



# Taxation (Budget Measures) Act 2010

Public Act 2010 No 27  
Date of assent 27 May 2010  
Commencement see section 2

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**The Parliament of New Zealand enacts as follows:**

**1 Title**

This Act is the Taxation (Budget Measures) Act 2010.

**2 Commencement**

- (1) This Act comes into force on 20 May 2010, except as provided in this section.
- (2) In Part 1, other than sections 3, 41, 44, and 54, the sections come into force on 1 October 2010.
- (3) In Part 2, other than sections 57 and 58,—
  - (a) the subsections (1) of the sections are treated as coming into force on 1 April 2010:
  - (b) the subsections (2) of the sections come into force on 1 April 2011.
- (4) In Part 3,—

- (a) section 92 is treated as coming into force on 1 April 2008:
- (b) sections 79(1), (3), and (4), 84, and 96(2) and (4) are treated as coming into force on 30 July 2009:
- (c) section 100 is treated as coming into force on 1 April 2010:
- (d) section 94(2), (4), (5), and (6) are treated as coming into force on 29 April 2010:
- (e) sections 77(4) to (6), 81(3) to (6), 82, 83, 85 to 91, 93, 96(5), (7), (8), and (9), 97, 98, and 99 come into force on 1 April 2011:
- (f) sections 95 and 96(6) come into force on 1 April 2012.

## Part 1

### Personal tax cuts, company tax cuts, and GST rate increase: 1 October 2010 start

#### *Amendments to Income Tax Act 2007*

#### **3 Income Tax Act 2007**

Sections 4 to 40 amend the Income Tax Act 2007.

#### **4 Withdrawals**

- (1) In section CS 1(1), in the words before the paragraphs, “from a superannuation fund” is replaced by “from a superannuation fund before 1 October 2015”.
- (2) In section CS 1(2), in the formula, “other contributions” is replaced by “other contributions – 2011 amount”.
- (3) Section CS 1(5) is replaced by the following:  
*“Other contributions*  
**“(5) Other contributions** is the part of the withdrawal that the trustee of the superannuation fund (the **trustee**) establishes,—  
*“(a) is not employer-sourced superannuation savings:*  
*“(b) is employer-sourced superannuation savings contributed for a pay period ending on or after 1 October 2010.*  
*“2011 amount*  
**“(5B) 2011 amount** is the amount that is 50% of the part of the withdrawal that the trustee establishes is employer-sourced super-

annuation savings contributed for the 2010–11 tax year, but only to the extent to which the trustee can not establish that the relevant contributions were made for a pay period ending before, on, or after 1 October 2010.”

- (4) In section CS 1, in the list of defined terms, “pay period” is inserted.

#### **5 Attributed income of certain investors in multi-rate PIEs**

- (1) In section CX 56(1)(b), “tax rate notified under section HM 60 (Notified rates)” is replaced by “notified investor rate”.
- (2) In section CX 56, in the list of defined terms, “notified investor rate” is inserted.

#### **6 Calculation of tax liability or tax credit of multi-rate PIEs**

- (1) In section HM 47(4)(a)(i), “section HM 60 relating to the investor for the period” is replaced by “section HM 58 or HM 60, as applicable, that relates to the investor for each day for the period”.
- (2) In section HM 47(4)(a)(ii), “30” is replaced by “28”.

#### **7 Use of foreign tax credits by zero-rated and certain exiting investors**

- (1) In section HM 52(3)(b), in the words before the subparagraphs, “tax year” is replaced by “tax year or exit period, as applicable”.
- (2) In section HM 52(3)(b)(i), “for the attribution period before their exit period” is replaced with “that the PIE would have used had the period not been an exit period”.

#### **8 Section HM 58 replaced**

Section HM 58 is replaced by the following:

##### **“HM 58 Transition of rate for certain investors**

*“When this section applies*

- “(1) This section applies to a multi-rate PIE in relation to a person who is an investor in the PIE, and the person has, on 30 September 2010, a notified investor rate of 12.5%, 21%, or 30%.

*“Rate applying on and after 1 October 2010*

“(2) On and after 1 October 2010, the person’s notified investor rate is—

“(a) 10.5%, if it was 12.5% on 30 September 2010:

“(b) 17.5%, if it was 21% on 30 September 2010:

“(c) 28%, if it was 30% on 30 September 2010.

*“Exception: new notified rate*

“(3) Subsection (2) does not apply if the person advises the PIE of a different notified investor rate.

“Defined in this Act: multi-rate PIE, notified investor rate, notify”.

## **9 Notified investor rates**

(1) Section HM 60(3) is replaced by the following:

*“Application of rate*

“(3) For an investor for an income year, a multi-rate PIE must apply the most recent notified investor rate to every day in every period for the income year. However, for the 2010–11 income year, the most recent notified investor rate on or after 1 October 2010 is applied only to every day on or after 1 October 2010. For a day before 1 October 2010, the multi-rate PIE must apply the notified investor rate that would have applied ignoring the Taxation (Budget Measures) Act 2010.”

(2) In section HM 60(6), “30” is replaced by “28”.

## **10 What this subpart does**

In section ML 1(1), “redundancy payment” is replaced by “redundancy payment before 1 October 2010”.

## **11 Tax credit for redundancy payments**

In section ML 2(1), in the words before the paragraphs, “redundancy payment has a tax credit of an amount equal to 6 cents for every complete dollar of total redundancy payments derived by them” is replaced by “redundancy payment before 1 October 2010 has a tax credit of an amount equal to 6 cents for every complete dollar of total redundancy payments derived by them before 1 October 2010”.

**12 ICA benchmark dividend rules**

In section OB 61(4), “This subsection is modified by section OZ 9 (Benchmark dividends: ratio change).” is added as the second sentence.

**13 FDPA benchmark dividend rules**

In section OC 28(4), “This subsection is modified by section OZ 9 (Benchmark dividends: ratio change).” is added as the second sentence.

