative” in each place where it appears.
- (2) In section LD 1, in the list of defined terms, insert “representative”. 25
- 175B Section LD 3 amended (Meaning of charitable or other public benefit gift)**
- (1) In section LD 3(1)(a), replace “monetary gift” with “gift of money”.
- (2) **Subsection (1)** applies for the 2008–09 and later income years. However, **subsection (1)** does not apply to a person in relation to a tax position taken by the person in a return of income filed, or in an application made under section 41A of the Tax Administration Act 1994 for a refund,— 30
- (a) in the period that starts on the first day of the 2008–09 income year and ends on the day before the date on which the Finance and Expenditure Committee reports to the House of Representatives on the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Bill; and 35
- (b) in relation to a charitable or other public benefit gift made by the person; and

- (c) relying on section LD 3(1) as it was before the amendment made by subsection (1).

176 Section LD 3 amended (Meaning of charitable or other public benefit gift)

- (1) Replace section LD 3(1)(a) with:

- (a) means a ~~monetary gift~~ gift of money of \$5 or more that is paid to a society, institution, association, organisation, trust, or fund (the **entity**), if—
- (i) the entity is described in subsection (2)(a), (ab), (b), (c), or (d), and the name of the entity is on the list published by the Commissioner under **section 41A(16) to (18)(14) to (16)** of the Tax Administration Act 1994:
 - (ii) the entity is described in subsection (2)(ac), (bb), or (bc):
 - (iii) the name of the entity is listed in schedule 32 (Recipients of charitable or other public benefit gifts):

- (2) After section LD 3(2), insert:

Exception for certain entities

- (3) Despite subsection (2)(a), (b), (c), and (d), a society, institution, association, organisation, trust, or fund is not a relevant entity for the purposes of **subsection (1)**, if the society, institution, association, organisation, trust, or fund,—
- (a) is not a tax charity, because it is not registered as a charitable entity under the Charities Act 2005; and
 - (b) in the opinion of the Commissioner, is eligible to be registered as a charitable entity under that Act.

- (3) In section LD 3, in the list of defined terms, insert “tax charity”.

177 Section LD 4 amended (Tax credits for payroll donations)

In section LD 4(7), replace “**24Q**” with “169B”.

178 Section MC 6 amended (When person does not qualify)

- (1) Replace section MC 6(c) with:

- (c) a Best Start tax credit for a dependent child ~~and in relation to~~ a period, if they receive—
- (ia) a parental leave payment or preterm baby payment, under Part 7A of the Parental Leave and Employment Protection Act 1987, for the dependent child in relation to the period:
 - (i) a parental tax credit, in relation to the dependent child:
 - (ii) a parent’s allowance or a children’s pension, in relation to the dependent child.

~~(iii) a parental leave payment or preterm baby payment, under Part 7A of the Parental Leave and Employment Protection Act 1987, in relation to the dependent child and the period.~~

- (2) In section MC 6, in the list of defined terms, insert “dependent child”.

179 Section MD 3 amended (Calculation of family tax credit) 5

- (1) Replace section MD 3(4)(a) and (b) with:

- (a) for the eldest dependent child for whom the person is a principal care-giver during the entitlement period, \$5,878; and
- (b) for each dependent child for whom the person is a principal caregiver during the entitlement period, other than the eldest dependent child, \$4,745. 10

- (2) In section MD 3(6), replace “subsection (4)(a)(i) and (ii), and (b)(i) to (iii)” with “subsection (4)(a) and (b)”.

180 Section MD 11 amended (Entitlement to parental tax credit) 15

Replace section MD 11(1)(b) with:

- (b) a person or their spouse, civil union partner, or de facto partner does not receive or have, for 1 or more days during the first 56 days after the date of the dependent child’s birth (the **parental entitlement period**), a social assistance payment or a suspended entitlement to an income tested benefit; and 20
- (c) a person or their spouse, civil union partner, or de facto partner does not receive, at any time in the parental entitlement period, a parental leave payment under Part 7A of the Parental Leave and Employment Protection Act 1987.

181 Section MD 11 amended (Entitlement to parental tax credit) 25

Replace section MD 11(1)(b) with:

- (b) a person or their spouse, civil union partner, or de facto partner does not receive or have, for 1 or more days during the first 70 days after the date of the dependent child’s birth (the **parental entitlement period**), a social assistance payment or a suspended entitlement to an income tested benefit; and 30

182 Section MD 11 amended (Entitlement to parental tax credit)

Replace section MD 11(1)(c) with:

- (c) a person or their spouse, civil union partner, or de facto partner does not receive, at any time in the parental entitlement period, a parental leave payment or preterm baby payment under Part 7A of the Parental Leave and Employment Protection Act 1987. 35

183 Section MD 13 amended (Calculation of family credit abatement)

- (1) In section MD 13(3)(a)(i), replace “\$36,350, 22.5 cents” with “\$42,700, 25 cents”.
- (2) In section MD 13(3)(a)(ii), replace “\$36,350, 22.5 cents” with “\$42,700, 25 cents”.

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183B Section MF 2 amended (When person not entitled to payment by instalment)

- (1) After section MF 2(1)(b), insert:

(bb) the chief executive and the Commissioner do not agree that the Commissioner will, and the chief executive will not, pay to the person, or each person in a class of persons to which the person belongs, the WFF tax credit that they are entitled to receive and that the chief executive is authorised to pay; and

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- (2) In section MF 2(2), delete “, and section 80KN applies”.

- (3) In section MF 2, in the list of defined terms, insert “WFF tax credit”.

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183C Section MF 4 amended (Requirements for calculating instalment of tax credit)

- (1) After section MF 4(3), insert:

Adjustments to instalment amount: abating WFF tax credit and minimum family tax credit

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- (3B) Despite subsection (3), when the Commissioner expects that the total of the parts of the instalments paid and still to be paid to a person for a tax year that relate to the person’s estimated tax credit under sections MD 1 and ME 1 for the tax year will differ from the person’s entitlement to a tax credit under sections MD 1 and ME 1 for the tax year if the Commissioner were, for the remaining instalments for the tax year, to pay to the person the part of the amount of the instalment calculated under subsection (3) that relates to amounts of family tax credit, in-work tax credit, child tax credit, parental tax credit, family credit abatement, and minimum family tax credit set out in sections MD 3, MD 4, MD 11, MD 12, MD 13, and ME 1, the Commissioner may—

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(a) decrease the amount of the person’s remaining instalments for the tax year to offset all or part of the expected excess; or

(b) increase the amount of the person’s remaining instalments for the tax year to offset all or part of the expected shortfall.

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- (2) In section MF 4, in the list of defined terms, insert “pay” and “tax year”.

184 Section MF 7 amended (Orders in Council)

- (1) In section MF 7(1)(a), in the words before the subparagraphs, replace “section MD 3(4)(a)(i) and (b)(i) and (ii)” with “section MD 3(4)(a) and (b)”.

- (2) Repeal section MF 7(1)(ab).
- (3) Repeal section MF 7(2C).

184B Section MK 2 amended (Eligibility requirements)

In section MK 2(1)(c), replace “clause 4(3)” with “clause 4”.

185 Section MZ 3 amended (Exclusions from determination of family scheme income) 5

- (1) Repeal section MZ 3(3).
- (2) **Subsection (1)** applies for income years beginning after the date on which this Act receives the Royal assent.

186 Section OP 22 amended (Consolidated ICA group company’s credit) 10

- (1) Replace section OP 22(1)(d) with:
 - (d) to the extent to which a debit referred to in paragraph (b) is not offset under paragraph (c), a debit balance immediately arises in the imputation credit account of the group.

- (2) Replace section OP 22(1B) with: 15

Limit

- (1B) The amount of the credit referred to in subsection (1) that is transferred to the imputation credit account of the group is limited to the lesser of—

- (a) the amount of the debit balance in the imputation credit account of the group referred to in **subsection (1)(d)**; and 20
- (b) the amount of the credit balance of the imputation credit account of the group company referred to in subsection (1)(a), determined at the time of the debit to the imputation credit account of the group referred to in subsection (1)(b).

- (3) **Subsections (1) and (2)** apply for a person for the 2008–09 and later income years, except in relation to a tax position taken by the person in a return for an imputation credit account— 25

- (a) for a period beginning on or after 1 April 2008 and ending before 1 April ~~2018~~ 2021; and

- (b) relating to the transfer, after a company becomes a member of a consolidated imputation group, of imputation credits arising in the imputation credit account of the company, before the company becomes a member of the consolidated imputation group, to the imputation credit account of the consolidated imputation group; and 30

- (c) relying on section OP 22 as it was before the date on which the amendments made by **subsections (1) and (2)** came into force; and 35

- (d) to the extent to which the amount of the imputation credits referred to in **paragraph (b)** that are transferred to the imputation credit account of

the consolidated imputation group does not exceed the amount of the debit referred to in section OP 22(1)(b) arising in the imputation credit account of the consolidated imputation group immediately before the transfer.

- (4) To the extent to which the amendments made by **subsections (1) and (2)**, together with the effect of **subsection (3)**, give rise to a debit balance in a imputation credit account at the end of— 5
- (a) a tax year before the ~~2017–18~~ 2020–21 tax year, a company is not liable for further income tax arising under section OB 65, or imputation additional tax arising under section OB 72, or imputation penalty tax arising under section 140B of the Tax Administration Act 1994, for the debit balance: 10
- (b) the ~~2017–18~~ 2020–21 tax year, a company is—
- (i) liable for further income tax arising under section OB 65 for the debit balance with a due date for payment that is 60 days after the date on which this Act receives the Royal assent, despite section OB 65(3): 15
- (ii) not liable for imputation additional tax arising under section OB 72, or imputation penalty tax arising under section 140B of the Tax Administration Act 1994, for the debit balance. 20

187 Section RA 13 amended (Payment dates for terminal tax)

- (1) Repeal section RA 13(2)(a)(ii).
- (2) In section RA 13, in the list of defined terms, delete “income statement”.

188 Section RB 3 amended (Schedular income tax liability for filing taxpayers for non-resident passive income) 25

In section RB 3, in the list of defined terms, delete “non-filing taxpayer”.

189 Section RC 3 amended (Who is required to pay provisional tax?)

Repeal section RC 3(2)(b).

190 Section RC 5 amended (Methods for calculating provisional tax liability)

- (1) Replace section RC 5(5B)(a) with: 30
- (a) has chosen to either—
- (i) use the AIM method for the current tax year on or before their first instalment date under the AIM method; or
- (ii) change part-year to use the AIM method for their remaining instalment dates under the AIM method for the current tax year, and they use either the standard method or GST ratio method at the beginning of the current tax year and, before changing to use the AIM method, they met all of their provisional tax obligations 35

under the relevant method, from the beginning of the current tax year; and

(2) **Subsection (1)** applies for the 2019–20 and later income years.

191 Section RC 9 amended (Provisional tax payable in instalments)

(1) After section RC 9(4B), insert:

Part-year change into AIM

(4C) A person who chooses to change to the AIM method under **section RC 5(5B)(a)(ii)**, must use the relevant remaining instalment dates for them under the AIM method. The amount of each relevant instalment is calculated under **section RC 10B**.

(2) **Subsection (1)** applies for the 2019–20 and later income years.

192 Section RC 10B amended (Calculating amount of instalment for periods using AIM method)

(1) In section RC 10B, insert as a subsection heading, “*Calculating amount for full-year AIM method*”.

(2) In section RC 10B, insert as new subsections (2) and (3),—

Calculating amount when part-year change into AIM method

(2) For a person who chooses to change to the AIM method under **section RC 5(5B)(a)(ii)**, the amount of provisional tax payable on a remaining instalment date for a tax year is given by subsection (1), except for the first remaining instalment date. **Subsection (3)** provides the calculation for the first remaining instalment date.

Calculating when part-year change into AIM method: first remaining instalment

(3) For the purposes of **subsection (2)**, the amount of provisional tax payable for the first remaining instalment date is the total amount, year to date including the first remaining instalment date, that would have been payable if the person had used the AIM method from the beginning of the tax year, less the amount of provisional tax the person has paid, before the change, under the relevant non-AIM method for the tax year.

(3) **Subsection (1)** applies for the 2019–20 and later income years.

193 Section RD 2 amended (PAYE rules and their application)

(1) Replace section RD 2(1)(e) with:

(e) sections 24, 24B to 24P, 48, **124H to 124R**, 133, Part 9, and sections 167 to 169 of the Tax Administration Act 1994.

(2) Replace section RD 2(1)(e) with:

Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Bill	
Part 3 of 194	
(e) subparts 3C and 3D, sections 22AA, 124H to 124R , 133, Part 9, sections 167 to 169, and schedules 4 and 5 of the Tax Administration Act 1994.	
(3) In section RD 2(1)(e), replace “ 124H to 124R ” with “ 124H to 124K, 124O to 124Q ”.	5
194 Section RD 3 amended (PAYE income payments)	
(1) In section RD 3(1)(a)(iii), replace “section RD 8:” with “section RD 8; or”.	
(2) After section RD 3(1)(a)(iii), insert:	
(iv) an unrepaid PAYE income overpayment, see section RD 8B:	
(3) In section RD 3, in the list of defined terms, insert “unrepaid PAYE income overpayment”.	10
195 Section RD 5 amended (Salary or wages)	
(1) In section RD 5(1)(b)(ii), replace “subsections (2) to (8)” with “subsections (2) to (10)”.	
<u>(1B) After section RD 5(6)(bg), insert:</u>	15
<u>(bh) the amount of an honorarium within the meaning of section CW 62B (Voluntary activities) that is paid by Fire and Emergency New Zealand to a volunteer, as that term is defined in that section:</u>	
(2) After section RD 5(9), insert:	
<i>Unrepaid PAYE income overpayments</i>	20
(10) An unrepaid PAYE income overpayment that is treated as salary or wages under section RD 8B(2)(a) is included in salary or wages.	
(3) In section RD 5, in the list of defined terms, insert “unrepaid PAYE income overpayment”.	
196 Section RD 7 amended (Extra pay)	25
(1) After section RD 7(1)(c), insert:	
(cb) includes an unrepaid PAYE income overpayment that is treated as all or part of an amount of extra pay under section RD 8B(2)(b) ; and	
(2) In section RD 7, in the list of defined terms, insert “unrepaid PAYE income overpayment”.	30
197 Section RD 8 amended (Schedular payments)	
(1) After section RD 8(1)(a), insert:	
(ab) includes an unrepaid PAYE income overpayment that is treated as all or part of a schedular payment under section RD 8B(2)(c) ; and	
(2) In section RD 8, in the list of defined terms, insert “unrepaid PAYE income overpayment”.	35

198 New section RD 8B inserted (Treatment of PAYE-related overpayments)

After section RD 8, insert:

RD 8B Treatment of PAYE-related overpayments

When this section applies

- (1) This section applies when an employer pays an amount (a **PAYE-related overpayment**) to an employee and— 5
- (a) the amount is paid—
 - (i) in error, to the extent to which the employee is not beneficially entitled to the amount; or
 - (ii) as an advance payment, to the extent to which the employee does not become beneficially entitled to the amount; and 10
 - (b) the amount is, at the time of payment, treated by the employer as all or part of—
 - (i) a payment of salary or wages; or
 - (ii) an extra pay; or 15
 - (iii) a schedular payment.

Treatment of amount

- (2) To the extent to which the amount is an unrepaid PAYE income overpayment, the amount is treated as follows: 20
- (a) as salary or wages, if the amount is treated as described in **subsection (1)(b)(i)**: 20
 - (b) as all or part of an amount of extra pay, as applicable, if the amount is treated as described in **subsection (1)(b)(ii)**:
 - (c) as all or part of a schedular payment, as applicable, if the amount is treated as described in **subsection (1)(b)(iii)**. 25

Meaning of unrepaid PAYE income overpayment

- (3) An **unrepaid PAYE income overpayment**—
- (a) means an amount that—
 - (i) is a PAYE-related overpayment; and
 - (ii) has not been repaid to the employer; and 30
 - (iii) is not repayable to the employer by the employee under an agreement between them; and
 - (iv) is not recoverable under section 248 of the Accident Compensation Act 2001; and
 - (b) does not include an amount of exempt income. 35

<i>Amounts repayable under breached repayment agreements</i>	
(3B)	For the purposes of subsection (3)(a)(iii) , an amount that is repayable to the employer by the employee under an agreement (the agreement) between them is treated as an amount that is not repayable to the employer by the employee under an agreement between them if—
	(a) the employee breaches the agreement and does not remedy the breach within 2 months;
	(b) the employer considers that the employee will not comply with the agreement in the future.
<i>Exclusions</i>	
(4)	An amount referred to in subsection (1) does not include—
	(a) an amount that is income of the employee under section CB 32 (Property obtained by theft); or
	(ab) <u>an amount that is an overpayment of a benefit or grant referred to in section RD 5(6)(a) to (c):</u>
	(b) an employer’s superannuation contribution other than an overpayment of an amount of an employer’s superannuation cash contribution that an employee chooses to have treated as salary or wages under section RD 68 (Choosing to have amount treated as salary or wages).
<i>Employers who use PAYE intermediaries</i>	
(5)	In this section, employer includes a PAYE intermediary.
Defined in this Act: amount, employee, employer, exempt income, extra pay, pay, PAYE intermediary, PAYE-related overpayment, salary or wages, schedular payment, unrepaid PAYE income overpayment	
199	Section RD 17 amended (Payment of extra pay with other PAYE income payments)
(1)	In section RD 17(1B), after “subsection (1)(a)”, insert “and of extra pays paid to the employee in the period referred to in subsection (1)(b)”.
(2)	Subsection (1) applies for the 2008–09 and later income years, <u>except for an income year for which the person takes a tax position in a return of income, made before 25 June 2018, that is inconsistent with the amendment made by subsection (1).</u>
200	Section RD 22 amended (Providing employment income information to Commissioner)
(1)	In section RD 22(1), replace “sections 23E to 23H” with “sections 23E to 23H and 23J”.
(2)	In section RD 22(2), in the subsection heading, replace “ <i>Special tax code</i> ” with “ <i>Tailored tax code</i> ”.
(3)	In section RD 22(2)(a), replace “special tax code” with “tailored tax code”.