**14 Section OZ 7 replaced**

Section OZ 7 is replaced by the following:

**“OZ 7 Memorandum accounts in transitional period**

Unless the context otherwise requires, sections OZ 8 to OZ 15 apply for a period (the **transitional period**)—

“(a) beginning the first day of a person’s 2011–12 income year; and

“(b) ending on 31 March 2013.

“Defined in this Act: income year”.

**15 Attaching imputation credits and FDP credits: maximum permitted ratio**

In section OZ 8(2), “33” is replaced by “30”.

**16 Benchmark dividends: ratio change**

(1) In section OZ 9(1)(c)(ii), “33/67” is replaced by “30/70”.

(2) In section OZ 9(3)(b), “30/70” is replaced by “28/72”.

**17 Modifying ratios for imputation credits and FDP credits**

(1) In section OZ 10(1)(a), “1 October 2007 to 31 March 2010” is replaced by “1 October 2010 to 31 March 2013”.

(2) In section OZ 10(1)(b)(i) to (iii),—

(a) “30/70” is replaced, in each place in which it appears, by “28/72”; and

(b) “33/67” is replaced, in each place in which it appears, by “30/70”.

(3) In section OZ 10(2), “33/67” is replaced by “30/70”.

**18 Tax credits for imputation credits and FDP credits**

- (1) Section OZ 11(1)(a) is replaced by the following:
- “(a) a person—
    - “(i) derives a dividend in the transitional period, if the person is a new company tax rate person that is not a multi-rate PIE;
    - “(ii) derives a dividend in the period from 1 October 2010 to 31 March 2013, if the person is a new company tax rate person that is a multi-rate PIE; and”.
- (2) In section OZ 11(1)(b)(i) to (iii),—
- (a) “30/70” is replaced, in each place in which it appears, by “28/72”; and
  - (b) “33/67” is replaced, in each place in which it appears, by “30/70”.
- (3) In section OZ 11(1)(c), “new tax rate person” is replaced by “new company tax rate person”.
- (4) In section OZ 11(2), in the formula, “0.30” is replaced by “0.28”.
- (5) In section OZ 11(4), in the formula, “0.30” is replaced by “0.28”.
- (6) In section OZ 11, in the list of defined terms, “multi-rate PIE” and “new company tax rate person” are inserted.

**19 Tax credits for non-resident investors**

- (1) In section OZ 12(1)(b)(i) and (ii),—
- (a) “30/70” is replaced, in each place in which it appears, by “28/72”; and
  - (b) “33/67” is replaced, in each place in which it appears, by “30/70”.
- (2) In section OZ 12(2),—
- (a) “33/67” is replaced by “30/70”; and
  - (b) “7/17 as 67/187” is replaced by “24/53 as 7/17”.
- (3) In section OZ 12(3),—
- (a) “33/67” is replaced, in each place in which it appears, by “30/70”; and
  - (b) “7/17 as 67/187” is replaced by “24/53 as 7/17”.
- (4) In section OZ 12(4), “33/67” is replaced by “30/70”.

- (5) In section OZ 12(5), “33” is replaced by “30”.

**20 Fully credited dividends: modifying actual ratio**

- (1) In section OZ 13(1),—
- (a) “30/70” is replaced by “28/72”; and
  - (b) “33/67” is replaced by “30/70”.
- (2) In section OZ 13(2), “30/70” is replaced by “28/72”.

**21 Dividends from qualifying companies**

In section OZ 14(2), “0.33” is replaced by “0.30”.

**22 Attaching imputation credits and notional distributions: modifying amounts**

In section OZ 15,—

- (a) in subsection (2), “33” is replaced by “30”; and
- (b) in subsection (3), “33” is replaced by “30”; and
- (c) in subsection (4), “33” is replaced by “30”; and
- (d) in subsection (5), “33” is replaced by “30”.

**23 BETA reductions**

- (1) In section OZ 16(1),—
- (a) in paragraph (a), “2008–09” is replaced by “2011–12”; and
  - (b) in paragraph (b),—
    - (i) “2008–09” is replaced by “2011–12”; and
    - (ii) “2007–08” is replaced by “2010–11”.
- (2) In section OZ 16(2), “30/33” is replaced by “28/30”.

**24 CTRA reductions**

- (1) In section OZ 17(1),—
- (a) in paragraph (a), “2008–09” is replaced by “2011–12”; and
  - (b) in paragraph (b),—
    - (i) “2008–09” is replaced by “2011–12”; and
    - (ii) “2007–08” is replaced by “2010–11”.
- (2) In section OZ 17(2), “30/33” is replaced by “28/30”.

**25 Methods for calculating provisional tax liability**

In section RC 5(4), “Sections RZ 3 and RZ 5B (which relate to tax rate changes) modify” is replaced by “Section RZ 3 (Standard method: 2010–11 to 2012–13 income years) modifies”.

**26 GST ratio method**

In section RC 8(9), “Sections RZ 4 and RZ 5C (which relate to tax rate changes) modify” is replaced by “Section RZ 4 (GST ratio method: 2010–11 to 2013–14 income years) modifies”.

**27 Calculating amount of instalment under standard and estimation methods**

In section RC 10(3)(a),—

- (a) in subparagraph (i), “sections RZ 5 and RZ 5B (which relate to tax rate changes)” is replaced by “section RZ 5 (Calculating amounts under standard method: 2010–11 to 2012–13 income years)”; and
- (b) in subparagraph (ii), “sections RZ 5 and RZ 5B” is replaced by “section RZ 5”.

**28 Calculating amount of instalment using GST ratio**

In section RC 11(4), “Sections RZ 4 and RZ 5C (which relate to tax rate changes) modify” is replaced by “Section RZ 4 (GST ratio method: 2010–11 to 2013–14 income years) modifies”.

**29 Sections RZ 3 to RZ 5C replaced**

Sections RZ 3 to RZ 5C are replaced by the following:

**“RZ 3 Standard method: 2010–11 to 2012–13 income years**

*“When this section applies*

- “(1) This section applies to the calculation of a person’s provisional tax liability, when section RC 5 (Methods for calculating provisional tax liability) applies,—

- “(a) for instalments payable on or after 1 October 2010 for the 2010–11 income year and for instalments for the 2011–12 and 2012–13 income years, if the person is a new personal tax rate person:

“(b) for instalments payable for the 2011–12 and 2012–13 income years, if the person is a new company tax rate person.

*“Standard method modified: for 5% uplift*

“(2) The standard method under section RC 5(2) is modified so that—

“(a) for instalments payable on or after 1 October 2010 for the 2010–11 income year, instead of using 105%, the amount of provisional tax payable is calculated using 95%, if the person is a new personal tax rate person:

“(b) for the 2011–12 income year, instead of using 105%, the amount of provisional tax payable is calculated using—

“(i) 95%, if the person is a new personal tax rate person; or

“(ii) 100%, if the person is a new company tax rate person.

*“Standard method modified: for 10% uplift*

“(3) The standard method under section RC 5(3) is modified so that—

“(a) for instalments payable on or after 1 October 2010 for the 2010–11 income year, instead of using 110%, the amount of provisional tax payable is calculated using 95%, if the person is a new personal tax rate person:

“(b) for the 2011–12 income year, instead of using 110%, the amount of provisional tax payable is calculated using—

“(i) 95%, if the person is a new personal tax rate person; or

“(ii) 105%, if the person is a new company tax rate person:

“(c) for the 2012–13 income year, instead of using 110%, the amount of provisional tax payable is calculated using—

“(i) 100%, if the person is a new personal tax rate person; or

“(ii) 105%, if the person is a new company tax rate person.

“Defined in this Act: amount, income year, new company tax rate person, new personal tax rate person, pay, provisional tax

**“RZ 4 GST ratio method: 2010–11 to 2013–14 income years**

*“When this section applies*

- “(1) This section applies to the calculation of a person’s provisional tax liability, when section RC 8 (GST ratio method) applies and requires an amount of residual income tax or an assessment of income tax for the calculation of the GST ratio,—
- “(a) for instalments payable on or after 1 October 2010 for the 2010–11 income year and for instalments for the 2011–12, 2012–13, and 2013–14 income years, if the person is a new personal tax rate person:
  - “(b) for instalments payable for the 2011–12, 2012–13, and 2013–14 income years, if the person is a new company tax rate person.
- “(2) The GST ratio method under section RC 8 is modified so that—
- “(a) for instalments payable on or after 1 October 2010 for the 2010–11 income year, and for the 2011–12 income year, if the person is a new personal tax rate person,—
    - “(i) the amount of residual income tax or the amount of an assessment of income tax for the preceding year, as applicable, is reduced by multiplying the amount by 0.90:
    - “(ii) the amount of residual income tax or the amount of an assessment of income tax for the tax year before the preceding year or the transitional year, as applicable, is reduced by multiplying the amount by 0.85:
    - “(iii) the amount of residual income tax or the amount of an assessment of income tax for the year that is 2 years before the preceding year or the transitional year, as applicable, is reduced by multiplying the amount by 0.80:
  - “(b) for instalments payable for the 2012–13 income year, if the person is a new personal tax rate person,—
    - “(i) the amount of residual income tax or the amount of an assessment of income tax for the tax year before the preceding year or the transitional year, as applicable, is reduced by multiplying the amount by 0.90:

- “(ii) the amount of residual income tax or the amount of an assessment of income tax for the year that is 2 years before the preceding year or the transitional year, as applicable, is reduced by multiplying the amount by 0.85:
- “(c) for instalments payable for the 2013–14 income year, if the person is a new personal tax rate person, the amount of residual income tax or the amount of an assessment of income tax for the year that is 2 years before the preceding year or the transitional year, as applicable, is reduced by multiplying the amount by 0.90:
- “(d) for instalments payable for the 2011–12 income year, if the person is a new company tax rate person,—
  - “(i) the amount of residual income tax or the amount of an assessment of income tax for the preceding year, as applicable, is reduced by multiplying the amount by 0.95:
  - “(ii) the amount of residual income tax or the amount of an assessment of income tax for the tax year before the preceding year or the transitional year, as applicable, is reduced by multiplying the amount by 0.95:
  - “(iii) the amount of residual income tax or the amount of an assessment of income tax for the year that is 2 years before the preceding year or the transitional year, as applicable, is reduced by multiplying the amount by 0.95:
- “(e) for instalments payable for the 2012–13 income year, if the person is a new company tax rate person,—
  - “(i) the amount of residual income tax or the amount of an assessment of income tax for the tax year before the preceding year or the transitional year, as applicable, is reduced by multiplying the amount by 0.95:
  - “(ii) the amount of residual income tax or the amount of an assessment of income tax for the year that is 2 years before the preceding year or the transitional year, as applicable, is reduced by multiplying the amount by 0.95:

- “(f) for instalments payable for the 2013–14 income year, if the person is a new company tax rate person, the amount of residual income tax or the amount of an assessment of income tax for the year that is 2 years before the preceding year or the transitional year, as applicable, is reduced by multiplying the amount by 0.95.

“Defined in this Act: amount, assessment, GST ratio, income tax, income year, new company tax rate person, new personal tax rate person, pay, provisional tax, residual income tax

**“RZ5 Calculating amounts under standard method: 2010–11 to 2012–13 income years**

*“When this section applies*

- “(1) This section applies to the calculation of a person’s provisional tax liability, when section RC 10 (Calculating amount of instalment under standard and estimation methods) applies,—
  - “(a) for instalments payable on or after 1 October 2010 for the 2010–11 income year and for instalments for the 2011–12 and 2012–13 income years, if the person is a new personal tax rate person:
  - “(b) for instalments payable for the 2011–12 and 2012–13 income years, if the person is a new company tax rate person.

*“Calculation modified: for 5% uplift*

- “(2) In the calculation of the amount of an instalment, in section RC 10(3)(a), subparagraph (i) is modified so that—
  - “(a) for instalments payable on or after 1 October 2010 for the 2010–11 income year, instead of using a 5% uplift, a 5% reduction is used, if the person is a new personal tax rate person:
  - “(b) for the 2011–12 income year, instead of using a 5% uplift, the amount of provisional tax payable is calculated using—
    - “(i) a 5% reduction, if the person is a new personal tax rate person; or
    - “(ii) no uplift, if the person is a new company tax rate person.