201 Section RD 35 amended (Employment-related loans: value using market interest rates)

- (1) In section RD 35(4), after “an income year”, insert “, other than from a method given by a paragraph of **subsection (5)** to the method given by the other paragraph of **subsection (5)**,”. 5
- (2) Replace section RD 35(5), other than the heading, with:
- (5) In this section, **market interest** means the amount of interest calculated at the rate of interest that—
 - (a) would apply to a borrower belonging to a group of persons to whom a loan of the kind provided to the employee is offered when— 10
 - (i) the group has a comparable credit risk to the group to which the employee belongs; and
 - (ii) membership of the group arises from a factor or factors that do not include a connection between a member and the employer; and
 - (iii) the group is sufficient in number to ensure a transaction on an arm’s length basis; or 15
 - (b) is the lowest rate of interest for a loan, of the kind provided to the employee, that is provided by the lender—
 - (i) to customers for which the characteristics that are treated by the lender as relevant to the rate of interest for a loan are similar to those of the employee; and 20
 - (ii) in the ordinary course of business; and
 - (iii) during the quarter (the **loan quarter**) in which the loan is provided to the employee, or during the preceding quarter ~~if the rate for the loan quarter is not able to be calculated~~ if calculating the rate for the loan quarter is impracticable. 25
- (3) **Subsection (2)** applies for fringe benefit tax payment periods beginning on or after 1 April 2019.

202 Section RD 64 amended (ESCT rules and their application)

- (1) Replace section RD 64(1)(c) with: 30
 - (c) sections 24J to 24P, 47, 48, **124H to 124R**, and Part 9 of the Tax Administration Act 1994.
- (2) Replace section RD 64(1)(c) with:
 - (c) subparts 3C and 3D, sections 22AA, 47, **124H to 124R**, Part 9, and schedules 4 and 5 of the Tax Administration Act 1994. 35
- (3) In section RD 64(1)(c), replace “**124H to 124R**” with “**124H to 124K, 124O to 124Q**”.

203 Section RE 1 amended (RWT rules and their application)

- (1) In section RE 1(1)(c), replace “sections 15N, 25 to 28, 32E to 32L, 50 to 55, 78D, and 99” with “sections 25 to 28, 32E to 32L, 50 to 55, 78D, 99, and **124ZF**”.
- (2) In section RE 1(1)(c), replace “sections 25 to 28, 32E to 32L, 50 to 55” with “subpart 3E, sections 26B, 26C, 27, 28, 28B, 54B to 54E, 55, 55B”.

204 Section RF 2B amended (Non-residential financial arrangement income: outline and concepts)

In section RF 2B, in the list of defined terms, delete “approved issuer”.

205 Section RF 2C amended (Meaning of non-residential financial arrangement income) 10

In section RF 2C, in the list of defined terms, delete “approved issuer”.

205B Section RM 2 amended (Refunds for overpaid tax)

- (1) In section RM 2, before subsection (1), insert:

Amounts arising on original assessments

- (1A) The Commissioner must refund an amount of tax that a person has paid if—

- (a) the amount is more than the tax required to be paid by the person under this Part; and
- (b) the amount has arisen on an original assessment; and
- (c) the Commissioner is satisfied, or has received notice, that the person is entitled to the refund.

- (2) Replace the subsection heading to subsection (2) with “*Refunds arising on amended assessments*”.

- (3) After section RM 2(1)(a), insert:

- (ab) the amount has arisen on an amended assessment; and

- (4) **Subsection (1)** applies for the 2008–09 and later income years.

205C Section RM 2 amended (Refunds for overpaid tax)

Replace section RM 2(1)(b)(i) and (ib) with:

- (i) for income tax, the 4-year period under section 108(1) of the Tax Administration Act 1994 for amendment of an assessment, if **subparagraphs (ic) and (ii)** do not apply; or
- (ib) for an ancillary tax or approved issuer levy, the 4-year period under section 108(1C) of that Act for amendment of an assessment, if **subparagraphs (ic) and (ii)** do not apply; or

- (ic) the 7-year period under section GC 13(6) (Calculation of arm's length amounts) for amendment of an assessment, if that subsection applies; or

205D Section RM 4 amended (Overpayment on amended assessment)

Replace section RM 4(1)(c) with:

- (c) for income tax, the 4-year period under section 108(1) of the Tax Administration Act 1994 beginning from the end of the tax year in which the assessment was amended has not ended; and
- (d) for an ancillary tax or approved issuer levy, the 4-year period under section 108(1C) of that Act beginning from the end of the period in which the return or statement was provided has not ended.

206 Section RM 5 repealed (Overpayments on income statements)

Repeal section RM 5.

207 Section RM 16 amended (Treatment of amounts not refunded)

- (1) In section RM 16(3), delete “section 120K of”.

- (2) **Subsection (1) applies for the 2008–09 and later income years.**

208 Section RM 22 amended (Limits on refunds for Maori authorities)

- (1) In section RM 22(5), delete “section 120K of”.

- (2) **Subsection (1) applies for the 2008–09 and later income years.**

209 Section RM 25 amended (Treatment of amounts not refunded)

- (1) In section RM 25(3), delete “section 120K of”.

- (2) **Subsection (1) applies for the 2008–09 and later income years.**

210 Section RM 31 amended (Treatment of amounts not refunded)

- (1) In section RM 31(3), delete “section 120K of”.

- (2) **Subsection (1) applies for the 2008–09 and later income years.**

211 Section RP 14 amended (Collection, payment, and information requirements)

In section RP 14(ab), replace “**section 24Q**” with “**section 169B**”.

211B Section RP 17B amended (Tax pooling accounts and their use)

- (1) In section RP 17B(2)(d), replace “subsection (3).” with “subsection (3):” and insert:

- (e) interest under Part 7 of the Tax Administration Act 1994 on the provisional tax or terminal tax described in **subsection (4)**.

(2) In section RP 17B(4), in the words before the paragraphs, replace “provisional tax other than under the AIM method or terminal tax for a tax year” with “provisional tax (other than under the AIM method) for a tax year, terminal tax for a tax year, or interest under Part 7 of the Tax Administration Act 1994 on the provisional tax or terminal tax”.

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(3) Replace section RP 17B(7)(a) with:

- (a) for a transfer under subsection (4)(a) or (b), the total of—
 - (i) the provisional tax or terminal tax payable;
 - (ii) interest under Part 7 of the Tax Administration Act 1994 on the provisional tax or terminal tax;

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(4) **Subsections (1), (2), and (3)** apply for transfers that relate to the 2019–20 income year and later.

211C Section RP 19 amended (Transfers from tax pooling accounts)

(1) Replace section RP 19(1B)(a) and (b) with:

- (a) for an amount credited on or before the date that is, or would have been, the person’s final instalment date for a tax year, as income tax paid to meet a provisional tax obligation under the provisional tax rules;
- (b) for an amount credited after the date that is, or would have been, the person’s final instalment date for a tax year,—
 - (i) first, as applied under section 120F of the Tax Administration Act 1994 to pay interest that the person is liable to pay; and
 - (ii) secondly, as income tax paid to meet the person’s provisional tax obligation.

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(2) **Subsection (1)** applies for transfers that relate to the 2019–20 income year and later.

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211D Section RP 19B amended (Transfers for certain expected tax liabilities)

(1) Replace section RP 19B(5)(a)(i) with:

- (i) provisional tax (other than under the AIM method), terminal tax, and interest under Part 7 of the Tax Administration Act 1994, referred to in **section RP 17B(4)(a)** or (b);

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(2) **Subsection (1)** applies for transfers that relate to the 2019–20 income year and later.

212 Section RZ 14 amended (Listed PAYE intermediaries: transitional provision)

In section RZ 14, replace “sections 15H, 15G, 15I, 15M” with “**sections 124L, 124M, 124N, 124R**”.

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212B New section RZ 15 inserted (Treatment of certain refunds made on income statements: 1 April 2008 to 31 March 2019)

(1) After section RZ 14, insert:

RZ 15 Treatment of certain refunds made on income statements: 1 April 2008 to 31 March 2019

When this section applies

(1) This section applies for the period that starts on 1 April 2008 and ends on 31 March 2019 when—

(a) an income statement has been provided to a person for a tax year and the result is that an amount of tax must be refunded to the person; and

(b) the person is a deceased person for whom no executor or administrator has been appointed; and

(c) the amount is—

(i) more than the confirmation threshold applying for the person at the time the income statement was provided; and

(ii) not more than \$15,000.

Persons confirming correctness of statements

(2) The Commissioner may allow a person appearing on the list described in **subsection (3)** to confirm, to the best of their knowledge, the correctness of the income statement on behalf of the person.

List of classes of persons

(3) The Commissioner must publish a list of the classes of persons who are considered likely to have a relationship with a deceased person and that the Commissioner considers may be best placed to confirm an income statement of a deceased person.

Defined in this Act: amount, amount of tax, Commissioner, income statement, tax year

(2) **Subsection (1)** applies for income years from the 2008–09 income year to the 2018–19 income year.

212C New section RZ 16 inserted (Treatment of certain refunds not paid within 4-year period: 1 April 2008 to 31 March 2013)

(1) After **section RZ 15**, insert:

RZ 16 Treatment of certain refunds not paid within 4-year period: 1 April 2008 to 31 March 2013

When this section applies

(1) This section applies for the period that starts on 1 April 2008 and ends on 31 March 2013 when—

(a) <u>a person overpaid their tax for an income year that falls in the period and was entitled to a refund of tax; and</u> (b) <u>the refund arose from the person’s return of income and not from an amended assessment; and</u> (c) <u>the Commissioner was unable to make the refund within the 4-year period referred to in section 108(1); and</u> (d) <u>after the expiry of the 4-year period, the refund could not be made under section RM 2 as it was before it was amended by section 87(1) of the Taxation (Livestock Valuation, Assets Expenditure, and Remedial Matters) Act 2013.</u> (2) <u>The Commissioner may pay the refund to the person.</u> Defined in this Act: assessment, Commissioner, pay, return of income (2) <u>Subsection (1) applies for income years from the 2008–09 income year to the 2012–13 income year.</u>	5 10
213 Section YA 1 amended (Definitions) (1) This section amends section YA 1. (2) Repeal the definition of adverse event deposit. (3) Repeal the definition of adverse event income equalisation account. (4) Repeal the definition of adverse event income equalisation scheme. (5) Repeal the definition of adverse event maximum deposit. (6) In the definition of cost of timber, paragraph (c)(ii), after “contaminant”, insert “or making of noise”. (7) Insert, in appropriate alphabetical order: current market value is defined in section HR 12 (Non-exempt charities: treatment of tax-exempt accumulations) for the purposes of that section (8) In the definition of date the deposit ends, repeal paragraph (b). (9) Insert, in appropriate alphabetical order: debt funding special purpose vehicle means a company or a trustee of a trust that, ignoring section HR 9 (Debt funding special purpose vehicles are transparent if election made by originator under section HR 9BA),— (a) derives no exempt income; and (b) has all of its assets treated as the assets of the<u>its</u> originators, or <u>included in consolidated financial statements prepared by 1 of its originators or</u> another company in the same wholly-owned group of companies as the<u>its</u> originators, for financial reporting purposes, but ignoring any current account balance that is incidental to the company’s or trustee’s sole purpose described in paragraph (e); and (c) receives only funds that—	15 20 25 30 35

- (i) ~~relate to~~ are used to acquire assets described in **paragraph (b)**:
(ib) are derived from assets described in **paragraph (b)**:
(ii) are incidental to the company’s or trustee’s sole purpose described
in **paragraph (e)**; and
- (d) operates to— 5
(i) guarantee liabilities of the originator, being a financial institution,
or of a company, incorporated in and resident in New Zealand,
that is a member of a wholly-owned group of companies that
includes the financial institution that is the originator:
(ii) raise funds by issuing securities backed by its assets; ~~and~~ 10
(iii) raise funds by borrowing money backed by its assets; and
(e) has interests in assets only for the sole purpose of carrying out the com-
pany’s or trustee’s operations described in **paragraph (d)**; and
(f) has its assets included in financial statements that are prepared using
IFRSs and are audited; ~~and~~ 15
(g) is a New Zealand resident
- (10) In the definition of **deposit**, repeal paragraph (b).
- (11) In the definition of **employer monthly schedule**, paragraph (e)(iv), replace
“earner premium” with “earner levy”.
- (12) In the definition of **financial institution**, replace “Deposit Takers (Credit Rat- 20
ings) Regulations 2009” with “Deposit Takers (Credit Ratings, Capital Ratios,
and Related Party Exposures) Regulations 2010”.
- (13) Repeal the definition of **financial institution special purpose vehicle**.
- (13B) Insert, in appropriate alphabetical order:
high-priced bloodstock is defined in **section EC 39B(2)** (Stud-founding 25
bloodstock and related terms)
- (14) Repeal the definition of **income statement**.
- (15) In the definition of **large budget film grant**, after paragraph (b), insert:
(bb) is sourced from funds provided by the Ministry of Business, Innovation 30
and Employment; and
- (16) In the definition of **large business AIM-capable system**, replace “**section**
15Y” with “**section 124ZD**”.
- (17) In the definition of **listed PIE**,—
(a) in paragraph (a), after “companies”, insert “or is unlisted but has not 35
lost PIE status under section HM 28 (When listed PIE no longer meets
requirements), is delisted without notice of election, or has exit period
expire”:
(b) repeal paragraphs (c) and (d).

(18) In the definition of **multi-rate PIE**, paragraph (d), delete “; and”.

(18B) Insert, in appropriate alphabetical order:

national minimum price threshold is defined in **section EC 39B(5)** (Stud-founding bloodstock and related terms)

(19) Replace the definition of **non-filing taxpayer** with:

non-filing taxpayer, for a person and a tax year, means—

(a) ~~a person who derives assessable income for the tax year that consists solely of—~~

(i) ~~reportable income;~~

(ii) ~~a de minimis amount under **section 22J(1)** of the Tax Administration Act 1994; or~~

(b) a person whose only income having a source in New Zealand for the tax year is a schedular payment derived in their capacity as a non-resident entertainer and who chooses not to file a return of income for the tax year; or

(c) a person who, for the tax year, derives only non-resident passive income referred to in section RF 2(3) (Non-resident passive income); or

(d) a person whose only income having a source in New Zealand for the tax year is a payment derived in their capacity as a non-resident seasonal worker

(20) Insert, in appropriate alphabetical order:

originator, for a debt funding special purpose vehicle, means ~~the~~ a person who ~~— transferred their assets to the debt funding special purpose vehicle~~

(a) transferred some or all of their assets to the debt funding special purpose vehicle; and

(b) either—

(i) has all of the assets they transferred to the debt funding special purpose vehicle treated as their assets for financial reporting purposes; or

(ii) has all of the assets they transferred to the debt funding special purpose vehicle included in consolidated financial statements prepared for financial reporting purposes by the person or a member of a wholly-owned group of companies that includes the person; and

(c) is a member of the same wholly-owned group of companies as all other persons who have transferred some or all of their assets to the debt funding special purpose vehicle, if more than 1 person has transferred some or all of their assets to the debt funding special purpose vehicle; and

(d) is a New Zealand resident

- (21) In the definition of **overtime**, replace “section CW 17C(4)” with “section CW 17C(6)”.
- (22) In the definition of **pay**, in paragraph (bb), replace “**section 24Q**” with “**section 169B**”.
- (23) In the definition of **PAYE intermediary**,— 5
- (a) in paragraph (a)(i), replace “section 15D or 15G” with “**section 124I**”;
- (b) in paragraphs (a)(ii) and (iii), replace “section 15J” with “**section 124O**” in each place where it appears.
- (24) Insert, in appropriate alphabetical order:
- PAYE-related overpayment** means an amount described in **section RD 8B(1)** (Treatment of PAYE-related overpayments) 10
- (24B) Insert, in appropriate alphabetical order:
- premier yearling sale** is defined in **section EC 39B(4)** (Stud-founding bloodstock and related terms)
- (24C) Insert, in appropriate alphabetical order: 15
- prospective bloodstock breeder** is defined in **section EC 39B(3)** (Stud-founding bloodstock and related terms)
- (25) In the definition of **public authority**, after paragraph (b), insert:
- (bb) includes the New Zealand Lottery Grants Board, the Office of the Clerk of the House of Representatives, the Ombudsman, the Parliamentary Commissioner for the Environment, and the Parliamentary Service; and 20
- (bc) includes the Official Assignee, other than in their capacity as a trustee; and
- (26) Insert, in appropriate alphabetical order:
- public purpose Crown-controlled company** means—~~a company listed in **schedule 35** (Public purpose Crown-controlled companies)~~ 25
- (a) a company that is listed in **schedule 35** (Public purpose Crown-controlled companies); or
- (b) a company (the **wholly-owned subsidiary**) that has 100% of its shares owned directly or indirectly by a company that is listed in **schedule 35** if the wholly-owned subsidiary’s primary purpose is the carrying out of a public policy objective of the Government of New Zealand 30
- (26B) In the definition of **public unit trust**, paragraph (e)—
- (a) in subparagraph (iv), replace “funds” with “funds; or”;
- (b) after subparagraph (iv), insert: 35
- (v) portfolio investment entities
- (26C) Insert, in appropriate alphabetical order:

- reimbursement payment** is defined in **section CW 35(2)** (Personal service rehabilitation payments) for the purposes of that section and **sections DF 4, and LB 7** (which relate to personal service rehabilitation payments)
- (27) Insert, in appropriate alphabetical order:
- representative** means a person approved by the Commissioner under **section 124D** of the Tax Administration Act 1994 as a person who acts on behalf of another person in relation to their tax affairs or social policy entitlements and obligations
- (28) Repeal the definition of **residential mortgage backed security**.
- (29) In the definition of **RWT proxy**, replace “section 15N” with “**section 124ZB**”.
- (30) In the definition of **specified period**, repeal paragraph (b).
- (30B) Insert, in appropriate alphabetical order:
- stud-founding bloodstock** is defined in **section EC 39B(1)** (Stud-founding bloodstock and related terms)
- (31) Replace the definition of **tax agent** with:
- tax agent** means a person who is listed as a tax agent under **section 124C** of the Tax Administration Act 1994
- (32) Replace the definition of **tax charity** with:
- tax charity** is defined in section CW 41(5)
- (33) Insert, in appropriate alphabetical order:
- unrepaid PAYE income overpayment** is defined in **section RD 8B(3)** (Treatment of PAYE-related overpayments)
- (34) In the definition of **unwind**, replace “financial institution” with “transparent debt funding”.
- (35) **Subsection (6)** applies for the 2018–19 and later income years.
- (36) **Subsections (9), (13), (20), and (28)** apply for income years starting on and after the date on which this Act receives the Royal assent.
- 213B Section YA 2 amended (Meaning of income tax varied)**
- (1) In section YA 2(3)(b), replace “and GA 1 (Commissioner’s power to adjust):” with “, GA 1 (Commissioner’s power to adjust), and GB 54 (Arrangements involving establishments):”.
- (2) **Subsection (1)** applies for income years beginning on or after 1 July 2018.
- 214 Section YC 12 amended (Public unit trusts)**
- (1) Replace section YC 12(1) with:

<i>Application by public unit trust</i>	
(1)	Subsections (2) to (4) apply in relation to a public unit trust if the public unit trust chooses to apply them.
(2)	After section YC 12(1) , insert:
<i>Application by subsidiaries</i>	
(1B)	A person in which a public unit trust holds an ownership interest, or equivalent interest, may choose to treat the unit holders' shares in the public unit trust as being held in the way described in subsection (2).
(1B)	<u>A person in which a public unit trust holds an ownership interest may choose, when determining the holders of ownership interests in the person, to treat section YC 4 as not applying to the public unit trust as a shareholder company for the person and to treat the ownership interest as being held in the way described in subsection (2).</u>
(3)	Subsections (1) and (2) applies for the 2008–09 and later income years.
214B	<u>Section YC 18 amended (Reverse takeovers)</u>
	<u>Repeal section YC 18(6).</u>
214C	<u>Section YC 18B amended (Corporate reorganisations not affecting economic ownership)</u>
(1)	<u>In section YC 18B(2)(a), after “ownership interests”, insert “(the included ownership interests) that are not excluded preference shares”.</u>
(2)	<u>In section YC 18B(2)(b), replace “ownership interests” with “included ownership interests”.</u>
(3)	<u>In section YC 18B(2)(c), replace “ownership interests” with “included ownership interests” in each place where it appears.</u>
(4)	<u>In section YC 18B(2)(d), replace “ownership interests” with “included ownership interests” in each place where it appears.</u>
(5)	<u>In section YC 18B(3), replace “ownership interests” with “included ownership interests” in each place where it appears.</u>
(6)	<u>In section YC 18B(4), replace “ownership interests” with “included ownership interests”.</u>
(7)	<u>Repeal section YC 18B(5)(a).</u>
214D	<u>Section YC 18C amended (Railways restructure not affecting Crown economic ownership)</u>
	<u>In section YC 18C(5), repeal the definition of ownership interest.</u>
214E	<u>Section YC 19B amended (Treatment when certain trusts terminated)</u>
	<u>Repeal section YC 19B(3).</u>

214F Section YD 4 amended (Classes of income treated as having New Zealand source)

- (1) In section YD 4(17D), after “double tax agreement”, insert “and does not have a source under subsections (15) to (17)”.
- (2) **Subsection (1)** applies for income years beginning on or after 1 July 2018.

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214G New schedules 18B and 18C inserted

After schedule 18, insert new **schedules 18B and 18C** set out in **schedule 1B**.

215 Schedule 19 amended (Expenditure in avoiding, remedying, or mitigating detrimental effects of discharge of contaminant)

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- (1) In schedule 19, heading, after “contaminant”, insert “or making of noise”.
- (2) In schedule 19, part A, item 1, after “contaminant”, insert “or on people or animals from the making of noise”.
- (3) In schedule 19, part A, item 2, after “contaminant”, insert “or on people or animals from the making of noise”.
- (4) In schedule 19, part A, item 3, after “contaminant”, insert “or on people or animals from the making of noise”.
- (5) In schedule 19, part A, item 4, after “contaminant”, insert “or on people or animals from the making of noise”.
- (6) In schedule 19, part A, item 5, after “contaminant”, insert “or the future making of noise”.
- (7) In schedule 19, part B, item 1, after “contaminant”, insert “or the making of noise”.
- (8) In schedule 19, part B, item 2, after “contaminant”, insert “or on people or animals from the making of noise”.
- (9) **Subsections (1) to (8)** apply for the 2018–19 and later income years.

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216 Schedule 28 amended (Requirements for complying fund rules)

Repeal schedule 28, clause 6.

217 Schedule 29 amended (Portfolio investment entities: listed investors)

- (1) In schedule 29, part A, replace item 7 with:

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7 A local authority.

7B A company in which a local authority holds—

(a) a voting interest of 100%; and

(b) if a market value circumstance exists for the company, a market value interest of 100%.

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- (2) In schedule 29, part A, delete item 10.

⊖ ~~In schedule 29, part A, after item 10, insert:~~

~~11 Northland Regional Council.~~

218 Schedule 32 amended (Recipients of charitable or other public benefit gifts)

- (1) In schedule 32, insert, in appropriate alphabetical order, “Books for Cambodia Trust”, “Children of the Light”, “Effective Altruism NZ Charitable Trust”, “Flame Cambodia”, “Forgotten Sherpas of Nepal”, “Global Development Group Limited”, “Good Trust”, “INF Humanitarian Aid Trust”, “LIFT International NVADER”, “Nyingje Trust”, “Rwenzori Special Needs Foundation (NZ)”, “St Columban’s Mission Society Trust Board”, and “Talkingtech Foundation Trust”. 5 10

(1B) In schedule 32, replace “Talkingtech Foundation Trust” with “Flow Foundation”.

- (2) **Subsection (1)** applies for the 2018–19 and later income years.

219 New schedule 35 inserted (Public purpose Crown-controlled companies) 15
After schedule 34, insert new **schedule 35** set out in **schedule 2**.

220 Consequential amendments

The consequential amendments to provisions of the Income Tax Act 2007 that are listed in **schedule 3** apply as set out in that schedule.

Part 4

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Amendments to other enactments

Goods and Services Tax Act 1985

221 Goods and Services Tax Act 1985

Sections 222 to ~~228~~228B amend the Goods and Services Tax Act 1985.

222 Section 2 amended (Interpretation)

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- (1) This section amends section 2(1).
- (2) In the definition of **public authority**, replace “and the Office of the Clerk of the House of Representatives” with “the Office of the Clerk of the House of Representatives, public purpose Crown-controlled companies, and the New Zealand Lottery Grants Board”. 30
- (3) Insert, in appropriate alphabetical order:
public purpose Crown-controlled company has the same meaning as in section YA 1 of the Income Tax Act 2007

223 Section 2A amended (Meaning of associated persons)

In section 2A(4), replace “subsection (1)(c)” with “subsection (1)(bb)”.

223B Section 5 amended (Meaning of term supply)

(1) After section 5(13), insert:

(13AA) If a registered person claims a deduction in accordance with section 20(3) and (3K) for supplies of goods and services used in the course or furtherance of an activity that is not a taxable activity, and does not make an election under section 20(3KB) in relation to the activity before receiving a payment under a contract of insurance in the course or furtherance of the activity, subsection (13) applies to the payment as if the activity were a taxable activity of the registered person. 5 10

(2) In section 5(13A), replace “for the principal purpose of making taxable supplies” with “with the intention of using the supply for making taxable supplies”.

(3) After section 5(24), insert: 15

(24B) If a registered person claims a deduction in accordance with section 20(3) and (3K) for supplies of goods and services used in the course or furtherance of an activity that is not a taxable activity, and does not make an election under section 20(3KB) in relation to the activity before making a supply of goods and services used in the course or furtherance of the activity, the supply is a taxable supply. 20

224 Section 6 amended (Meaning of term taxable activity)

In section 6(1)(b), replace “local authority” with “local authority or public purpose Crown-controlled company”.

225 Section 10 amended (Value of supply of goods and services) 25

(1A) In section 10(3A), in the words before paragraph (a), replace “if” with “to the extent”.

(1AB) Repeal section 10(3A)(a).

(1) In section 10(3C), in the words before paragraph (a), after “New Zealand”, insert “, or that is a supply of remote services for which the recipient is required to account for output tax under section 20(3JC),”. 30

(2) In section 10(3D), in the words before paragraph (a), after “New Zealand”, insert “, or that is a supply of remote services for which the recipient is required to account for output tax under section 20(3JC),”.

225B Section 11 amended (Zero-rating of goods) 35

In section 11(8D)(d), replace “for making taxable supplies” with “in the course or furtherance of the taxable activity of the registered person, except if the registered person uses the goods solely in the course or furtherance of an activ-

ity for which the registered person makes an election under **section 20(3KB)**”.

225C Section 20 amended (Calculation of tax payable)

(1) After section 20(3)(b), insert:

(bb) in the case of a registered person, an amount equal to the tax fraction of an amount of regional fuel tax rebate the person pays under section 65ZC of the Land Transport Management Act 2003, except to the extent to which the amount is otherwise deducted under this section as input tax for the person; and

(bc) an amount equal to the tax fraction of a regional fuel tax rebate that the New Zealand Transport Agency pays to an unregistered person under the Land Transport Management Act 2003, except to the extent to which the amount is otherwise deducted under this section as input tax for the New Zealand Transport Agency; and

(2) Replace section 20(3K) with:

(3K) If a registered person who is a non-profit body resident in New Zealand uses goods and services in the course or furtherance of an activity that is not a taxable activity, the goods and services are treated as being used in the course or furtherance of the taxable activity of the registered person—

(a) to the extent that the goods and services are not used for the making of exempt supplies; and

(b) if the goods and services are not excluded from the effect of this subsection by an election of the registered person under **subsection (3KB)**.

(3KB) If a registered person is a non-profit body resident in New Zealand that carries on an activity that is not a taxable activity and in the course or furtherance of the activity the registered person receives supplies of goods and services, for use solely in relation to the activity and to which **subsection (3K)** would apply in the absence of this subsection, and the registered person makes an election under this subsection,—

(a) the supplies used in the course or furtherance of the activity are excluded from the effect of **subsection (3K)** after a date (the **election date**), which must be before 1 April 2021 if the registered person claims a deduction in accordance with section 20(3) and (3K) for supplies used in the course or furtherance of the activity; and

(b) each asset used in the activity is treated as being disposed of on the election date in the course or furtherance of the taxable activity and being reacquired on the election date for use in the course or furtherance of an activity that is not a taxable activity.

(3KC) A registered person makes an election under **subsection (3KB)** for supplies used in relation to an activity by—

(a)	<u>notifying the Commissioner on or before the election date, in a way acceptable to the Commissioner, of—</u>	
(i)	<u>the election; and</u>	
(ii)	<u>the election date; and</u>	
(iii)	<u>the information required by the Commissioner relating to the election; and</u>	5
(b)	<u>including in a return for the taxable period in which the election date occurs an amount of output tax on the disposal of each asset referred to in subsection (3KB)(b) equal to the tax on a taxable supply having a value equal to the total of—</u>	10
(i)	<u>each amount, which may be estimated using a method acceptable to the Commissioner if adequate records are not available, that affects under subsection (3K) the calculation of the registered person’s input tax before the election date and is included in the cost of the asset; and</u>	15
(ii)	<u>each amount arising from the asset, which may be estimated using a method acceptable to the Commissioner if adequate records are not available, that affects under subsection (3K) the calculation of the registered person’s input tax before the election date and is included in the operating costs of the asset in the period of 7 years before the election date.</u>	20

225D Section 20A amended (Goods and services tax incurred relating to determination of liability to tax)

In section 20A(4), replace “for the principal purpose of making taxable supplies” with “with the intention of using the supply for making taxable supplies”. 25

226 Section 21 amended (Adjustments for apportioned supplies)

In section 21(2), in the words before paragraph (a), replace “required” with “permitted”.

227 Section 53 amended (Registered person to notify change of status)

In section 53(1)(a), delete “constitution,”. 30

228 Section 55 amended (Group of companies)

(1A) In section 55(7)(c), replace “paragraphs (db) and (dc)” with “**paragraph (db)**”. 35

(1) Replace section 55(7)(db) and (dc) with:

~~(db) if goods and services are acquired, or produced or applied, for a taxable use by a member of a group (the new member) before becoming a member of the group, and there is a difference between whichever is~~

~~relevant, for an adjustment period and the representative member, of the percentage intended use and percentage actual use of the goods and services by the new member for making taxable supplies and whichever is relevant of the percentage intended use and percentage actual use of the goods and services by the representative member of the group for making taxable supplies, the representative member of the group is deemed, for the purposes of section 21(1), to have made—~~

- ~~(i) the acquisition, or production or application, of the goods and services by the new member; and~~
- ~~(ii) the claims for input tax and adjustments of output tax, relating to the goods and services, made by the new member before becoming a member of the group; and~~

(db) if goods and services are acquired, or produced, or applied, by a member of a group (the **new member**) before becoming a member of the group and there is a difference, for an adjustment period and the representative member, between the percentage intended use of the goods and services by the new member for making taxable supplies and the percentage actual use of the goods and services by the representative member of the group for making taxable supplies, the representative member of the group is deemed, for the purposes of section 21(1), to have made—

- (i) the acquisition, or production, or application, of the goods and services by the new member with a percentage intended use for making taxable supplies equal to the percentage intended use of the new member; and
- (ii) the claims for input tax and adjustments of output tax, relating to the goods and services, made by the new member before becoming a member of the group; and

(1) Repeal section 55(7)(dc).

228B New section 88 inserted (Valuation: non-profit body making certain supplies, deregistering, or acquiring certain assets of non-profit body)

After section 87, insert:

88 Valuation: non-profit body making certain supplies, deregistering, or acquiring certain assets of non-profit body

(1) **Subsection (2) applies to a registered person who—**

- (a) is a non-profit body resident in New Zealand; and
- (b) makes in a taxable period a supply in the course or furtherance of an activity that is not a taxable activity; and
- (c) before 15 May 2018, makes a return for the taxable period.

- (2) The registered person may not, on or after 15 May 2018, take a tax position relating to the supply that differs from the tax position taken in the return for the taxable period.
- (3) A person may make an election under **subsection (4)** if—
- (a) the person is deregistered and deemed under section 5(3) to supply goods and services on a date (the **supply date**) that is on or after 15 May 2018 and before 1 April 2021; and 5
 - (b) immediately before the supply date, the person uses the goods and services in the course or furtherance of an activity that is not a taxable activity and **section 20(3K)** applies to the goods and services. 10
- (4) The registered person may elect under this subsection that the consideration in money for each supply under section 5(3) of an asset is the total of—
- (a) each amount, which may be estimated using a method acceptable to the Commissioner if adequate records are not available, that affects under **section 20(3K)** the calculation of the registered person’s input tax before the supply date and is included in the cost for the registered owner of the asset supplied; and 15
 - (b) each amount arising from the asset, which may be estimated using a method acceptable to the Commissioner if adequate records are not available, that affects under **section 20(3K)** the calculation of the registered person’s input tax before the supply date and is included in the operating costs of the asset in the period of 7 years before the supply date. 20
- (5) A registered person makes an election under **subsection (4)** by notifying the Commissioner in a way acceptable to the Commissioner— 25
- (a) of the election, and the information required by the Commissioner relating to the election; and
 - (b) when the registered person provides the return for the taxable period that includes the supply date.
- (6) **Subsection (7)** applies to the amount of input tax for a registered person (the **recipient**) from a supply of secondhand goods if— 30
- (a) the supply is of an asset formerly held by a non-profit body (the **original owner**) resident in New Zealand; and
 - (b) the recipient is—
 - (i) associated with the original owner; 35
 - (ii) a non-profit body;
 - (iii) associated with a non-profit body; and
 - (c) an election under **subsection (4)** or **section 20(3KB)** determined the output tax for the original owner on a supply of the asset; and

- (d) the supply of the asset to the recipient occurs less than 5 years after the supply of the asset by the original owner.
- (7) Despite section 3A(2) and (3), the input tax for the recipient does not exceed the output tax for the original owner on the supply of the asset by the original owner. 5
- (8) A person who is referred to in **subsection (6)** as the original owner for an asset, or who is an associate of the original owner and has access to the requested information, must provide details of the output tax for the original owner on the supply of the asset if requested by a person who is referred to in **subsection (6)** as the recipient of the asset. 10

KiwiSaver Act 2006

229 KiwiSaver Act 2006

Sections 230 to 237 amend the KiwiSaver Act 2006.

230 Section 4 amended (Interpretation)

- (1) In section 4(1), in paragraph (a)(i) of the definition of **salary or wages**, replace “section RD 5(4), (6)(b) to (bc), (6)(c), and (8)” with “section RD 5(4), (6)(b) to (bc), **(6)(bh)**, and (8)”. 15
- (2) In section 4(1), in the definition of **salary or wages**, after paragraph (a)(i), insert:
- (iaa) salary or wages described in **section RD 5(10)** of the Income Tax Act 2007 if they are an overpayment of an amount of an employer’s superannuation cash contribution that an employee chooses to have treated as salary or wages under section RD 68 of that Act; and 20

230B Section 15 amended (Effect of automatic enrolment)

- (1) In section 15(2)(b), replace “the KiwiSaver end payment date referred to in clause 4” with “the date the employee may withdraw an amount from the scheme under clause 4”. 25
- (2) In section 15(2)(c), replace “clause 4(5)” with “clause 4(3)”.