*“Calculation modified: for 10% uplift*

- “(3) In the calculation of the amount of an instalment, in section RC 10(3)(a), subparagraph (ii) is modified so that—
- “(a) for instalments payable on or after 1 October 2010 for the 2010–11 income year, instead of using a 10% uplift, a 5% reduction is used, if the person is a new personal tax rate person:
- “(b) for the 2011–12 income year, instead of using a 10% uplift, the amount of provisional tax payable is calculated using—
- “(i) a 5% reduction, if the person is a new personal tax rate person; or
- “(ii) a 5% uplift, if the person is a new company tax rate person:
- “(c) for the 2012–13 income year, instead of using a 10% uplift, the amount of provisional tax payable is calculated using—
- “(i) no uplift, if the person is a new personal tax rate person; or
- “(ii) a 5% uplift, if the person is a new company tax rate person.

“Defined in this Act: amount, income year, new company tax rate person, new personal tax rate person, pay, provisional tax”.

### 30 Definitions

- (1) This section amends section YA 1.
- (2) The definition of **new personal tax rate person** is replaced by the following:
- “**new company tax rate person**,—
- “(a) means a person who uses a 28% basic tax rate for the 2011–12 income year or later income years:
- “(b) includes, for the purposes of subpart OZ (Terminating provisions), a multi-rate PIE:
- “(c) does not include, for the purposes of subpart RZ (Terminating provisions), a multi-rate PIE
- “**new personal tax rate person** means a person whose basic rate of income tax is calculated under schedule 1, part A, clause 1 for the 2010–11 income year or a later income year”.
- (3) The definition of **new tax rate person** is repealed.

- (4) In the definition of **notified investor rate**, “section HM 60 (Notified rates)” is replaced by “section HM 60 (Notified investor rates) or a notified investor rate under section HM 58 (Transition of rate for certain investors)”.
- (5) In the definition of **old company tax rate**, “33” is replaced by “30”.

**31 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part D, table 1**  
Schedule 1, part D, table 1 is replaced by the following:

**Table 1**

Row	ESCT rate threshold amount	Tax rate
1	\$0 – \$16,800	0.105
2	\$16,801 – \$57,600	0.175
3	\$57,601 – \$84,000	0.300
4	\$84,001 upwards	0.330

How to use this table:

Find the range in the second column for the last dollar of the amount of salary or wages under section RD 69(1), and apply the relevant rate in the third column.

**32 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part D, table 2**  
Schedule 1, part D, table 2 is replaced by the following:

**Table 2**

Row	Conditions	Payment rate
1	The payer of the interest has not been supplied with the tax file number of a person who is paid the interest.	0.330
2	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who opens a new account after 31 March 2010 and who is paid the interest; and	

Row	Conditions	Payment rate
	(b) has not received a payment rate election from the recipient of the interest:	
	(c) is not required to use a rate notified by the Commissioner under section 25A of the Tax Administration Act 1994.	0.330
3	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who is paid the interest; and	
	(b) has received a payment rate election from the recipient of the interest—	
	(i) before 1 October 2010, choosing the 0.390 or 0.380 payment rate, and the payer is not required to use a rate notified by the Commissioner under section 25A of the Tax Administration Act 1994:	
	(ii) on or after 1 October 2010, choosing the 0.330 payment rate.	0.330
4	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who is paid the interest; and	
	(b) has received a payment rate election from the recipient of the interest—	
	(i) before 1 October 2010, choosing the 0.330 payment rate, and the payer is not required to use a rate notified by the Commissioner under section 25A of the Tax Administration Act 1994:	
	(ii) on or after 1 October 2010, choosing the 0.300 payment rate.	0.300
5	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who has not opened a new account after 31 March 2010 and who is paid the interest; and	
	(b) has not received a payment rate election from the recipient of the interest; and	

Row	Conditions	Payment rate
	(c) is not required to use a rate notified by the Commissioner under section 25A of the Tax Administration Act 1994.	0.175
6	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who is paid the interest; and	
	(b) has received a payment rate election from the recipient of the interest—	
	(i) before 1 October 2010, choosing the 0.195 or 0.210 payment rate, and the payer is not required to use a rate notified by the Commissioner under section 25A of the Tax Administration Act 1994:	
	(ii) on or after 1 October 2010, choosing the 0.175 payment rate.	0.175
7	The payer of the interest—	
	(a) has been supplied with the tax file number of a person, other than a trustee, who is paid the interest; and	
	(b) has received a payment rate election from the recipient of the interest—	
	(i) before 1 October 2010, choosing the 0.125 payment rate, and the payer is not required to use a rate notified by the Commissioner under section 25A of the Tax Administration Act 1994:	
	(ii) on or after 1 October 2010, choosing the 0.105 payment rate; and	
	(c) the recipient has a reasonable expectation at the time of the election that their income for the income year will be \$14,000 or less.	0.105
8	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who is paid the interest as a trustee of a testamentary trust to which section HC 37 applies; and	
	(b) has received a payment rate election from the recipient of the interest—	

Row	Conditions	Payment rate
	(i) before 1 October 2010, choosing the 0.125 payment rate, and the payer of the interest is not required to use a rate notified by the Commissioner under section 25A of the Tax Administration Act 1994:	
	(ii) on or after 1 October 2010, choosing the 0.105 payment rate.	0.105

How to use this table:

Find the applicable condition in the second column, in order to find the relevant rate to apply, in the third column.

**33 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part D, table 3**

In schedule 1, part D, table 3, rows 3 and 4 are replaced by the following:

3	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who is paid interest; and	
	(b) has received a payment rate election from the recipient of the interest,—	
	(i) on or after 1 October 2010, choosing the 0.33 payment rate:	
	(ii) before 1 October 2010, choosing the 0.39 or 0.38 payment rate.	0.33
4	The payer of the interest has not been supplied with the tax file number of a person who is paid the interest.	0.33

**34 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part D, table 4**

In schedule 1, part D, table 4, row 2, “0.38” is replaced by “0.33”.