231 Section 33 amended (Certain persons may opt in)

Repeal section 33(a).

231B Section 36 amended (Effect of opting in by employees)

- (1) In section 36(2)(a), replace “the KiwiSaver end payment date referred to in clause 4” with “the date the employee may withdraw an amount from the scheme under clause 4”. 35
- (2) In section 36(2)(b), replace “clause 4(5)” with “clause 4(3)”.

232 Section 59A amended (When this subpart applies)

Repeal section 59A(c).

233 Section 59B amended (Initial back-dated validation)

- (1) In section 59B(2), in the words before the paragraphs, replace “the age requirement for the application of the opt-in rule in section 34, or the requirement of section 33(a)” with “or the age requirement for the application of the opt-in rule in section 34”. 5
- (2) In section 59B(2)(b), in the words before the subparagraphs, delete “(c),”.

234 Section 64 amended (Contribution rate)

In section 64(2), replace “3%, 4%, or 8%” with “3%, 4%, 6%, 8%, or 10%”. 10

234B Section 101C amended (Employee’s requirements)

In section 101C(c), replace “clause 4(3)” with “clause 4”.

234C Section 101G amended (Rules: providers)

- (1) In section 101G(3), replace “clause 4(3)” with “clause 4”:
- (2) In section 101G(4), replace “clause 4(3)” with “clause 4”. 15

235 Section 104 amended (Granting of contributions holiday)

Replace section 104(3)(b)(i) with:

- (i) 1 year; or

235B Section 112B amended (Non-deduction notices)

In section 112B(1), replace “who has passed the KiwiSaver end payment date described in Schedule 1, clause 4(2)” with “may withdraw an amount from a fund or scheme under clause 4 of the KiwiSaver rules or a rule the same as that clause”. 20

235C New section 241 inserted (Protection from non-compliance: Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Act 2018)

After section 240, insert:

241 Protection from non-compliance: Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Act 2018

Non-compliance with an enactment related to securities is ignored if the non-compliance— 30

- (a) results from the enactment of **section 184B, 216, 230B to 235B, 236, and 237** of the Taxation (Annual Rates for 2018-19, Modernising Tax Administration, and Remedial Matters) Act **2018**; and

- (b) relates to a product disclosure statement, or to information lodged on the relevant disclosure register, under the Financial Markets Conduct Act 2013, and
- (c) the period of the non-compliance ends before 1 September 2019.

236 Schedule 1 amended (KiwiSaver scheme rules) 5

- (1) Replace schedule 1, clause 4 with:

4 Withdrawal age

- (1) Subject to other permitted withdrawals, a member is not permitted to withdraw amounts from their KiwiSaver scheme before the date on which the member reaches the New Zealand superannuation qualification age. 10
- (2) Subject to **subclauses (4) to (6)**, a member is permitted to withdraw amounts, not totalling more than the member's accumulation, from their KiwiSaver scheme on and after the date on which the member reaches the New Zealand superannuation qualification age.
- (3) A person ceases, at the option of the provider of the KiwiSaver scheme, to be a member of the KiwiSaver scheme if— 15
- (a) the balance in all of the member's accounts reaches zero; and
- (b) the provider gives notice to the member that the person's membership is terminated.
- (4) Despite **subclause (2)** and subject to other permitted withdrawals (other than under **subclause (2)**), a person is not permitted to make a withdrawal from their KiwiSaver scheme before the grandparented end payment date, if the person is a grandparented member. 20
- (5) On and after the date on which a grandparented member reaches the grandparented end payment date, the member is permitted to withdraw amounts from their KiwiSaver scheme, not totalling more than the member's accumulation on the grandparented end payment date. ~~A grandparented member is permitted to withdraw an amount not more than the member's accumulation on the grandparented end payment date.~~ 25
- (6) For the purposes of these rules,— 30
- 5 year grandparenting date** means the earliest of—
- (a) the date that is 5 years after the day on which the member first became a member of a KiwiSaver scheme; or
- (b) the date that is 5 years after the day, under section 85, on which the Commissioner first received a contribution for a KiwiSaver scheme in relation to the member; or 35
- (c) the date that is 5 years after the day on which the member first became a member of a complying superannuation fund, if the member has become

a member of the KiwiSaver scheme as a result of a transfer from a complying superannuation fund

grandparented end payment date means the later of—

- (a) the date on which the member reaches the New Zealand superannuation qualification age:
- (b) the 5 year grandparenting date

grandparented member means a member for whom 1 of the following dates is before 1 July 2019:

- (a) the date on which the member first became a member of a KiwiSaver scheme:
- (b) the date, under section 85, on which the Commissioner first received a contribution for a KiwiSaver scheme in relation to the member:
- (c) the date on which the member first became a member of a complying superannuation fund, if the member has become a member of the KiwiSaver scheme as a result of a transfer from a complying superannuation fund.

(2) Replace schedule 1, clause 4(6), the definition of **grandparented member** with:

grandparented member—

- (a) means a member for whom 1 of the following dates is before 1 July 2019:
 - (i) the date on which the member first became a member of a KiwiSaver scheme:
 - (ii) the date, under section 85, on which the Commissioner first received a contribution for a KiwiSaver scheme in relation to the member:
 - (iii) the date on which the member first became a member of a complying superannuation fund, if the member has become a member of the KiwiSaver scheme as a result of a transfer from a complying superannuation fund; but
- (b) does not include a person who has given their KiwiSaver scheme provider notice of the person's election that this definition does not apply to them.

237 Amendments to KiwiSaver Act 2006 related to nomenclature changes

The KiwiSaver Act 2006 is amended as set out in **schedule 6**.

Child Support Act 1991

238 Child Support Act 1991

Sections 239 to 242 amend the Child Support Act 1991.

- 239 Section 35 amended (Adjusted taxable income)**
Replace section 35(6) with:
- (6) If a person’s taxable income for a tax year has not been assessed, the Commissioner must determine the person’s taxable income on the basis of the income and any other particulars known to the Commissioner. 5
- 240 Section 81 amended (Notification requirement of parents)**
In section 81(1)(b), replace “who meets the requirements of section 33AA(1)” with “who derives no income other than reportable income described in **section 22D(2)**”.
- 241 Section 163 amended (Payment of deductions to Commissioner)** 10
In section 163(1)(b), replace “sections 23E to 23H” with “sections 23E to 23H and 23J”.
- 242 Consequential amendments**
The consequential amendments to provisions of the Child Support Act 1991 that are listed in **schedule 3** apply as set out in that schedule. 15
- Student Loan Scheme Act 2011***
- 243 Student Loan Scheme Act 2011**
Sections 244 to 249 amend the Student Loan Scheme Act 2011.
- 244 Section 34 amended (Repayment codes for New Zealand-based borrowers who derive salary or wages)** 20
(1) In section 34(1)(b), replace “STC” with “TTC”.
(2) In section 34(2)(a), replace “special tax code” with “tailored tax code”.
(3) In section 34(3)(b), replace “STC” with “TTC”.
- 245 Section 35 amended (Borrowers with “SL” repayment code must notify employers)** 25
In section 35(2)(b), replace “STC” with “TTC”.
- 246 Section 36 amended (Employer or PAYE intermediary must make standard deductions from salary or wages)**
In section 36(1)(c), replace “STC” with “TTC”.
- 247 Section 57 amended (Consequences of exemption from standard deductions)** 30
In section 57(1)(a), replace “STC” with “TTC”.

Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Bill		
Part 4 cl 248		
248	Section 60 amended (When exemption from standard deductions ceases to apply)	
	In section 60(2)(a), replace “STC” with “TTC”.	
249	Schedule 2 amended (Application of PAYE rules for purposes of section 70)	5
(1)	In schedule 2, in clause 1(d), replace “STC” with “TTC”.	
(2)	In schedule 2, clause 2(a)(i), replace “RD 10B, RD 13B” with “RD 10B, RD 13, RD 13B”.	
	<i>Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018</i>	10
250	Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018	
	Sections 250B4 to 258 amend the Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018.	
250B	<u>Section 6 amended (Section CB 6A (Disposal within 2 years: bright-line test for residential land))</u>	15
	After section 6(2), insert:	
(3)	<u>Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018.</u>	20
(4)	<u>Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision.</u>	25
250C	<u>Section 7 amended (Section CB 16A (Main home exclusion for disposal within 2 years))</u>	
	After section 7(2), insert:	
(3)	<u>Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018.</u>	30
(4)	<u>Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision.</u>	35

250D Section 45 amended (Section DB 18A (Ring-fenced allocations: disposal of residential land within 2 years))

After section 45(2), insert:

- (3) Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018.

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- (4) Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision.

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250E Section 46 amended (Section DB 18AB (Deduction cap: disposal of residential land within 2 years to associated persons))

After section 46(2), insert:

- (3) Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018.

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- (4) Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision.

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250F Section 93 amended (Section FB 3A (Residential land))

After section 93(2), insert:

- (3) Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018.

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- (4) Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision.

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250G Section 95 amended (Section FC 9 (Residential land transferred to executor, administrator, or beneficiary on death of person))

After section 95(2), insert:

(3) Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018.

(4) Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision.

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250H Section 107 amended (Section FO 10 (When property passes on resident’s restricted amalgamation))

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After section 107(2), insert:

(3) Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018.

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(4) Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision.

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250I Section 108 amended (Section FO 17 (Land))

After section 108(2), insert:

(3) Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018.

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(4) Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision.

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250J Section 110 amended (Section GB 52 (Arrangements involving residential land: companies’ shares))

After section 110(2), insert:

(3) Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018.

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(4) Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision.

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250K Section 111 amended (Section GB 53 (Arrangements involving residential land: trusts))

After section 111(2), insert:

(3) Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018.

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(4) Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision.

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251 Section 158 amended (Section LD 4 (Tax credits for payroll donations))

Repeal section 158(2).

252 Sections 186, 215, 263, 265, 266, 268, 271, and 283 repealed

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Repeal sections 186, 215, 263, 265, 266, 268, 271, and 283.

252B Section 231 amended (Section RL 1 (Residential land withholding tax))

After section 231(2), insert:

(3) Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018.

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(4) Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision.

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253 Section 240 amended (Section RP 14 (Collection, payment, and information requirements))

Repeal section 240(1).

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254 Section 243 amended (Section YA 1 (Definitions))

(1) Repeal section 243(52).

- (2) After section 243(91), insert:
- (92) Despite subsection (91), subsections (4), (11), (16), (59), and (71) do not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018. 5
- (93) Despite subsection (91), subsections (4), (11), (16), (59), and (71) do not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision. 10
- 255 Section 261 amended (Section 3 (Interpretation))**
In section 261(5), replace “sections 15L, 23, 36, 47, 80D, 139A” with “sections 23, 36, 47, 80D, **124Q**, 139A.”
- 256 Section 267 amended (Section 15L (Amended monthly schedules))** 15
In section 267, replace “section 15L” with “**section 124Q**” in each place where it appears.
- 257 Section 285 amended (Section 25A (Use of inconsistent RWT rates))**
Repeal section 285(2).
- 257B Section 321 amended (Section 54C (Information in relation to payment of RLWT))** 20
After section 321(2), insert:
- (3) Despite subsection (2), subsection (1) does not apply to a person’s disposal of a freehold estate in residential land that the person acquired as the owner of a leasehold estate with a perpetual right of renewal, if the person was granted the leasehold estate before 29 March 2018. 25
- (4) Despite subsection (2), subsection (1) does not apply to a person’s disposal of an estate or interest in residential land that the person acquired as the result of the completion of a land development or subdivision, if before 29 March 2018 the person entered into the agreement under which they acquired the estate or interest upon the completion of the land development or subdivision. 30
- 258 Schedule 2 amended (Consequential amendments to other enactments related to tax administration)**
In schedule 2,—
- (a) in the entry for the Companies Act 1993, replace “section 15ZB” with “section 169B”: 35
- (b) in the entry for the Insolvency Act 2006, replace “section 15ZB” with “section 169B”.

Families Package (Income Tax and Benefits) Act 2017

259 Families Package (Income Tax and Benefits) Act 2017

Sections 260 and 261 amend the Families Package (Income Tax and Benefits) Act 2017.

260 Section 2 amended (Commencement)

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(1) In section 2(4), delete “48, 50,”.

(2) Repeal section 2(5).

261 Sections 48 to 51 and 57 repealed

Repeal sections 48 to 51 and 57.

Income Tax Act 2004

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262 Income Tax Act 2004

Sections 263 and ~~264~~264D amend the Income Tax Act 2004.

263 Section KD 2AB amended (Parental tax credit)

Replace section KD 2AB(1)(a) and (b) with:

(a) a person or their spouse does not receive or have, for 1 or more days during the first 56 days after the date of the dependent child’s birth (in this subpart, the **entitlement period**), a specified payment or a suspended entitlement to an income tested benefit; and

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(b) a person or their spouse does not receive, at any time in the parental entitlement period, a parental leave payment under Part 7A of the Parental Leave and Employment Protection Act 1987.

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264 Section KD 2AB amended (Parental tax credit)

Replace section KD 2AB(1)(a) and (b) with:

(a) a person, their spouse, civil union partner, or de facto partner does not receive or have, for 1 or more days during the first 56 days after the date of the dependent child’s birth (in this subpart, the **entitlement period**), a specified payment or a suspended entitlement to an income tested benefit; and

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(b) a person, their spouse, civil union partner, or de facto partner does not receive, at any time in the parental entitlement period, a parental leave payment under Part 7A of the Parental Leave and Employment Protection Act 1987.

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264B Section MD 1 amended (Refund of excess tax)

Replace section MD 1(b) with:

(b) either—

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- (i) the amount has arisen on an original assessment; or
- (ii) the amount has arisen on an amended assessment and the 4-year period under section 108(1) of the Tax Administration Act 1994 for amendment of an assessment has not ended.

264C New section MD 1B inserted (Treatment of certain refunds made on income statements: 2005–06, 2006–07, and 2007–08 income years)

- (1) After section MD 1, insert:

MD 1B Treatment of certain refunds made on income statements: 2005–06, 2006–07, and 2007–08 income years

- (1) This section applies for the period that includes the 2005–06, 2006–07, and 2007–08 income years when—

- (a) an income statement has been provided to a person for a tax year and the result is that an amount of tax must be refunded to the person; and
- (b) the person is a deceased person for whom no executor or administrator has been appointed; and
- (c) the amount is—
 - (i) more than the confirmation threshold applying for the person at the time the income statement was provided; and
 - (ii) not more than \$15,000.

- (2) The Commissioner may allow a person appearing on the list described in **subsection (3)** to confirm the correctness of the income statement on behalf of the person.

- (3) The Commissioner must publish a list of the classes of persons who are considered likely to have a relationship with a deceased person and that the Commissioner considers may be best placed to confirm an income statement of a deceased person.

- (2) **Subsection (1)** applies for the 2005–06, 2006–07, and 2007–08 income years.

264D New section MD 1C inserted (Treatment of certain refunds not paid within 4-year period: 2005–06, 2006–07, and 2007–08 income years)

- (1) After **section MD 1B**, insert:

MD 1C Treatment of certain refunds not paid within 4-year period: 2005–06, 2006–07, and 2007–08 income years

- (1) This section applies for the period that includes the 2005–06, 2006–07, and 2007–08 income years when—

- (a) a person overpaid their tax for an income year that falls in the period and was entitled to a refund of tax; and

- (b) the refund arose from the person’s return of income and not from an amended assessment; and
- (c) the Commissioner was unable to make the refund within the 4-year period referred to in section 108(1); and
- (d) after the expiry of the 4-year period, the refund could not be made under section RM 2 as it was before it was amended by section 87(1) of the Taxation (Livestock Valuation, Assets Expenditure, and Remedial Matters) Act 2013. 5
- (2) The Commissioner may pay the refund to the person.
- (2) **Subsection (1)** applies for income years from the 2008–09 income year to the 2012–13 income year. 10

Other enactments

Accident Compensation Act 2001

265 Schedule 4 amended (Deductions on account of earner levies)

- (1) In the Accident Compensation Act 2001, schedule 4, clause 16,— 15
 - (a) replace “as it relates to income statements” with “as it relates to information provided or required to be provided on the person’s assessable income under **Part 3, subpart 3B** of that Act”;
 - (b) replace paragraph (a) with:
 - (a) confirm that their pre-populated account for the tax year is correct and complete; and 20
 - (ab) to the extent to which the amount not included in their pre-populated account for the tax year, provide information to the Commissioner ~~in an adjusted account to include on~~ the amount of their earnings as an employee within the time required under **section 22F22HB** of that Act; 25
 - (ac) for a person to whom **paragraph (a) or (ab)** does not apply, provide a return of income within the applicable time under that Act; and
- (2) In the Accident Compensation Act 2001, schedule 4, clause 19, replace “is not required to furnish a return of income or an income statement under the Tax Administration Act 1994 and does not in fact do so,” with “is ~~an~~ a qualifying individual to whom **Part 3, subpart 3B** of the Tax Administration Act 1994 applies ~~and who derives only reportable income~~ for the corresponding income year,”. 30
- (3) **Subsections (1) and (2)** apply for the 2018–19 and later income years. 35

Intelligence and Security Act 2017

266 Section 135 amended (Meaning of restricted information)

Replace section 135(a) of the Intelligence and Security Act 2017 with:

- (a) information that a revenue officer must keep confidential under **section 18(1)** of the Tax Administration Act 1994:

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Financial Advisers Act 2008

267 Section 5 amended (Interpretation)

In section 5 of the Financial Advisers Act 2008, in the definition of **tax agent**, replace “Act 1994” with “Act 1994 and, for the purposes of this Act, includes a representative and nominated person as those terms are defined in section 3(1) of the Tax Administration Act 1994”.

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Financial Service Providers (Registration and Dispute Resolution) Act 2008

268 Section 4 amended (Interpretation)

In section 4 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008, in the definition of **tax agent**, replace “Act 1994” with “Act 1994 and, for the purposes of this Act, includes a representative and nominated person as those terms are defined in section 3(1) of the Tax Administration Act 1994”.