**35 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part D, table 5**

Schedule 1, part D, table 5 is replaced by the following:

Table 5

Row	Conditions	Payment rate
1	The person responsible for withholding RSCT— (a) has been notified under section 28C of the Tax Administration Act 1994 that 12.5 or 10.5 cents in the dollar is the person’s retirement scheme prescribed rate; and (b) has been supplied with the tax file number of the person.	0.105
2	The person is a non-resident and a distribution of no more than \$200 is made to them by a retirement scheme contributor that is a Maori authority.	0.105
3	The person responsible for withholding RSCT— (a) has been notified under section 28C of the Tax Administration Act 1994 that 21 or 17.5 cents in the dollar is equal to or greater than the person’s retirement scheme prescribed rate; and (b) has been supplied with the tax file number of the person.	0.175
4	The person responsible for withholding RSCT— (a) has been notified under section 28C of the Tax Administration Act 1994 that 33 or 30 cents in the dollar is equal to or greater than the person’s retirement scheme prescribed rate; and (b) has been supplied with the tax file number of the person.	0.300
5	When none of rows 1 to 4 apply.	0.330
How to use this table: Find the applicable condition in the second column, in order to find the relevant rate to apply, in the third column.		

**36 Schedule 2—Basic tax rates for PAYE income payments:  
part A**

In schedule 2, part A,—

- (a) in clause 4, “0.21” is replaced by “0.175”; and
- (b) in clause 5, “0.33” is replaced by “0.300”; and
- (c) in clause 6, “0.38” is replaced by “0.330”; and
- (d) in clause 7, “0.21” is replaced by “0.175”; and

(e) in clause 9, “0.125” is replaced by “0.105”.

**37 Schedule 2—Basic tax rates for PAYE income payments: part B, table 1**

Schedule 2, part B, table 1 is replaced by the following:

**Table 1**

Row	Condition	Tax rate
1	Section RD 17(2)(a) applies and the sum is \$14,000 or less.	0.105
2	Section RD 10(2)(a) or RD 17(2)(b) applies.	0.175
3	Section RD 10(2)(b) or RD 17(2)(c) applies.	0.300
4	Section RD 10(2)(c) or RD 17(2)(d) applies.	0.330

How to use this table:

Find the applicable condition in the second column, in order to find the relevant rate to apply, in the third column.

**38 Schedule 4—Rates of tax for schedular payments: part I**  
In schedule 4, part I, clause 1, “0.125” is replaced by “0.105”.

**39 Schedule 6—Prescribed rates: PIE investments and retirement scheme contributions: table 1**

In schedule 6, table 1,—

- (a) in row 1, “0.300” is replaced by “0.280”; and
- (b) in row 2, “0.300” is replaced by “0.280”; and
- (c) in row 3, “0.300” is replaced by “0.280”; and
- (d) in row 4, “0.210” is replaced by “0.175”; and
- (e) in row 5, “0.210” is replaced by “0.175”; and
- (f) in row 6, “0.125” is replaced by “0.105”; and
- (g) in row 7, “0.125” is replaced by “0.105”.

**40 Schedule 6—Prescribed rates: PIE investments and retirement scheme contributions: table 2**

In schedule 6, table 2,—

- (a) in row 1, “0.380” is replaced by “0.330”; and
- (b) in row 2, “0.330” is replaced by “0.300”; and

- (c) in row 3, “0.210” is replaced by “0.175”; and
- (d) in row 4, “0.125” is replaced by “0.105”; and
- (e) in row 5, “0.125” is replaced by “0.105”; and
- (f) in row 6, “0.125” is replaced by “0.105”.

*Amendments to Tax Administration Act 1994*

**41 Tax Administration Act 1994**

Sections 42 and 43 amend the Tax Administration Act 1994.

**42 Person advising retirement savings scheme of retirement scheme prescribed rate**

In section 28C, “38” is replaced by “33”.

**43 Section 140BB replaced**

Section 140BB is replaced by the following:

**“140C Transitional imputation penalty tax payable in some circumstances**

- “(1) This section applies when a company has an end of year debit balance under section OA 3(3) and (4) of the Income Tax Act 2007 for its imputation credit account as at 31 March 2013, if the company is treated, for the purposes of this section, as having only the balances and adjustments referred to in subsections (2) and (3).
- “(2) For the purposes of subsection (1), for the transitional period, the following adjustments must be made to the company’s ICA balance at the end of the company’s 2010–11 income year for transactions occurring after the end of that income year:
  - “(a) first, the company must subtract any overpayment of income tax for the 2010–11 or earlier income year in which the company was an ICA company:
  - “(b) secondly, the company must subtract—
    - “(i) any payment for an income year after the 2010–11 income year:
    - “(ii) any amount that is or would be refundable for an income year after the 2010–11 income year:
  - “(c) thirdly, the company must add any income tax paid for the 2010–11 or earlier income year in which the company was an ICA company.

- “(3) For the purposes of subsection (1), the company must include in its ICA balance the ICA credits and debits for transactions occurring after the end of the company’s 2010–11 income year to the extent to which those credits and debits relate to memorandum account debits, credits, and balances dealt with, arising, or calculated using an old company tax rate, but excluding any amount taken into account under subsection (2).
- “(4) The company is liable for a special tax known as imputation penalty tax.
- “(5) The amount of imputation penalty tax is 10% of the positive difference between zero and the end of year debit balance described in subsection (1).”

*Amendments to Goods and Services Tax Act  
1985*

**44 Goods and Services Tax Act 1985**

Sections 45 to 53 amend the Goods and Services Tax Act 1985.

**45 Imposition of goods and services tax on supply**

- (1) In section 8(1), “12.5” is replaced by “15”.
- (2) Subsection (1) applies to supplies made on or after 1 October 2010.

**46 Value of supply of goods and services**

- (1) In section 10(6), “7.5” is replaced in each place in which it appears by “9”.
- (2) Subsection (1) applies to supplies made on or after 1 October 2010.