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Income Tax Act 1994

269 Section KD 2AB amended (Parental tax credit)

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Replace section KD 2AB(1)(a) and (b) of the Income Tax Act 1994 with:

- (a) a person or their spouse does not receive or have, for 1 or more days during the first 56 days after the date of the dependent child’s birth (the **parental entitlement period**), a specified payment or a suspended entitlement to an income tested benefit; and
- (b) a person does not receive, at any time in the parental entitlement period, a parental leave payment under Part 7A of the Parental Leave and Employment Protection Act 1987.

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269B Section MD 1 amended (Refund of excess tax)

Replace section MD 1(b) with:

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- (b) either—
- (i) the amount has arisen on an original assessment; or
- (ii) the amount has arisen on an amended assessment and the 4-year period under section 108(1) of the Tax Administration Act 1994 for amendment of an assessment has not ended.

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269C New section MD 1B inserted (Treatment of certain refunds made on income statements: 2000–01, 2001–02, 2002–03, and 2003–04 income years)

(1) After section MD 1, insert:

MD 1B Treatment of certain refunds made on income statements: 2000–01, 2001–02, 2002–03, and 2003–04 income years

(1) This section applies for the period that includes the 2000–01, 2001–02, 2002–03, and 2003–04 income years when—

(a) an income statement has been provided to a person for a tax year and the result is that an amount of tax must be refunded to the person; and

(b) the person is a deceased person for whom no executor or administrator has been appointed; and

(c) the amount is—

(i) more than the confirmation threshold applying for the person at the time the income statement was provided; and

(ii) not more than \$15,000.

(2) The Commissioner may allow a person appearing on the list described in **subsection (3)** to confirm, to the best of their knowledge, the correctness of the income statement on behalf of the person.

(3) The Commissioner must publish a list of the classes of persons who are considered likely to have a relationship with a deceased person and that the Commissioner considers may be best placed to confirm an income statement of a deceased person.

(2) **Subsection (1)** applies for the 2000–01, 2001–02, 2002–03, and 2003–04 income years.

Taxation Review Authorities Act 1994

270 Section 12 amended (Officers to maintain secrecy)

In section 12 of the Taxation Review Authorities Act 1994, replace “section 81” with “**section 18(1)**”.

Taxation Review Authorities Regulations 1998

271 Regulation 36 amended (Reports of decisions)

In regulation 36(5) of the Taxation Review Authorities Regulations 1998, replace “section 81” with “**section 18(1)**”.

Tax Administration (Binding Rulings) Regulations 1999

- 272 Tax Administration (Binding Rulings) Regulations 1999**
Sections 273 to 276 amend the Tax Administration (Binding Rulings) Regulations 1999.
- 273 Regulation 2 amended (Interpretation)** 5
 In regulation 2 of the Tax Administration (Binding Rulings) Regulations 1991, insert, in appropriate alphabetical order:
short-process ruling means a ruling of the Commissioner under **section 91EK** of the Act
- 274 Regulation 3 amended (Fees)** 10
 After regulation 3(1A), insert:
 (1B) For a short-process ruling, an application fee and further fees are payable at rates that are lower than those set out in subclause (1)(a) and (b), as determined and published by the Commissioner.
- 275 Regulation 5 amended (Indication of time for issue of ruling in certain cases)** 15
 In regulation 5(1), replace “product ruling,” with “product ruling, a short-process ruling.”
- 276 Regulation 6 amended (Waiver of fees)** 20
 In regulation 6(2), replace “the day on which the Taxation (Annual Rates, Trans-Tasman Savings Portability, KiwiSaver, and Remedial Matters) Act 2010 receives the Royal assent” with “7 September 2010”.

Schedule 1 New schedules 7 and 8 inserted

s 102

Schedule 7 Disclosure rules

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ss 18–18J

1 Parts A to D

This schedule contains the following parts:

- (a) **part A**: Disclosures for carrying into effect revenue laws:
- (b) **part B**: Disclosures to persons or their representatives:
- (c) **part C**: Disclosures to certain agencies for certain purposes:
- (d) **part D**: Disclosures for purposes of international arrangements.

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Part A

Disclosures for carrying into effect revenue laws

2 Disclosures for purpose of carrying into effect revenue laws

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Section 18 does not prevent the disclosure of sensitive revenue information—

- (a) for the purpose of carrying into effect a revenue law, or performing or supporting a function lawfully conferred on the Commissioner under a revenue law; and
- (b) to a person or entity specified in **clauses 3 to 13** about the matter described in the provision; and
- (c) subject to any conditions set out in the provision.

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3 Tax advisors or persons acting as tax agents

(1) Despite **section 18**, the Commissioner may supply information to an approved advisor group about an action or omission—

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- (a) by a person who is, or purports to be, a member of the approved advisor group; and
- (b) that the Commissioner considers to be a breach of a member's responsibilities under sections 20 to 20G.

(2) Despite **section 18**, the Commissioner may supply information about a person to an association or group if—

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- (a) the person is, or purports to be, a member of the association or group as a person who is in a business of preparing tax returns for other people; and

	(b) the members of the association or group are subject to—	
	(i) a professional code of conduct; and	
	(ii) a disciplinary process that enforces compliance with the code of conduct; and	
	(c) the information—	5
	(i) is relevant to a decision of the Commissioner removing the person from the list of tax agents or refusing to list the person as a tax agent:	
	(ii) in the Commissioner’s opinion, is or would be relevant to a decision referred to in subparagraph (i) .	10
4	Misappropriation of money	
	Section 18 does not prevent the Commissioner communicating such information as is necessary for the purpose of any prosecution under any Act of the Parliament of New Zealand or under the law of any country or territory outside New Zealand, or such information as the Commissioner considers desirable for the purpose of any investigation into any suspected offence, being a prosecution or an investigation in relation to any misappropriation or attempted misappropriation by any person in respect of money payable by the department to another person or by any person in respect of money entrusted to that person by, or on behalf of, another person for payment to the department: provided that no communication under this clause shall be made in respect of any person to whom such money was payable, or by, or for, or on behalf of, whom any such money was entrusted, unless that person or that person’s legal personal representative, or, where that person is a company, the authorised officer of that company, consents to the communication.	15 20 25
5	Offences under Crimes Act 1961	
	Section 18 does not prevent the Commissioner divulging or communicating any matter or thing or producing in any court any document, that the Commissioner considers desirable for the purposes of any investigation into any suspected offence or prosecution under the Crimes Act 1961, where the investigation or prosecution is in relation to any tax imposed or payable or any refund made or claimed under the Goods and Services Tax Act 1985, and any such matter or thing shall be deemed to be divulged or communicated and any such document shall be deemed to be produced for the purpose of carrying into effect the Goods and Services Tax Act 1985.	30 35
6	Civil recovery action	
	Section 18 does not prevent communicating to any authorised person (as defined in section 98(1) of the Criminal Proceeds (Recovery) Act 2009) any information required for the purpose specified in subsection (2)(b) of that section.	40

7	Offences under revenue laws	
	Section 18 does not prevent the Commissioner divulging or communicating any matter or thing to the Director of the Serious Fraud Office, or producing in any court any document, that the Commissioner considers desirable for the purposes of any investigation or prosecution in relation to any suspected Inland Revenue offence, and any such matter or thing shall be deemed to be divulged or communicated, and any such document shall be deemed to be produced, for the purpose of carrying into effect the revenue laws or any other enactment imposing taxes or duties payable to the Crown.	5
8	Child support: arrival and departure information	10
	Section 18 does not prevent the Commissioner communicating to a person who is a member, employee, or agent, of the New Zealand Customs Service, information that—	
	(a) the person is authorised by the New Zealand Customs Service to receive; and	15
	(b) relates to a person who is liable to pay financial support under the Child Support Act 1991; and	
	(c) the Commissioner considers is not undesirable to disclose and is reasonably necessary for the purposes specified in sections 280K and 280L <u>307 and 313</u> of the Customs and Excise Act 1996 <u>2018</u> .	20
9	Student loans	
	Section 18 does not prevent the Commissioner—	
	(a) communicating to an authorised person under section 207 of the Student Loan Scheme Act 2011 any information specified in subsection (1) of that section in accordance with subsection (1) of that section:	25
	(b) communicating to the chief executive of the New Zealand Customs Service under section 208 of the Student Loan Scheme Act 2011 any information specified in subsection (2) of that section for the purpose set out in subsection (1) of that section:	
	(c) communicating to a contact person (within the meaning of section 193A of the Student Loan Scheme Act 2011), for the purposes of a request under that section, any information required to be communicated by that section:	30
	(d) communicating to a person referred to in section 209A(2) of the Student Loan Scheme Act 2011 any information specified in subsection (3) of that section for the purposes set out in subsection (1) of that section.	35
10	Data processing	
	Section 18 does not prevent the Commissioner communicating to any officer or employee or agent of any of the State Services any information in relation to	

	the processing of information, data, documents, or any other matter necessary for the effective administration of the Inland Revenue Acts (including all Acts at any time administered by or in the department) or any other function that may from time to time be lawfully conferred on the Commissioner.	
11	Services necessary for effective administration of revenue laws	5
	Section 18 does not prevent the Commissioner communicating to any person, or employee of that person, being a person engaged by the Commissioner for the performance of services necessary for the effective administration of the Inland Revenue Acts (including all Acts at any time administered by or in the department) or any other function that may from time to time be lawfully conferred on the Commissioner, such information as the Commissioner considers necessary for the performance of those services.	10
12	Residential land withholding tax	
	Section 18 does not prevent the Commissioner communicating to a relevant professional body appropriate details of a failure by 1 of its members to satisfy, as agent, a person's liability to pay RLWT in accordance with the RLWT rules.	15
13	Publishing certain items	
	Section 18 does not prevent the Commissioner—	
	(a) publishing a product ruling issued under Part 5A:	
	(b) publishing a list of organisations that are approved organisations:	20
	(c) publishing the name of a company that has given the Commissioner a notice under section EX 33B(1)(b) or (2)(b) of the Income Tax Act 2004.	
Part B		
Disclosures to persons or their representatives		
14	Disclosures to persons or their representatives	25
	Section 18 does not prevent the disclosure of <u>sensitive</u> revenue information to a person specified in clauses 15 to 19 about the matter described in the provision, subject to any conditions set out in the provision.	
15	Persons in relation to whom information held and their representatives	
(1)	Section 18 does not prevent the Commissioner permitting a copy of, or details of and from, any document or information (including details of taxes and duties paid and payable), in the possession of, or obtained by, or on behalf of, the Commissioner for the purposes of any of the Inland Revenue Acts, including all Acts (whether or not repealed) at any time administered by or in the department, or for the purpose of any other function lawfully conferred on the Commissioner, to be given to the person from whom, or on behalf of whom, or in relation to whom such document or information is held or was	30
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	obtained, or to the legal personal representative of that person or to the agent of that person or of that legal personal representative authorised in a manner as the Commissioner prescribes in that behalf: provided that no information shall be given under this clause unless the Commissioner—	
	(a) is satisfied that such information is readily available in the department; and	5
	(b) considers it reasonable and practicable to give that information.	
(2)	In this clause, unless the context otherwise requires, legal personal representative , in relation to any person, means—	
	(a) the executor, original or by representation, or an administrator for the time being of a deceased person:	10
	(b) any person who by order of court has been appointed as guardian or manager of the estate of any person:	
	(c) any other person who by order of court administers the estate of any person.	15
16	Third-party providers	
	Section 18 does not prevent the Commissioner communicating to—	
	(a) a taxpayer whose return of income is being or has been prepared by another person as a tax agent of the taxpayer—	
	(i) whether the person is listed as a tax agent:	20
	(ii) a decision of the Commissioner refusing to list the person as a tax agent or removing the person from the list of tax agents:	
	(b) a person who is named under section RP 18 of the Income Tax Act 2007 by an intermediary as being connected with a deposit to a tax pooling account, the details of the deposit that are connected with the person in the Commissioner's records:	25
	(c) a person when another person is acting on their behalf in relation to their tax affairs or social policy entitlements and obligations, or both, as either a representative or a nominated person—	
	(i) whether approval of the person's status, or their continued status, as a representative is disallowed:	30
	(ii) whether the person's status as a nominated person is disallowed:	
	(iii) a decision of the Commissioner refusing to approve the person's status or disallowing the person's status:	
	(d) an employer for whom a PAYE intermediary is acting, a revocation of approval under section 124J :	35
	(e) a person who uses the software provided by an approved AIM provider, a revocation of their approval under section 124V :	

- (f) a person for whom an RWT proxy is acting, a breach of the requirements set out in **section 124ZB(2)**.

17 Software clients

Section 18 does not prevent the Commissioner communicating information relating to a person (the **software client**), who uses an accepted software package to communicate information to, and receive information from, the Commissioner,—

- (a) to a person, or an employee or agent of a person, who maintains the accepted software package for the software client; and
- (b) as a consequence of communicating the information to the software client using the accepted software package.

18 Digital services providers

Section 18 does not prevent the Commissioner communicating information about a person (**person A**) to another person who is listed by the Commissioner in a publication chosen by the Commissioner as an accepted provider of digital services when person A uses the digital services to communicate with the Commissioner and the disclosure is a consequence of that communication.

~~19 Statistical and general information~~

~~**Section 18** does not prevent the Commissioner communicating to a person information requested by the person if—~~

- ~~(a) the information is statistical or other general information that is in the public interest to communicate; and~~
- ~~(b) the information does not reveal the identity of a taxpayer; and~~
- ~~(c) the Commissioner considers that it is reasonable to communicate the information with regard to the considerations described in **section 48D(2)(b)**.~~

Part C

Disclosures to certain agencies for certain purposes

Subpart 1—Disclosures to certain agencies

20 Disclosures to certain agencies and exchanges of information

Section 18 does not prevent the disclosure of sensitive revenue information to a person or entity specified in **clauses 21 to 40** about the matter described in the provision, subject to any conditions set out in the provision.

21 Statistics New Zealand

Section 18 does not prevent the Commissioner communicating to any officer, being an employee of Statistics New Zealand, any information, being information that—

- (a) the officer is authorised by that department to receive; and 5
- (b) the disclosure of which is made for the purposes of the Statistics Act 1975; and
- (c) the Commissioner considers is not undesirable to disclose.

22 The Treasury

(1) **Section 18** does not prevent the Commissioner communicating to any officer, being an employee of the Treasury (as defined in section 2 of the Public Finance Act 1989), any information, being information that— 10

- (a) the officer is authorised by the Secretary (as defined in section 2 of that Act) to receive; and
- (b) the Commissioner considers is not undesirable to disclose and is essential to enable that officer to carry out any duty lawfully conferred on that officer relating to the preparation of taxation revenue forecasts. 15

(2) **Section 18** does not prevent the Commissioner communicating to any officer, being an employee of the Treasury (as defined in section 2 of the Public Finance Act 1989), any information communicated to that person for the purposes of section LH 15 of the Income Tax Act 2007. 20

23 Intelligence and security agencies

Section 18 does not prevent the Commissioner allowing the Director-General of an intelligence and security agency (as defined in section 4 of the Intelligence and Security Act 2017), or an employee of that intelligence and security agency authorised by the Director-General for that purpose, access to information specified in a permission given under section 137 or 138 of that Act. 25

24 Government agencies: AML/CFT purposes

Section 18 does not prevent the Commissioner disclosing to a government agency or an AML/CFT supervisor (as defined in section 5 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009) information supplied or obtained under an enactment referred to in section 140(2)(k), (l), and (v) of that Act that is necessary or desirable for the purpose of ensuring compliance with AML/CFT legislation. 30

25 New Zealand Customs Service: value of imported goods 35

Section 18 does not prevent the Commissioner disclosing to the chief executive of the New Zealand Customs Service information for the purpose of assessing the suitability of an arrangement relating to the use of provisional

	values under the Customs and Excise Act 2018, including the determination of an application to use provisional values.	
26	Business, Innovation, and Employment: New Zealand business number	
(1)	Section 18 does not prevent the Commissioner communicating to a person who is an authorised officer of the department for the time being responsible for the New Zealand Business Number Act 2016 any information that—	5
	(a) is primary business data (as defined in section 20(2) of that Act) for inclusion in the New Zealand Business Number Register; or	
	(b) is communicated for the purposes of subclauses (2) and (3) .	
(2)	This clause authorises the exchange of information between the Inland Revenue Department and the department for the time being responsible for the administration of the New Zealand Business Number Act 2016 to ensure that the correct primary business data (as defined in section 20(2) of that Act) for businesses and New Zealand Business Numbers is provided for inclusion in the New Zealand Business Number Register.	10 15
(3)	For the purposes of subclause (2) , the Commissioner may supply an authorised officer of the department for the time being responsible for the administration of the New Zealand Business Number Act 2016 information concerning primary business data to verify the correctness of the information to be included in the New Zealand Business Number Register.	20
(4)	In this clause, authorised officer , in relation to the responsible department, means any officer, employee, or agent of that department who is authorised by the chief executive of that department to receive information supplied by the Commissioner under this clause.	
27	Agencies for workplace safety	25
	Section 18 does not prevent the Commissioner communicating to a person who is an officer or employee of the Ministry of Business, Innovation, and Employment, WorkSafe New Zealand, or an agency designated under section 191 of the Health and Safety at Work Act 2015, information that—	
	(a) the person is authorised by the Ministry, WorkSafe New Zealand, or agency, as applicable, to receive under workplace legislation; and	30
	(b) the Commissioner considers is not undesirable to disclose and is reasonably necessary to enable the person to carry out a function, duty, or power conferred on the person under or in relation to workplace legislation.	35
28	Agencies for charities regulation	
	Section 18 does not prevent the Commissioner communicating to any person, being a member, an employee, or an agent of the Board established by section	

8 of the Charities Act 2005 or the chief executive defined in section 4(1) of that Act, any information, being information that—

- (a) the person is authorised by that Board or chief executive to receive; and
- (b) the Commissioner considers is not undesirable to disclose and is reasonably necessary to enable that person to carry out any duty lawfully conferred on that person relating to the exercise of the powers of that Board or chief executive or the performance of their functions and duties under that Act.

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29 Agencies for foreign trusts regulation

Section 18 does not prevent the Commissioner communicating to a person who is ~~a member of the New Zealand Police~~ or an officer, employee, or agent of the Department of Internal Affairs or the New Zealand Police any information relating to a registration, or absence of registration, for a foreign trust that the person is authorised by the Commissioner of Police or the chief executive of the Department of Internal Affairs to receive.

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30 Government agencies: voice recognition analysis

Section 18 does not prevent the Commissioner communicating, to a person (the **officer**) who is an officer or employee of a public sector agency, as defined in the Privacy Act 1993, information if—

- (a) the officer is authorised by the public sector agency to receive the information; and
- (b) the information relates to a record of the voice of a person (the **client**), used by the Commissioner to verify the identity of the client, or relates to an analysis of the record; and
- (c) the information is obtained, held, and communicated by the Commissioner for a purpose relating to verifying the identity of the client; and
- (d) the public sector agency is authorised by the client to receive the information; and
- (e) the Minister of Revenue has been notified by the Commissioner that such information will be communicated to the public sector agency.

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31 Financial Markets Authority: KiwiSaver information

Section 18 does not prevent the Commissioner communicating to the Financial Markets Authority the following information, provided that the Commissioner considers it not undesirable to disclose the information and the information is reasonably necessary to enable the FMA to perform its duties or functions or exercise its powers—

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- (a) individual or aggregate information relating to a member of a KiwiSaver scheme or a complying superannuation fund (as those terms are defined in section 6(1) of the Financial Markets Conduct Act 2013);

	(b) individual or aggregate information relating to a KiwiSaver scheme or a complying superannuation fund:	
	(c) information arising from the performance of the Commissioner's duties or functions, or the exercise of the Commissioner's powers, in relation to the KiwiSaver Act 2006 or a provision of an Inland Revenue Act that is relevant to the KiwiSaver Act 2006.	5
32	Land Information New Zealand	
	Section 18 does not prevent the Commissioner communicating to the chief executive, or an authorised employee, of Land Information New Zealand under section 156J of the Land Transfer Act 1952 any information specified in subsection (1) of that section for the purpose set out in that subsection.	10
33	Registrars of courts	
	Section 18 does not prevent the Commissioner communicating to any Registrar, in accordance with section 104A of the Summary Proceedings Act 1957, any information required under subsection (1) of that section.	15
34	Credit reporting agencies	
(1)	Section 18 does not prevent the Commissioner communicating information relating to a taxpayer and reportable unpaid tax to an approved credit reporting agency.	
(2)	The purpose of this clause is to facilitate the exchange between the Commissioner and approved credit reporting agencies of information relating to a taxpayer's reportable unpaid tax.	20
(3)	Subclauses (5), (6), and (7) apply when—	
(a)	a taxpayer has an amount of reportable unpaid tax; and	
(b)	the Commissioner has formally notified the taxpayer that—	25
(i)	the taxpayer has reportable unpaid tax; and	
(ii)	the Commissioner may give an approved credit reporting agency information in relation to the taxpayer and any amount of reportable unpaid tax under this clause; and	
(c)	the Commissioner has made reasonable efforts to recover reportable unpaid tax from the taxpayer before the day on which the taxpayer is formally notified under paragraph (b) ; and	30
(d)	30 days after the formal notification under paragraph (b) ,—	
(i)	the taxpayer has an amount of reportable unpaid tax that is greater than the amount prescribed, from time to time, by the Governor-General by Order in Council:	35
(ii)	the taxpayer has an amount of reportable unpaid tax that has been unpaid for a year, and, in the Commissioner's judgement, the pro-	

- portion of the unpaid amount to the taxpayer's assessable income for that year is 30% or more.
- (4) **Subclauses (5), (6), and (7)** also apply when—
- (a) a taxpayer has an amount of reportable unpaid tax; and
 - (b) the Commissioner has formally notified the taxpayer that—
 - (i) the taxpayer has reportable unpaid tax; and
 - (ii) the Commissioner may give an approved credit reporting agency information in relation to the taxpayer and any amount of reportable unpaid tax under this clause; and
 - (c) the Commissioner has formally notified the taxpayer under **subclause (3)(b)** twice in the year before the notice in **paragraph (b)** of this subclause, but did not communicate information relating to the taxpayer under **subclause (5) or (6)** in the year, because the taxpayer partially paid the total relevant amount of reportable unpaid tax; and
 - (d) the Commissioner has made reasonable efforts to recover an amount of reportable unpaid tax from the taxpayer before the day on which the taxpayer is formally notified under **paragraph (b)** of this subclause.
- (5) The Commissioner may communicate to an approved credit reporting agency information relating to the taxpayer and any amount of reportable unpaid tax for the purposes of—
- (a) enabling the approved credit reporting agency to include information in the taxpayer's credit report; and
 - (b) evidencing and maintaining the accuracy of the credit report in relation to the information.
- (6) The Commissioner may also communicate to an approved credit reporting agency information for the purposes described in **subclause (5)** if—
- (a) the information relates to the taxpayer and any amount that would be reportable unpaid tax if it was not subject to an instalment arrangement requested by the taxpayer and entered into by the Commissioner (the **instalment arrangement**); and
 - (b) the instalment arrangement was entered into by the Commissioner after the Commissioner has communicated to an approved credit reporting agency information relating to the taxpayer under **subclause (5)**.
- (7) The Commissioner may not communicate to an approved credit reporting agency until the Commissioner has finished considering an application under section 177 or 183H, if the application was made in the 30 days after the day on which the taxpayer is formally notified under **subclause (3)(b) or (4)(b)**.
- (8) The Commissioner must publish annually, in a publication chosen by the Commissioner, the following:

- (a) the number of taxpayers that the Commissioner has formally notified under this clause in the previous tax year; and
 - (b) the number of taxpayers that the Commissioner has communicated information in relation to, under **subclause (5) or (6)**, in the previous tax year; and 5
 - (c) the number of taxpayers that the Commissioner has formally notified and communicated information in relation to, under **subclause (5) or (6)**, but who paid the total relevant amount of reportable unpaid tax in the previous tax year; and
 - (d) any other matter relating to the Commissioner’s use of this clause that the Commissioner decides it is appropriate to publish, including revoking an approval under **subclause (9)**. 10
- (9) The Commissioner may approve, or revoke the approval of, an organisation described in **subclause (10)(a)**, if the approval or revocation positively affects the integrity of the tax system. 15
- (10) For the purposes of this clause, **approved credit reporting agency** means an organisation that—
 - (a) carries on a business of reporting to other organisations, for payment, information relevant to the assessment of a person’s creditworthiness; and 20
 - (b) is approved by the Commissioner under **subclause (9)**; and
 - (c) the Commissioner has published the name of, in a publication chosen by the Commissioner.
- (11) For the purposes of this clause, **credit report** means credit information about a person that is disclosed by an approved credit reporting agency. 25
- (12) For the purposes of this clause, **reportable unpaid tax**—
 - (a) means, for a taxpayer, unpaid tax—
 - (i) that results from liability for or excess refunds of income tax, excluding refunds under section MF 5 or MF 6 of the Income Tax Act 2007, or is otherwise the overpayment or over-crediting of WFF tax credits; and 30
 - (ii) that results from liability for or refunds of GST, amounts required to be deducted under the PAYE rules, amounts required to be deducted under the Student Loan Scheme Act 2011, amounts required to be deducted under the Child Support Act 1991, ESCT, RSCT, or any tax credits under Part L of the Income Tax Act 2007 excluding tax credits under section LB 4 of that Act; and 35
 - (iii) that is not subject to a dispute or challenge under Part 4A or 8A of this Act; and

	(iv) that is not subject to an instalment arrangement requested by the taxpayer and entered into by the Commissioner; and	
	(b) includes, for a taxpayer, unpaid interest under Part 7 and unpaid civil penalties, to the extent to which they relate to an amount of reportable unpaid tax described in paragraph (a) .	5
35	Agencies for gambling levy	
	Section 18 does not prevent the Commissioner communicating to a person who is an employee of the Department of Internal Affairs or the Ministry of Health information that—	
	(a) the person is authorised by the department or Ministry to receive; and	10
	(b) the Commissioner considers is not undesirable to disclose and is essential to enable the person to carry out any duty lawfully conferred on the person relating to the determination of the problem gambling levy rate.	
36	NZ Film Commission: government screen production payments	
(1)	Section 18 does not prevent the Commissioner communicating information to a person who is an officer, employee, or agent of the New Zealand Film Commission responsible for the administration of a scheme under which government screen production payments are made and who is authorised to receive the information by the chief executive of the New Zealand Film Commission.	15
(2)	The purpose of this clause is to facilitate the exchange of information between the Commissioner and the Commission for the purpose of providing to the Commission information which the chief executive considers necessary to enable the Commission to determine the entitlement of a company to a government screen production payment.	20
(3)	For the purposes of subclause (2) , on request from the chief executive, the Commissioner may, at any time, provide to any authorised officer of the Commission all of the following information that is held by the department:	25
	(a) particulars relating to the amount of expenditure incurred in relation to a project that is the subject of an application for a government screen production payment:	30
	(b) particulars relating to the amount of expenditure incurred in New Zealand in relation to a project that is the subject of an application for a government screen production payment:	
	(c) the Commissioner’s opinion as to the accuracy of any information provided by an applicant in relation to the application for a government screen production payment.	35
(4)	In this clause—	
	chief executive means the person appointed under section 13(1) of the New Zealand Film Commission Act 1978	

	Commission means the New Zealand Film Commission established by section 3 of the New Zealand Film Commission Act 1978	
	company means a company to which the definition of government screen production payment in section YA 1 of the Income Tax Act 2007 refers.	
(5)	If any of the information specified in subclause (3) is not held by the department, the Commissioner may use any of the Commissioner's powers that are contained in Part 3, subpart 3A to obtain information.	5
37	Registrar of Companies: offences under Companies Act 1993	
(1)	Section 18 does not prevent the Commissioner communicating information relating to some offences under the Companies Act 1993 to the Registrar of Companies.	10
(2)	The purpose of this clause is to facilitate the exchange between the Commissioner and the Registrar of Companies (the Registrar) of information for the purpose of preventing, detecting, investigating, or providing evidence of, some offences under the Companies Act 1993 that have been, are being, or will be committed.	15
(3)	The Commissioner may communicate the information only if—	
	(a) the Commissioner or the Registrar reasonably suspects that—	
	(i) an offence under section 138A(1), 377, 382(4), 383(6), 385(9), 385AA(9), or 386A(2) of the Companies Act 1993 has been, is being, or will be committed; and	20
	(ii) the information is relevant for the purposes of preventing, detecting, investigating, or providing evidence of, the offence; and	
	(b) the Commissioner is satisfied that the information is readily available, that it is reasonable and practicable to communicate the information, and that communication of the information is in the public interest.	25
38	KiwiSaver providers: KiwiSaver details	
	Section 18 does not prevent the Commissioner communicating to a person's fund provider under section 220B of the KiwiSaver Act 2006 any information specified in that section for the purposes set out in the section.	30
39	Agencies for research and development	
(1)	Section 18 does not prevent the Commissioner communicating to an officer, employee, or agent of Callaghan Innovation, information for the purpose of administering subpart MX of the Income Tax Act 2007.	
(2)	Section 18 does not prevent the Commissioner communicating to an officer, employee, or agent of the department that is, with the authority of the Prime Minister, for the time being responsible for the administration of the Research, Science, and Technology Act 2010, information for the purpose of administering subpart MX of the Income Tax Act 2007.	35

40	Agencies for Australian wine producer rebate	
(1)	The purpose of this clause is to facilitate the exchange of information between the Commissioner and the Australian Taxation Office and the New Zealand Customs Service for the purpose of administering the entitlements of New Zealand resident wine producers to Australian wine producer rebates.	5
(2)	Section 18 does not prevent the Commissioner providing all information referred to in subclause (3) to a person who is—	
	(a) an officer, employee, or agent of the Australian Taxation Office or the New Zealand Customs Service; and	
	(b) authorised to receive the information by the chief executive officer of the Australian Taxation Office or the New Zealand Customs Service.	10
(3)	The information that may be provided under subclause (2) is all information relevant to—	
	(a) the claim by a New Zealand resident wine producer for payment of an Australian wine producer rebate in respect of wine produced in New Zealand that is sold in Australia;	15
	(b) the approval or verification of the entitlement of a New Zealand resident wine producer to a payment of an Australian wine producer rebate.	
	Subpart 2—Disclosures in information-matching provisions related to <u>exchanges of information</u>	20
41	Disclosures in exchanges of information	
	Section 18 does not prevent the Commissioner from disclosing <u>sensitive</u> revenue information to a person or entity specified in clauses 42 to 47 about the matter described in the provision in an exchange of information, subject to any conditions set out in the provision.	25
42	Accident Compensation Corporation: earnings-related payments	
(1)	Section 18 does not prevent the Commissioner communicating to any person, being an officer, employee, or agent of the Accident Compensation Corporation or of the Ministry of Justice , any information, being information that—	
	(a) the person is authorised by the Managing Director or chief executive of the Accident Compensation Corporation or the chief executive of the Ministry of Justice to receive; and	30
	(b) is communicated to that person for the purposes of subclauses (2) to (9) .	
(2)	The purpose of this clause is to facilitate the exchange of information between the Inland Revenue Department and the Corporation for the purposes of verifying—	35

- (a) the entitlement or eligibility of any person to or for any earnings-related compensation; or
 - (b) the amount of any earnings-related compensation to which any person is or was entitled or for which any person is or was eligible; or
 - (c) whether any premium or levy is payable or the amount of any premium or levy payable by any person. 5
- (3) For the purpose of this clause, any officer or employee or agent of the Corporation authorised in that behalf by the Managing Director or chief executive of the Corporation may from time to time supply to the Commissioner any beneficiary information held by the Corporation. 10
- (4) Where, in relation to any person, beneficiary information is supplied to the Commissioner under **subclause (3)**, the Commissioner may cause a comparison of that information to be made with any information held by the department and which relates to that person.
- (5) Where the result of any comparison carried out under **subclause (4)** indicates that any person who is receiving, or has received, earnings-related compensation is or was, while receiving that compensation, receiving income from employment (including self-employment) the Commissioner may take action under **subclause (6)**. 15
- (6) Where, in relation to any person, the circumstances referred to in **subclause (5)** apply, the Commissioner may, for the purpose of this clause, supply to any authorised officer of the Corporation, all or any of the following information that is held by the department and that relates to the person: 20
 - (a) where the person is, or was, in employment while receiving any earnings-related compensation,— 25
 - (i) the date or dates on which that employment commenced:
 - (ii) where applicable, the date or dates on which that employment ceased:
 - (iii) the name and business address of each employer so employing that person: 30
 - (b) where the person is, or was, receiving any ~~residual~~ other income during any period in which they are receiving, or have received, any earnings-related compensation, in circumstances where that ~~residual~~ other income may be taken into account in determining the person's entitlement to or eligibility for that compensation, or in determining the amount of that compensation, the amount of that ~~residual~~ other income so received during that period. 35
- (7) Where the result of any comparison carried out under **subclause (4)** indicates that any person who is an applicant for earnings-related compensation is receiving any income from any source, and that income may be taken into account in determining the person's entitlement to or eligibility for that com- 40

	pensation, or in determining the amount of that compensation, the Commissioner may, for the purpose of this clause, supply details of that income to any authorised officer of the Corporation.	
(8)	The provisions of this clause shall apply notwithstanding any other provision of this Act.	5
(9)	In this clause, unless the context otherwise requires,—	
	authorised officer means any officer, employee, or agent of the Corporation who is authorised by the Managing Director or chief executive of the Corporation to receive information supplied by the Commissioner under this clause	
	beneficiary means—	10
(a)	a person who is receiving, or has received, earnings-related compensation:	
(b)	an applicant for earnings-related compensation	
	beneficiary information , in relation to a beneficiary, means information that—	
(a)	identifies the beneficiary, which may include the beneficiary's tax file number; and	15
(b)	identifies any earnings-related compensation that the beneficiary is receiving, or has received, or for which the beneficiary has applied, including, in the case of any earnings-related compensation that the beneficiary is receiving or has received, the dates on which payment of the compensation commenced, and, where applicable, the date on which that payment ceased	20
	Corporation means the Accident Compensation Corporation or the Accident Rehabilitation and Compensation Insurance Corporation	
	earnings-related compensation means—	25
(a)	compensation payable under the Accident Compensation Act 1982:	
(b)	any compensation for loss of earnings payable under sections 38, 39, and 43 of the Accident Rehabilitation and Compensation Insurance Act 1992, and any vocational rehabilitation allowance payable under section 25 of that Act, and any compensation for loss of potential earning capacity payable under section 45 or 46 of that Act, and any weekly compensation payable under section 58, 59, or 60 of that Act, and any payments continued to be paid under section 137, 138, or 145 of that Act (excluding any payments continued under section 143 of that Act in relation to section 68 of the Accident Compensation Act 1982):	30
(c)	any weekly compensation payable under the Accident Insurance Act 1998 or the Accident Compensation Act 2001.	35

43 Accident Compensation Corporation: levies

- (1) The purpose of this clause is to facilitate the exchange of information between the Inland Revenue Department and the Accident Compensation Corporation for the purpose of establishing an information matching programme to enable the Corporation to assess levies for employers, self-employed persons, private domestic workers, and shareholder-employees in accordance with the Accident Compensation Act 2001. 5
- (2) For the purposes of **subclause (1)**, for the year commencing on 1 April 2002 and every subsequent year, on application by the chief executive of the Corporation, **section 18** does not prevent the Commissioner supplying to any authorised officer of the Corporation all of the following information that is held by the department: 10
- (a) the names, addresses, and ACC file numbers for employers, self-employed persons, private domestic workers, and shareholder-employees: 15
 - (b) the time at which an employer or a private domestic worker became or ceased to become an employer or a private domestic worker:
 - (c) the time at which a self-employed person commenced or ceased business:
 - (d) the total amount paid in any year by an employer or a private domestic worker as earnings as an employee: 20
 - (e) in the case of a self-employed person, the earnings as a self-employed person:
 - (f) in the case of a shareholder-employee, the earnings as a shareholder-employee: 25
 - (g) whether an employer, self-employed person, private domestic worker, or shareholder-employee has a tax agent and, if so, the tax agent's name and contact details:
 - (h) in the case of an employer, self-employed person, private domestic worker, or shareholder-employee who is an individual, whether the individual is deceased and, if so,— 30
 - (i) the individual's date of death; and
 - (ii) the name and contact details of the administrator or executor of the individual's estate.
- (3) In this clause,— 35
- earnings as a self-employed person** has the meaning given to it by section 6 of the Accident Compensation Act 2001
- earnings as a shareholder-employee** has the meaning given to it by section 15 of the Accident Compensation Act 2001

earnings as an employee, employer, private domestic worker, and self-employed person have the meanings given to them by section 6 of the Accident Compensation Act 2001.