**47 Imposition of goods and services tax on imports**

- (1) In section 12(1), “12.5” is replaced by “15”.
- (2) Subsection (1) applies to the importation of goods on or after 1 October 2010.

**48 New section 21CB**

After section 21C, the following is inserted:

**“21CB Rate for change of use before 1 October 2010**

For a registered person who is treated as supplying goods and services as described in sections 21 and 21D, the rate of goods and services tax used for attributing output tax under section 21C for the supply of those goods and services is the rate that applied for the supply of goods and services immediately before 1 October 2010 if,—

- “(a) before 1 October 2010, the goods and services are applied for a purpose other than making taxable supplies; and
- “(b) the registered person chooses to apply this section.”

**49 Deductions from output tax for goods and services applied for making taxable supplies**

- (1) In section 21F(1), “tax fraction” is replaced by “COU tax fraction”.
- (2) After section 21F(2), the following is inserted:
  - “(4) For the purposes of this section, **COU tax fraction** means—
    - “(a) the tax fraction, if paragraph (b) does not apply:
    - “(b) the tax fraction that applied at the time that the goods and services referred to in section 21E were acquired by the person, if, before 1 October 2010, the goods and services are applied in a taxable period for a purpose of making taxable supplies either by the person or, if the person is a member of a partnership, by the partnership.”

**50 Fringe benefits and entertainment expenses**

- (1) In section 21I(4)(b), “the time of the supply” is replaced by “unless subsection (4B) applies, the time of the supply”.
- (2) After section 21I(4), the following is inserted:
  - “(4B) Despite subsection (4)(b), for a registered person who is treated as supplying entertainment as described in subsection (4), the time of supply for that entertainment is treated as being 30 September 2010 if—
    - “(a) the relevant expenditure or loss for the entertainment is incurred before 1 October 2010; and
    - “(b) the registered person chooses to apply this section.”

**51 Commissioner's right to withhold payments**

In section 46(6), "45" is replaced by "45 or 78B(5)(c)".

**52 Effect of imposition or alteration of tax**

In section 78(2), in the words before the paragraphs, "or where the alteration in the law has been taken into account," is omitted.

**53 Adjustments to tax payable for persons furnishing returns on payments basis following change in rate of tax**

- (1) Section 78B(2)(b) is repealed.
- (2) In section 78B(4), "for the return referred to in subsection (2)(b) of this section." is replaced by "for,—", and the following is added:
  - “(a) the person's part 1 return furnished under section 78A of this Act; or
  - “(b) the return for the taxable period ending with the day preceding the date on which the new rate of tax comes into force, if the person is not required to furnish a part 1 return.”
- (3) In section 78B(5), paragraph (c) and the words following paragraph (c) are replaced by the following:
  - “(c) to the extent that it cannot be so set off, refunded to the person, subject to section 46(6).”

*GST-related amendments to Tax Administration  
Act 1994*

**54 Tax Administration Act 1994**

Sections 55 and 56 amend the Tax Administration Act 1994.

**55 Late payment penalty**

- (1) In section 139B(1)(b), "the taxpayer has failed" is replaced by "ignoring any failure to pay for which a penalty is remitted under section 183AA, the taxpayer has failed".
- (2) In section 139B(1)(c), "the taxpayer has paid on time" is replaced by "ignoring any failure to pay for which a penalty is remitted under section 183AA, the taxpayer has paid on time".

**56 New section 183AA**

Before section 183A, the following is inserted:

**“183AA Remission for GST transitional taxable periods**

- “(1) This section applies to—
- “(a) a late filing penalty imposed under section 139AAA in respect of a GST return required to be furnished for a GST transitional taxable period;
  - “(b) a late payment penalty imposed under section 139B in respect of unpaid tax for a GST transitional taxable period;
  - “(c) interest payable under Part 7 in respect of unpaid tax for a GST transitional taxable period.
- “(2) The Commissioner must remit a taxpayer’s penalty or interest to the extent to which, objectively, the penalty or interest are imposed because of the taxpayer’s acts or omissions in respect of the change in the rate of goods and services tax on 1 October 2010.
- “(3) Subsection (2) does not apply if the taxpayer is liable for a shortfall penalty in respect of a GST transitional taxable period, if the liability is attributable wholly or in part to the taxpayer’s acts or omissions in respect of the change in the rate of goods and services tax on 1 October 2010.
- “(4) In this section, **GST transitional taxable period** means, for a taxpayer,—
- “(a) a taxable period, as defined in the Goods and Services Tax Act 1985 (a **GST taxable period**), that includes 1 October 2010;
  - “(b) a GST taxable period that includes 1 October 2010 and a later GST taxable period, if that later GST taxable period ends on or before 31 December 2010.”

**Part 2****Personal tax cuts: 2010–11 start****57 Application**

In this Part, other than section 58,—

- (a) the subsection (1) of the sections apply for the 2010–11 income year and later income years:

- (b) the subsection (2) of the sections apply for the 2011–12 income year and later income years.

*Amendments to Income Tax Act 2007*

**58 Income Tax Act 2007**

Sections 59 to 72 amend the Income Tax Act 2007.

**59 Child's income**

- (1) In section LC 3,—
  - (a) in subsection (3)(a), “\$292.50” is replaced by “\$269.10”; and
  - (b) in subsection (4), in the formula, “12.5” is replaced by “11.5”.
- (2) In section LC 3,—
  - (a) in subsection (3)(a), “\$269.10” is replaced by “\$245.70”; and
  - (b) in subsection (4), in the formula, “11.5” is replaced by “10.5”.

**60 Tax credits for transitional circumstances**

- (1) In section LC 4,—
  - (a) in subsection (3)(a)(i), “\$728” is replaced by “\$669.76”; and
  - (b) in subsection (4), in the formula,—
    - (i) “\$728” is replaced by “\$669.76”; and
    - (ii) “0.20” is replaced by “0.184”.
- (2) In section LC 4,—
  - (a) in subsection (3)(a)(i), “\$669.76” is replaced by “\$611.52”; and
  - (b) in subsection (4), in the formula,—
    - (i) “\$669.76” is replaced by “\$611.52”; and
    - (ii) “0.184” is replaced by “0.168”.