44 Justice: fines defaulters

- (1) **Section 18** does not prevent the Commissioner communicating to any person, being an officer, employee, or agent of ~~the Accident Compensation Corporation or of~~ the Ministry of Justice, any information, being information that—
 - (a) the person is authorised by ~~the Managing Director or chief executive of the Accident Compensation Corporation or~~ the chief executive of the Ministry of Justice to receive; and
 - (b) is communicated to that person for the purposes of **subclauses (2) to (8)**.
- (2) The purpose of this clause is to facilitate the exchange of information between the Inland Revenue Department and the Ministry of Justice for the purpose of establishing an information matching programme to enable the Ministry of Justice to locate any fines defaulter.
- (3) For the purpose of this clause, any authorised officer of the Ministry of Justice may from time to time supply to the Commissioner any fines defaulter information held by that Ministry.
- (4) If, in relation to any fines defaulter, information is supplied by any authorised officer of the Ministry of Justice to the Commissioner, the Commissioner may compare that information with any information held by the Commissioner that relates to the fines defaulter.
- (5) If the Commissioner has information relating to the fines defaulter, the Commissioner may supply to an authorised officer of the Ministry of Justice all or any of the following information that is held by the Commissioner in relation to the fines defaulter:
 - (a) the last known address of the fines defaulter; and
 - (b) the last known telephone number of the fines defaulter; and
 - (c) the name of the last known employer of the fines defaulter; and
 - (d) the address of the last known employer of the fines defaulter; and
 - (e) the telephone number of the last known employer of the fines defaulter.
- (6) For each item of information to be supplied under **subclause (5)**, the Commissioner must include the date when the information was most recently updated.
- (7) The provisions of this clause apply despite any other provision of this Act.
- (8) In this clause, unless the context otherwise requires,—

authorised officer, in relation to the Ministry of Justice, means any officer, employee, or agent of that Ministry who is authorised by the chief executive to

	supply information to or receive information from the Commissioner under this clause	
	chief executive means the chief executive of the Ministry of Justice	
	fines defaulter means any person who is in default in the payment of—	
	(a) a fine within the meaning of section 79 of the Summary Proceedings Act 1957:	5
	(b) a fine to which section 19 of the Crimes Act 1961 applies:	
	(c) a fine to which section 43 or 45 of the Misuse of Drugs Amendment Act 1978 applies:	
	(d) any amount payable under section 138A(1) of the Sentencing Act 2002	10
	fines defaulter information—	
	(a) means information that identifies a fines defaulter; and	
	(b) includes—	
	(i) the name, address, and telephone number of the fines defaulter; and	15
	(ii) the name, address, and telephone number of the employer of the fines defaulter.	
45	Justice and Police: child support exemptions	
(1)	Section 18 does not prevent the Commissioner communicating to any person, being an officer, employee, or agent of the Ministry of Justice or the New Zealand Police of, any information, being information that—	20
	(a) the person is authorised by the chief executive of the Ministry of Justice or the Commissioner of Police to receive; and	
	(b) is communicated to that person for the purposes of subclauses (2) to (8) .	25
(2)	The purpose of this clause is to facilitate the exchange of information between the Inland Revenue Department and the New Zealand Police and between the Inland Revenue Department and the Ministry for the purpose of determining whether a person is eligible for an exemption under Part 5A, subpart 4 of the Child Support Act 1991.	30
(3)	For the purposes of this clause,—	
	(a) the Commissioner of Police, or any authorised officer of the Police, must, within 10 working days of a request by the Commissioner, provide the Commissioner with the information specified in subclause (4) that is requested by the Commissioner in connection with the exercise or performance of any of the Commissioner’s duties, powers, or functions under Part 5A, subpart 4 of the Child Support Act 1991; and	35
	(b) the chief executive of the Ministry, or any authorised officer of the Ministry, must, within 10 working days of a request by the Commissioner,	

- provide the Commissioner with the information specified in **subclause (4)** that is requested by the Commissioner in connection with the exercise or performance of any of the Commissioner’s duties, powers, or functions under Part 5A, subpart 4 of the Child Support Act 1991.
- (4) For the purposes of **subclause (3)**, the information that may be provided is— 5
- (a) whether a particular person—
 - (i) has been convicted of a sex offence; or
 - (ii) has been proved to have committed a sex offence before the Youth Court; and
 - (b) details of that offence, including the type of offence and the date, or approximate date, when that offence was committed; and 10
 - (c) whether a particular person is the victim of that offence; and
 - (d) whether a conviction for that offence has been quashed; and
 - (e) whether a finding of the Youth Court that a sex offence has been committed has been reversed or set aside; and 15
 - (f) whether any court has ordered a new trial in relation to the matter; and
 - (g) any other particulars that the Commissioner considers relevant to the purpose of this clause.
- (5) The information specified in **subclause (4)** must be provided to the best of the knowledge and belief of the person who provides the information if the person does not have certain knowledge of the relevant matters. 20
- (6) In this clause, unless the context otherwise requires,—
- authorised officer of the Ministry** means an officer of the Ministry who is authorised by the chief executive of the Ministry to provide information under this clause 25
- authorised officer of the Police** means a Police employee who is authorised by the Commissioner of Police to provide information under this clause
- Ministry** means the Ministry of Justice
- sex offence** means an offence under any of sections 127 to 144C of the Crimes Act 1961 30
- victim** means the person against whom an offence is committed by another person.
- (7) If information is supplied to the Commissioner under this clause, the Commissioner may use the information in connection with the exercise or performance of any of the Commissioner’s duties, powers, or functions under Part 5A, subpart 4 of the Child Support Act 1991. 35
- (8) This clause applies despite any other provision of this Act.

46	Social Development: social security agreements	
(1)	The purpose of this clause is to facilitate the exchange of information between the Inland Revenue Department and the department for the time being responsible for the administration of the Social Security Act 1964 for the purpose of giving assistance to the Government of a country with which New Zealand has a social security agreement.	5
(2)	For the purpose of this clause, any authorised officer of the department for the time being responsible for the administration of the Social Security Act 1964 may from time to time supply to the Commissioner any personal information supplied to that department by the Government of that country.	10
(3)	Where, in relation to any person, personal information is supplied in accordance with subclause (2) to the Commissioner, the Commissioner may compare that information with any information held by the Commissioner which relates to the person.	
(4)	For the purpose of this clause, where the Commissioner has information relating to the person, the Commissioner may supply to an authorised officer—	15
(a)	any of the following information held by the Commissioner if that information is of a type specified in the agreement made under section 19C(1)(d) of the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990:	20
(i)	the street address of the person; and	
(ii)	the name and street address of the last known employer of the person; and	
(iii)	where the result of a comparison carried out under subclause (3) indicates that the person is receiving, or has, during the previous tax year, received, any income from any source, the details of that income; and	25
(iv)	where the Commissioner knows the names and dates of birth of any dependent children of the person, those names and dates; and	
(b)	any other information held by the Commissioner that is of a type specified in the agreement made under section 19C(1)(d) of the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990.	30
(5)	Where the Commissioner has supplied information under subclause (4) to an authorised officer of the department for the time being responsible for the administration of the Social Security Act 1964, the department may supply that information to the competent institution of the Government of the other country in accordance with the mutual assistance provision of the social security agreement.	35
(6)	The provisions of this clause apply despite any other provision of this Act.	40
(7)	In this clause, unless the context otherwise requires,—	

	authorised officer means any officer, employee, or agent of the department for the time being responsible for the administration of the Social Security Act 1964 who is authorised by the chief executive of that department to supply information or receive information from the Commissioner under this clause	
	personal information means information that identifies an individual, which may include the individual's tax file number	5
	social security agreement means an agreement or convention or alteration to an agreement or convention—	
	(a) in respect of which an Order in Council has been made under section 19 of the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990; and	10
	(b) that contains a mutual assistance provision of a kind referred to in section 19A(2)(b) of that Act.	
(8)	Where information is supplied to the Commissioner under this clause, the Commissioner—	15
	(a) may use that information for any of the following purposes:	
	(i) the purposes set out in subclauses (3) and (4) :	
	(ii) making an assessment of the amount of tax due by any person:	
	(iii) detecting tax fraud or tax evasion:	
	(b) may not supply that information to any other country without the prior notified consent of the chief executive of the department for the time being responsible for the administration of the Social Security Act 1964 and subject to such conditions as that chief executive sets.	20
47	Business, Innovation, and Employment: parental leave payments	
(1)	Section 18 does not prevent the Commissioner communicating information to a person who is an officer, employee, or agent of the department for the time being responsible for the administration of the Parental Leave and Employment Protection Act 1987 and who is authorised to receive the information by the chief executive of that department.	25
(2)	The purpose of this clause is to facilitate the exchange of information between the Commissioner and the responsible department for the purposes of providing to the responsible department, applicant information that the Commissioner considers necessary to enable the responsible department to—	30
	(a) verify an entitlement to parental leave payments or preterm baby payments:	35
	(b) investigate possible overpayment of parental leave payments or preterm baby payments.	
(3)	For the purpose of subclause (1), an employee or agent of the responsible department who is authorised to do so by the chief executive of the responsible	

- ~~department may from time to time supply to the Commissioner information that is held by the responsible department in relation to an applicant, or the spouse of an applicant, for a parental leave payment or preterm baby payment.~~
- (4) ~~For the purpose of **subclause (1)**, the Commissioner may compare applicant information contained in an application for payment of paid parental leave or for preterm baby payments made under section 71I of the Parental Leave and Employment Protection Act 1987, or compare applicant information supplied under **subclause (2)**, and information held by the Commissioner that relates to the applicant.~~ 5
- (5) ~~Where the Commissioner has made a comparison under **subclause (4)**, the Commissioner may communicate applicant information to the chief executive of the responsible department if the Commissioner considers the communication to be necessary for the purposes set out in **subclause (1)**.~~ 10
- (6) In this clause,—
applicant means a person who has made an application for a parental leave payment or preterm baby payment under section 71I of the Parental Leave and Employment Protection Act 1987 15
applicant information, for an applicant, means—
(a) information that relates to the circumstances of the applicant that are relevant to the eligibility of the applicant for parental leave payments or preterm baby payments under Part 7A of the Parental Leave and Employment Protection Act 1987: 20
(b) the applicant’s name and tax file number:
(c) the name and tax file number of the applicant’s employer
parental leave has the meaning in section 2 of the Parental Leave and Employment Protection Act 1987 25
responsible department means the department for the time being responsible for the administration of the Parental Leave and Employment Protection Act 1987.
(7) For the purpose of section 71G(1) of the Parental Leave and Employment Protection Act 1987, if the Commissioner as a delegate under section 71ZA of that Act receives an application for parental leave payments or preterm baby payments in relation to a child, the Commissioner may— 30
(a) compare applicant information and information held by the Commissioner: 35
(b) refuse the application for payment of parental leave or for preterm baby payments if a comparison under **paragraph (a)** indicates that the employee or his or her spouse has received a payment of parental tax credit in respect of the child.

- (8) The Commissioner may treat information obtained while acting as a delegate of the responsible department under section 71ZA of that Act as information obtained for the purposes of administering the Inland Revenue Acts.
- (9) The Commissioner may refuse or recover a parental tax credit under section MD 11 of the Income Tax Act 2007 in respect of a child if a parental leave payment or preterm baby payment under Part 7A of the Parental Leave and Employment Protection Act 1987 is to be paid or has been paid to the applicant in respect of the child.

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Part D

Disclosures for purposes of international arrangements

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48 Disclosures for purposes of international arrangements

Section 18 does not prevent the Commissioner from disclosing sensitive revenue information to a person or entity specified in **clauses 49 and 50** about the matter described in the provision for the purposes of international arrangements, subject to any conditions set out in the provision.

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49 Reciprocal laws or arrangements

Section 18 does not prevent the Commissioner communicating any information to any authorised officer of the Government of any country or territory outside New Zealand where the application of a provision of any of the Inland Revenue Acts affecting the incidence of tax or duty is expressed to be conditional on the existence of a reciprocal law or concession in any such country or territory, or where under a provision in any of the Inland Revenue Acts a reciprocal arrangement has been made with the Government of any such country or territory affecting the incidence of tax or duty: provided that any such communication shall be limited to such information as is necessary to enable that Government to give effect to the reciprocal law or concession or to the reciprocal arrangement.

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50 Arrangements for relief of double taxation

Section 18 does not prevent the Commissioner disclosing such information as is required to be disclosed under a double tax agreement or tax recovery agreement to a person authorised to receive such information under the law of the territory in relation to which the double tax agreement or tax recovery agreement has been made.

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Schedule 8

Reporting of income information by individuals and treatment of certain amounts

~~ss 22D(6), 22F, 22IB, 22K~~

~~Table 1—Information on other income that must be included in adjusted account~~

Row	Items
1	New Zealand estate or trust income
2	Overseas income
3	Partnership income
4	Look-through company income
5	Rental income
6	Self-employment income
7	A benefit under an employee share scheme in relation to an amount that is not reportable or exempt income
8	Other income, including income from a disposal of property that is not otherwise included in reportable income

~~Table 2—Additional information~~

Row	Items
1	A deduction
2	A tax credit carried forward under section LE 3 of the Income Tax Act 2007
3	A tax loss balance, or tax loss component, other than a tax loss component under section LE 2 of the Income Tax Act 2007
4	A donations tax credit
5	An amount of income protection insurance

Part A

Reporting of income information by individuals

Table 1—Information on other income that must be reported

<u>Row</u>	<u>Items</u>
<u>1</u>	<u>Income from a New Zealand estate or trust</u>
<u>2</u>	<u>A foreign-sourced amount</u>
<u>3</u>	<u>Income from a partnership</u>
<u>4</u>	<u>Income from a look-through company</u>
<u>5</u>	<u>Income from rents</u>

- 6 Income from self employment
- 7 A benefit under an employee share scheme in relation to
an amount that is not reportable or exempt income
- 8 Other income, including income from a disposal of
property that is not otherwise included in reportable
income

Table 2—Additional information

<u>Row</u>	<u>Items</u>
1	<u>A deduction</u>
2	<u>A tax credit carried forward under section LE 3 of the Income Tax Act 2007</u>
3	<u>A tax loss balance, or tax loss component, other than a tax loss component under section LE 2 of the Income Tax Act 2007</u>
4	<u>A donations tax credit</u>
5	<u>An amount of income protection insurance</u>

Part B

Treatment of certain amounts

Writing off certain amounts of tax payable

- 1 Subject to **clause 2**, the Commissioner must write off the following amounts under **section 22IB**:

- (a) an amount of tax relating to income derived for a tax year by an individual who meets the requirements of **section 22IB(2)** for the tax year is equal to or less than \$50:
- (b) an amount of tax relating to reportable income derived for a tax year by an individual solely from—
- (i) an income tested benefit:
- (ii) an education grant:
- (iii) a payment of New Zealand superannuation:
- (iv) a veteran's pension.

Exclusion

- 2 An amount of tax does not qualify for a write off under **clause 1** if the amount is derived by an individual who—
- (a) is issued with a family notice of entitlement for some or all of the tax year:
- (b) is living in a marriage, civil union, or de facto relationship with an individual who—

Schedule 1	Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Bill
	(i) is issued with a family notice of entitlement for some or all of the tax year: (ii) is paid a family assistance credit for which the amount of family credit abatement under section MD 13 of the Income Tax Act 2007 is greater than zero.

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Schedule 1B
New schedules 18B and 18C inserted

s 214G

Schedule 18B
Premier yearling sales

5

ss EC 39B, YA 1

Part A
Premier standardbred yearling sales

Australasian Classic Yearling Sale (Auckland)

New Zealand National Standardbred Yearling Sale (Auckland and Christchurch)

10

New Zealand Premier Yearling Sale (Christchurch)

Part B
Premier thoroughbred yearling sales

Karaka – National Yearling Sale Series – Book 1 Sale

Schedule 18C
Breeds and classes of bloodstock

15

ss EC 39C, EZ 6B

Column 1

Column 2

Breeds of bloodstock

Classes of bloodstock

Standardbred

Yearling fillies

Yearling colts

Thoroughbred

Yearling fillies

Yearling colts

Schedule 2
New schedule 35 inserted

s 219

Schedule 35	
Public purpose Crown-controlled companies	5
	ss CW 38B, YA 1
City Rail Link Limited	
Crown Asset Management Limited	
Crown Infrastructure Partners Limited	
Education Payroll Limited	10
Ōtākaro Limited	
Research and Education Advanced Network New Zealand Limited	
Southern Response Earthquake Services Limited	
Tāmaki Redevelopment Company Limited	
Tāmaki Regeneration Limited	15
THA GP Limited	
The Network for Learning Limited	

Schedule 3

Consequential amendments in certain Inland Revenue Acts

ss 103, 220, 242

Consequentially updated section numbers in Tax Administration Act 1994, Income Tax Act 2007, and Child Support Act 1991

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The provisions listed in column 2 are amended as shown in columns 3 and 4.

Act	Section	Replace	With:
Tax Administration Act 1994			
	7(2)(a)	(sections 16 to 21 of this Act)	(sections 16 to 17L of this Act)
	20(1), (4)	sections 16 to 19	sections 16 to 17E, 17H, and 17I
	20(5)	section 18	section 17J
	20B(1)	sections 16 to 19	sections 16 to 17E, 17H, and 17I
	20D(4)(a)	section 16 or under section 16 and either of sections 16B and 16C	section 17 or under section 17 or 17C
	20D(4)(b)	section 17	section 17B or 17C
	20D(4)(c)	section 17A or section 18	section 17H, 17J, or 17K
	20D(4)(d)	section 19	section 17I
	20F(2)(a)	section 16 or under section 16 and either of sections 16B and 16C	section 17 or under section 17 or 17C
	20F(2)(b)	section 17	section 17B or 17C
	20F(2)(c)	section 17A or section 18	section 17H, 17J, or 17K
	20F(2)(d)	section 19	section 17I
	20G(3)	section 18	section 17J
	46A(4)	section 81	section 18(1)
	80KH(1)(c)	section 81A	section 18E(2)
	80KK(1)	section 81A	section 18E(2)
	89	section 81	section 18(1)
	124I(1)(a)	section 15F	section 124K
	124J(1)	section 15D	section 124I
	124J(1)(c)	section 15F	section 124K
	124K(1)	section 15D	section 124I
	124L(1)(a)	section 15D	section 124I

Act	Section	Replace	With:
	124M(b)	section 15F	section 124K
	124N(1)	section 15H	section 124M
	124S	section 15R	section 124V
	124S	section 15Q	section 124U
	124U(2)	section 15T	section 124X
	124V(1)	section 15Q	section 124U
	124W(1)(b)(i)	section 15Q(1)	section 124U(1)
	124W(1)(d)(iii)	section 15R	section 124V
	124X(2)(e)	section 15Q	section 124U
	124Z(1) and (1)(a)	section 15U	section 124Y
	124ZB(1)	section 15U	section 124Y
	124ZC	sections 15U, 15V, and 15W	sections 124Y, 124Z, and 124ZB
	143(2)(b)	section 17(1C)	section 17E(1)
	143A(2)(b)	section 17(1C)	section 17E(1)
	143F(1)(a), (b)	section 18	section 17J
	143F(1)(c), (d)	section 19	section 17I
	143F(1)(d)(ii)	section 19(1)	section 17I(2)
	143G(1)	section 17A	section 17H
	149A(5), (6)	section 17A	section 17H
	150(4)(a)	16 to 20, 35, 40, 81 to 87	16 to 18J, 35, 40,
	150(4)(b)	sections 16 to 19	sections 16 to 17E, 17H, and 17I
	227B(3)(b)(i)	sections 6 and 6A	Part 2, subpart 2B
	227B(3)(b)(ii)	sections 16 to 21	sections 16 to 17L
Income Tax Act 2007			
	EX 32(1)(f)	section 15N	section 124ZF
	RC 2(1)(c)	sections 15N to 15S	sections 124S to 124W and 124ZF
	RP 2(1)	section 15D or 15G	section 124I or 124L
	RP 3(a)	section 15D	section 124I
	RP 3(c)	section 15F	section 124K
	RP 3(d)	section 15M	section 124R
	RP 4(1)(c)	section 15M	section 124R

Act	Section	Replace	With:
	RP 4(6)	section 15J	section 124O
	RP 5(1)	section 15M	section 124R
	RP 5(2), (3)	section 15M(3)	section 124R(3)
	RP 15(b)	section 15J	section 124O
 Child Support Act 1991			
	89X(5)	section 81	section 18(1)
	96P(5)	section 81	section 18(1)
	96ZF(5)	section 81	section 18(1)
	215(3)	section 81	section 18(1)
	240(9)	sections 81 to 87	sections 18 to 18J

Schedule 4

Renumbered provisions of Tax Administration Act 1994

s 14

1 Renumbered provisions

- (1) Renumber sections 15C to 15ZB as set out in columns 1 and 2 with the new number set out in column 3 as follows:

Old	New
15C PAYE intermediaries and listed PAYE intermediaries	124H PAYE intermediaries and listed PAYE intermediaries
15D Application for approval as PAYE intermediary	124I Application for approval as PAYE intermediary
15E Revocation of approval	124J Revocation of approval
15F Fitness of applications	124K Fitness of applications
15G Application for approval as listed PAYE intermediary	124L Application for approval as listed PAYE intermediary
15H Grounds for revocation of listing	124M Grounds for revocation of listing
15I Procedure for revocation of listing	124N Procedure for revocation of listing
15J Employers' arrangements with PAYE intermediaries	124O Employers' arrangements with PAYE intermediaries
15K Privacy requirements	124P Privacy requirements
15L Amended employment income information	124Q Amended employment income information
15M Subsidy claim forms	124R Subsidy claim forms
15N RWT proxies	124ZF RWT proxies
15O Establishing tax pooling accounts	124S Establishing tax pooling accounts
15P Role of Commissioner	124T Role of Commissioner
15Q Applications to establish tax pooling accounts	124U Applications to establish tax pooling accounts
15R Fitness of applications	124V Fitness of applications
15S Requirements for applications to establish tax pooling accounts	124W Requirements for applications to establish tax pooling accounts
15T Winding up tax pooling accounts	124X Winding up tax pooling accounts

15U	Approval of approved AIM providers	124Y	Approval of approved AIM providers
15V	Revocation of approval of AIM providers: Commissioner	124Z	Revocation of approval of AIM providers: Commissioner
15W	Revocation of approval of AIM providers: provider	124ZB	Revocation of approval of AIM providers: provider
15X	Publication of approval, revocation, etc	124ZC	Publication of approval or revocation
15Y	AIM method: approval of large business AIM-capable system	124ZD	AIM method: approval of large business AIM-capable system
15Z	AIM method: approval of person over \$5,000,000	124ZE	AIM method: approval of person over \$5,000,000

- (2) Insert the following headings before the following new sections:

Insert heading	before section	section title
<i>PAYE intermediaries</i>	124H	PAYE intermediaries
<i>Tax pooling intermediaries</i>	124S	Tax pooling intermediaries
<i>Approved AIM providers</i>	124Y	Approved AIM providers
<i>RWT proxies</i>	124ZF	RWT proxies

Schedule 5

Subsection headings for certain subparts of Tax Administration Act 1994

ss 23, 31

1 Subpart 3C—Employment income information 5

For the section listed in column 1, insert the subsection heading in column 4 before the subsection listed in column 3.

Table 1—Subsection headings for subpart 3C (Employment income information)

<i>Section</i>	<i>Title</i>	<i>Subsection</i>	<i>Subsection heading</i>
23B	Employment income information: outline of provision	(1)	<i>What this subpart does</i>
		(2)	<i>PAYE intermediary included</i>
		(3)	<i>Related provisions</i>
23C	Meaning of employment income	(1)	<i>Meaning of employment income information</i>
		(2)	<i>Prescribing forms and means for delivery</i>
		(3)	<i>Requirements</i>
		(4)	<i>Requirements for twice-monthly delivery</i>
23D	Employers' groups for delivery of information	(1)	<i>Groups</i>
		(2)	<i>Inclusions in online group</i>
		(3)	<i>Delivery before specified date</i>
		(4)	<i>Approval to deliver information in other ways</i>
23E	Online group of employers	(1)	<i>Online group</i>
		(2)	<i>Delivery of information</i>
23F	Non-electronic group of employers	(1)	<i>Non-electronic group</i>
		(2)	<i>Delivery of information</i>
		(3)	<i>Elections for other dates</i>
		(4)	<i>Delivery for twice-monthly option</i>
		(5)	<i>Requirements</i>
		(6)	<i>Threshold amount</i>
		(7)	<i>When threshold reached</i>
		(8)	<i>Orders in Council setting amount</i>

23G	Exemption for certain employers in online group	(1)	<i>Exemption</i>
		(2)	<i>Statement of reasons</i>
		(3)	<i>Valid until cancellation</i>
		(4)	<i>Time limits</i>
		(5)	<i>Legislative treatment</i>
23H	New group of employers	(1)	<i>New group</i>
		(2)	<i>New-employer period</i>
		(3)	<i>Delivery of information</i>
		(4)	<i>Elections for other dates</i>
		(5)	<i>When information delivered electronically</i>
23J	Delivery of employment income information for certain special payments	(1)	<i>What this section applies to</i>
		(2)	<i>Schedular payments</i>
		(3)	<i>Shadow payrolls</i>
		(4)	<i>Out-of-cycle payments</i>
		(5)	<i>When reporting date falls after end date</i>
		(6)	<i>Treatment of shadow payroll payments</i>
		(7)	<i>Relationship with section 23F</i>
23K	Employment income information requirements relating to employee share schemes	(1)	<i>When information required</i>
		(2)	<i>Inclusions and exclusions</i>
23L	Employment income information for new and departing employees	(1)	<i>Employees starting employment</i>
		(2)	<i>Employees ending employment</i>
		(3)	<i>Delivery for new employees</i>
		(4)	<i>Delivery for departing employees</i>
		(5)	<i>Additional information required</i>
		(6)	<i>Inclusion as employees</i>
23N	Correction of errors	(1)	<i>What this section does</i>
		(2)	<i>Regulations</i>
		(3)	<i>Consultation</i>
23O	Setting electronic and non-electronic filing requirements	(1)	<i>Prescribing means for delivery</i>
		(2)	<i>Processing requirements</i>

2 Subpart 3D—Tax codes and tax rates for certain payments

For the section listed in column 1, insert the subsection heading in column 4 before the subsection listed in column 3.

Table 2—Subsection headings for subpart 3D (Tax codes and tax rates for certain payments)

<i>Section</i>	<i>Title</i>	<i>Subsection</i>	<i>Subsection heading</i>
24B	PAYE tax codes	(1)	<i>Meaning of tax code</i>
		(2)	<i>What tax codes do not apply to</i>
		(3)	<i>Income-tested benefits</i>
		(4)	<i>Basic tax rates</i>
24C	Notified tax codes	(1)	<i>Employees notifying employers</i>
		(2)	<i>What this section does not apply to</i>
24E	Non-notified tax codes	(1)	<i>When employees have non-notified tax codes</i>
		(2)	<i>Full names</i>
24F	Rates of tax for schedular payments: standard, payee, and set rates	(1)	<i>Meaning of payer and payee</i>
		(2)	<i>Standard rates</i>
		(3)	<i>Payee rates</i>
		(4)	<i>Set rates</i>
24H	Exempt schedular payments	(1)	<i>Notifying payee of exempt payment</i>
		(2)	<i>What this section does not apply to</i>
24I	Notification requirements	(1)	<i>Payees to notify payers: names and tax file numbers</i>
		(2)	<i>Payees to notify payers: rates of tax</i>

3 Subpart 3E—Investment income information

For the section listed in column 1, insert the subsection heading in column 4 before the subsection listed in column 3.

Table 3—Subsection headings for subpart 3E (Investment income information)

<i>Section</i>	<i>Title</i>	<i>Subsection</i>	<i>Subsection heading</i>
25B	Investment income information: outline of provision	(1)	<i>What this subpart does</i>
		(2)	<i>Meaning of payer and payee</i>
		(3)	<i>Related provisions</i>
25D	Investment income information	(1)	<i>Meaning of investment income information</i>
		(2)	<i>Not cumulative</i>
		(3)	<i>Joint ownership</i>
		(4)	<i>When requirements for joint owners do not apply</i>
		(5)	<i>When information obtained before April 2018</i>
25E	Who must provide investment income information to Commissioner	(1)	<i>Persons</i>
		(2)	<i>Circumstances when withholding not required</i>
25F	Information on interest	(1)	<i>Delivery of investment income information</i>
		(2)	<i>Nominees</i>
25P	Non-electronic filing of investment income information	(1)	<i>Exemption</i>
		(2)	<i>Relevant considerations</i>
		(3)	<i>Valid until cancellation</i>
		(4)	<i>Time limits</i>
		(5)	<i>Legislative treatment</i>

Schedule 6

Amendments to KiwiSaver Act 2006 related to nomenclature changes

s 237

Section 4 amended (Interpretation)	5
In the definition of contributions holiday , replace “ contributions holiday ” with “ savings suspension ”.	
Section 18 amended (Extension of opt-out period)	
In section 18(3), replace “contributions holiday” with “savings suspension”.	
Section 22 amended (Employees giving information to employers)	10
In section 22(1)(c)(ii), replace “contributions holiday” with “savings suspension”.	
Section 56 amended (Notification of transfers and requirement to transfer funds and information)	
In section 56(3)(c)(iii), replace “contribution holidays” with “savings suspensions”.	15
Section 62 amended (When subpart does not apply)	
In section 62(b), replace “contributions holiday” with “savings suspension” in each place where it appears.	
Part 3, subpart 4 amended (Contributions holidays)	20
In the heading to Part 3, subpart 4, replace “Contributions holiday” with “Savings suspension”.	
In the first cross-heading following the heading to Part 3, subpart 4, replace “ <i>contributions holiday</i> ” with “ <i>savings suspension</i> ”.	
In the second cross-heading following the heading to Part 3, subpart 4, replace “ <i>contributions holiday</i> ” with “ <i>savings suspension</i> ”.	25
In the third cross-heading following the heading to Part 3, subpart 4, replace “ <i>contributions holiday</i> ” with “ <i>savings suspension</i> ”.	
Section 102 amended (Who may apply for contributions holiday)	
In the heading to section 102, replace “ contributions holiday ” with “ savings suspension ”.	30
In section 102, replace “contributions holiday” with “savings suspension”.	

Section 103 amended (How to apply for contributions holiday)

In the heading to section 103, replace “**contributions holiday**” with “**savings suspension**”.

In section 103(1), replace “contributions holiday” with “savings suspension”.

In section 103(2)(c), replace “holiday” with “suspension”. 5

In section 103(2)(d), replace “holiday” with “suspension”.

Section 104 amended (Granting of contributions holiday)

In the heading to section 104, replace “**contributions holiday**” with “**savings suspension**”.

In section 104(1), replace “contributions holiday” with “savings suspension” in each place where it appears. 10

In section 104(2), replace “contributions holiday” with “savings suspension”.

In section 104(3), replace “contributions holiday” with “savings suspension”.

Section 105 amended (Commissioner must give notice of granting of contributions holiday) 15

In the heading to section 105, replace “**contributions holiday**” with “**savings suspension**”.

In section 105(1), in the words before the paragraphs, replace “contributions holiday” with “savings suspension”.

In section 105(1)(a), in the words before the subparagraphs, replace “holiday” with “suspension”. 20

In section 105(1)(a)(i), replace “holiday” with “suspension”.

In section 105(1)(a)(ii), replace “holiday” with “suspension”.

In section 105(1)(b)(i), replace “contributions holiday” with “savings suspension”. 25

In section 105(1)(c)(i), replace “contributions holiday” with “savings suspension”.

In section 105(1)(c)(iii), replace “holiday” with “suspension”.

In section 105(2), replace “contributions holiday” with “savings suspension” in each place where it appears. 30

Section 106 amended (When deductions stop at start of contributions holiday)

In the heading to section 106, replace “**contributions holiday**” with “**savings suspension**”.

In section 106(a), replace “contributions holiday” with “savings suspension”. 35

Section 107 amended (Employers to whom contributions holiday applies)

In the heading to section 107, replace “**contributions holiday**” with “**savings suspension**”.

In section 107, in the words before the paragraphs, replace “contributions holiday” with “savings suspension”. 5

In section 107(a), replace “contributions holiday” with “savings suspension” in each place where it appears.

Section 108 amended (Contributions holidays have 3-month minimum life)

In the heading to section 108, replace “**Contributions holidays**” with “**Savings suspensions**”. 10

In section 108(2), replace “contributions holiday” with “savings suspension”.

Heading and section 109 amended (Commissioner must give notice before contributions holiday ends)

~~In the cross heading before section 109, replace “*contributions holiday*” with “*savings suspension*”.~~ 15

In the heading to section 109, replace “**contributions holiday**” with “**savings suspensions**”.

In section 109, replace “contributions holiday” with “savings suspension”.

In section 109, replace “holiday ends” with “suspension ends”.

Section 110 amended (Commissioner must give notice to employer of end of contributions holiday) 20

In the heading to section 110, replace “**contributions holiday**” with “**savings suspension**”.

In section 110, in the words before the paragraphs, replace “contributions holiday” with “savings suspension”. 25

In section 110(a), in the words before the subparagraphs, replace “contributions holiday” with “savings suspension”.

Section 111 amended (When deductions start at end of contributions holiday)

In the heading to section 111, replace “**contributions holiday**” with “**savings suspension**”. 30

In section 111(1), replace “contributions holiday” with “savings suspension” in each place where it appears.

In section 111(2), replace “contributions holiday” with “savings suspension”.

Section 112 amended (Revocation and reinstatement of contributions holiday)

In the heading to section 112, replace “**contributions holiday**” with “**savings suspension**”.

In section 112(1), replace “contributions holiday” with “savings suspension”. 5

In section 112(2), replace “contributions holiday” with “savings suspension”.

In section 112(3), replace “contributions holiday” with “savings suspension” in each place where it appears.

Section 114 amended (Refunds if employee loses, etc, contributions holiday notice) 10

In the heading to section 114, replace “**contributions holiday**” with “**savings suspension**”.

In section 114(1)(a), replace “contributions holiday” with “savings suspension”.

Schedule 1 amended (KiwiSaver scheme rules) 15

In schedule 1, clause 3(2), replace “contributions holiday” with “savings suspension”.

In schedule 1, replace the heading to clause 15 with “**Savings suspension**”.

In schedule 1, clause 15, replace “contributions holiday” with “savings suspension”. 20

Legislative history

28 June 2018
3 July 2018

Introduction (Bill 71–1)
First reading and referral to Finance and Expenditure Committee