**61 Calculation of family tax credit**

- (1) In section MD 3(4),—
  - (a) in paragraph (a)(i), “\$4,487” is replaced by “\$4,532”;
  - (b) in paragraph (a)(ii), “\$5,198” is replaced by “\$5,251”;
  - (c) in paragraph (b)(i), “\$3,119” is replaced by “\$3,151”;

- (d) in paragraph (b)(ii), “\$3,557” is replaced by “\$3,593”:
- (e) in paragraph (b)(iii), “\$4,651” is replaced by “\$4,698”.
- (2) In section MD 3(4),—
  - (a) in paragraph (a)(i), “\$4,532” is replaced by “\$4,578”:
  - (b) in paragraph (a)(ii), “\$5,251” is replaced by “\$5,303”:
  - (c) in paragraph (b)(i), “\$3,151” is replaced by “\$3,182”:
  - (d) in paragraph (b)(ii), “\$3,593” is replaced by “\$3,629”:
  - (e) in paragraph (b)(iii), “\$4,698” is replaced by “\$4,745”.

## 62 Minimum family tax credit

- (1) In section ME 1(3)(a), “\$20,800” is replaced by “\$21,008”.
- (2) In section ME 1(3)(a), “\$21,008” is replaced by “\$21,216”.

## 63 New sections MF 4D and MF 4E

- (1) After section MF 4C, the following is inserted:

**“MF 4D Calculation of instalments: 1 April 2010 to 30 September 2010**

*“When this section applies*

- “(1) This section applies for calculating the amount of an instalment by way of tax credit under section MD 1 (Abating WFF tax credit), or as applicable, sections MD 1 and ME 1 (Minimum family tax credit) for the period starting on 1 April 2010 and finishing on 30 September 2010.

*“Family tax credit formula: section MD 3*

- “(2) The instalments for the relevant tax credit are calculated using, for the calculation of the **family tax credit**, the following formula:

$$\text{prescribed amount} \times \frac{\text{days}}{365}.$$

*“Definition of items in formula in subsection (2)*

- “(3) The items in the formula are defined in subsections (4) and (5).

*“Prescribed amount*

- “(4) **Prescribed amount** is the sum of the following amounts:

- “(a) for the eldest dependent child for whom the person is a principal caregiver during the entitlement period, 1 of the following, as applicable:
- “(i) \$4,487, if the child is younger than 16:
  - “(ii) \$5,198, if the child is 16 or older:
  - “(iii) a weighted average of the amounts in subparagraphs (i) and (ii) that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period; and
- “(b) for each dependent child for whom the person is a principal caregiver during the entitlement period, other than the eldest dependent child, 1 of the following, as applicable:
- “(i) \$3,119, if the child is younger than 13:
  - “(ii) \$3,557, if the child is 13, 14, or 15:
  - “(iii) \$4,651, if the child is 16 or older:
  - “(iv) a weighted average of the amounts in subparagraphs (i) and (ii) that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 13 during the entitlement period:
  - “(v) a weighted average of the amounts in subparagraphs (ii) and (iii) that reflects the proportion of the entitlement period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period.

“*Days*

- “(5) **Days** is the number of days in the entitlement period.

“*When another person cares for dependent child*

- “(6) A family tax credit must be reduced in proportion to the time in the entitlement period that a dependent child spends in the exclusive care of another person who qualifies under section MC 2 (Who qualifies for entitlements under family scheme?).

“*Family credit abatement formula: section MD 13*

- “(7) The instalments for the relevant tax credit are calculated using, for the calculation of the **family credit abatement**, the following formula:

$$\text{full-year abatement} \times \frac{\text{days}}{365}.$$

*“Definition of items in formula in subsection (7)*

“(8) In the formula,—

“(a) **full-year abatement** is,—

“(i) if the person has no spouse, civil union partner, or de facto partner during the entitlement period, and the person’s family scheme income for the relationship period containing the entitlement period is more than \$36,827, 20 cents for each complete dollar of the excess; or

“(ii) if the person has a spouse, civil union partner, or de facto partner during the entitlement period, and the person’s family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for the relationship period containing the entitlement period is more than \$36,827, 20 cents for each complete dollar of the excess:

“(b) **days** is the number of days in the entitlement period excluding the days of any calendar months in which the person receives protected family tax credit as described in section MD 14 (Person receiving protected family tax credit).

*“When 56-day period includes 31 March*

“(9) If a person who qualifies under section MC 2 receives instalments of the parental tax credit in a 56-day period that includes 31 March, the formula is applied so that—

“(a) instalments of the parental tax credit received in the first tax year are abated against the person’s family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year; and

“(b) instalments of the parental tax credit received in the second tax year are abated against the person’s family scheme income, the family scheme income of their

spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year.

*“Relationship with subject matter*

“(10) Sections MD 14 to MD 16 (which relate to family credit abatement), with necessary modifications, apply to the calculation of the **family credit abatement** in subsection (7).

*“Minimum family tax credit formula: section ME 1*

“(11) The instalments for the relevant tax credit are calculated using, for the calculation of the **minimum family tax credit**, the following formula:

$$\text{prescribed amount} - \text{net family scheme income} \times \frac{\text{weekly periods}}{52}.$$

*“Definition of items in formula in subsection (11)*

“(12) In the formula,—

“(a) **prescribed amount** is \$20,800:

“(b) **net family scheme income** is the net family scheme income, calculated using the formula in section ME 3 (Meaning of net family scheme income), for a relationship period containing the entitlement period, of—

“(i) the person; or

“(ii) their spouse, civil union, or de facto partner; or

“(iii) the person and their spouse, civil union, or de facto partner:

“(c) **weekly periods** is the number of periods of 1 week in the entitlement period for which the person is a full-time earner.

*“Relationship with subject matter*

“(13) Sections ME 2 (Meaning of employment for this subpart) and ME 3, with necessary modifications, apply to the calculation of the **minimum family tax credit** in subsection (11).

“Defined in this Act: amount, child, civil union partner, de facto partner, dependent child, entitlement period, family credit abatement, family scheme income, family tax credit, full-time earner, minimum family tax credit, net family scheme income, parental tax credit, principal caregiver, protected family tax credit, relationship period, spouse, tax credit, tax year

**MF 4E Calculation of instalments: 1 October 2010 to 31 March 2011**

*“When this section applies*

- “(1) This section applies for calculating the amount of an instalment by way of tax credit under section MD 1 (Abating WFF tax credit), or as applicable, sections MD 1 and ME 1 (Minimum family tax credit) for the period starting on 1 October 2010 and finishing on 31 March 2011.

*“Family tax credit formula: section MD 3*

- “(2) The instalments for the relevant tax credit are calculated using, for the calculation of the **family tax credit**, the following formula:

$$\text{prescribed amount} \times \frac{\text{days}}{365}.$$

*“Definition of items in formula in subsection (2)*

- “(3) The items in the formula are defined in subsections (4) and (5).

*“Prescribed amount*

- “(4) **Prescribed amount** is the sum of the following amounts:
- “(a) for the eldest dependent child for whom the person is a principal caregiver during the entitlement period, 1 of the following, as applicable:
- “(i) \$4,578, if the child is younger than 16:
  - “(ii) \$5,303, if the child is 16 or older:
  - “(iii) a weighted average of the amounts in subparagraphs (i) and (ii) that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period; and
- “(b) for each dependent child for whom the person is a principal caregiver during the entitlement period, other than the eldest dependent child, 1 of the following, as applicable:
- “(i) \$3,182, if the child is younger than 13:
  - “(ii) \$3,629, if the child is 13, 14, or 15:
  - “(iii) \$4,745, if the child is 16 or older:

“(iv) a weighted average of the amounts in subparagraphs (i) and (ii) that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 13 during the entitlement period:

“(v) a weighted average of the amounts in subparagraphs (ii) and (iii) that reflects the proportion of the entitlement period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period.

“*Days*

“(5) **Days** is the number of days in the entitlement period.

“*When another person cares for dependent child*

“(6) A family tax credit must be reduced in proportion to the time in the entitlement period that a dependent child spends in the exclusive care of another person who qualifies under section MC 2 (Who qualifies for entitlements under family scheme?).

“*Family credit abatement formula: section MD 13*

“(7) The instalments for the relevant tax credit are calculated using, for the calculation of the **family credit abatement**, the following formula:

$$\text{full-year abatement} \times \frac{\text{days}}{365}.$$

“*Definition of items in formula in subsection (7)*

“(8) In the formula,—

“(a) **full-year abatement** is,—

“(i) if the person has no spouse, civil union partner, or de facto partner during the entitlement period, and the person’s family scheme income for the relationship period containing the entitlement period is more than \$36,827, 20 cents for each complete dollar of the excess; or

“(ii) if the person has a spouse, civil union partner, or de facto partner during the entitlement period, and the person’s family scheme income, the family scheme income of their spouse, civil union

partner, or de facto partner, or the sum of those incomes for the relationship period containing the entitlement period is more than \$36,827, 20 cents for each complete dollar of the excess:

- “(b) **days** is the number of days in the entitlement period excluding the days of any calendar months in which the person receives protected family tax credit as described in section MD 14 (Person receiving protected family tax credit).

“*When 56-day period includes 31 March*

- “(9) If a person who qualifies under section MC 2 receives instalments of the parental tax credit in a 56-day period that includes 31 March, the formula is applied so that—

“(a) instalments of the parental tax credit received in the first tax year are abated against the person’s family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year; and

“(b) instalments of the parental tax credit received in the second tax year are abated against the person’s family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year.

“*Relationship with subject matter*

- “(10) Sections MD 14 to MD 16 (which relate to family credit abatement), with necessary modifications, apply to the calculation of the **family credit abatement** in subsection (7).

“*Minimum family tax credit formula: section ME 1*

- “(11) The instalments for the relevant tax credit are calculated using, for the calculation of the **minimum family tax credit**, the following formula:

$$\text{prescribed amount} - \text{net family scheme income} \times \frac{\text{weekly periods}}{52}$$

“*Definition of items in formula in subsection (11)*

- “(12) In the formula,—

“(a) **prescribed amount** is \$21,216:

- “(b) **net family scheme income** is the net family scheme income, calculated using the formula in section ME 3 (Meaning of net family scheme income), for a relationship period containing the entitlement period, of—
- “(i) the person; or
  - “(ii) their spouse, civil union, or de facto partner; or
  - “(iii) the person and their spouse, civil union, or de facto partner:
- “(c) **weekly periods** is the number of periods of 1 week in the entitlement period for which the person is a full-time earner.

*“Relationship with subject matter*

- “(13) Sections ME 2 (Meaning of employment for this subpart) and ME 3, with necessary modifications, apply to the calculation of the **minimum family tax credit** in subsection (11).

“Defined in this Act: amount, child, civil union partner, de facto partner, dependent child, entitlement period, family credit abatement, family scheme income, family tax credit, full-time earner, minimum family tax credit, net family scheme income, parental tax credit, principal caregiver, protected family tax credit, relationship period, spouse, tax credit, tax year”.

- (2) Sections MF 4B and MF 4C are repealed.

#### **64 Employer’s liability for attributed benefits**

- (1) In section RD 50,—
- (a) in subsection (4), “49” is replaced by “45.99”; and
  - (b) in subsection (5), “61.29” is replaced by “55.04”.
- (2) In section RD 50,—
- (a) in subsection (4), “45.99” is replaced by “42.86”; and
  - (b) in subsection (5), “55.04” is replaced by “49.25”.

#### **65 Calculation for certain employees when information lacking**

- (1) In section RD 52(3),—
- (a) in paragraph (a), “49” is replaced by “45.99”; and
  - (b) in paragraph (b), “61.29” is replaced by “55.04”.
- (2) In section RD 52(3),—
- (a) in paragraph (a), “45.99” is replaced by “42.86”; and
  - (b) in paragraph (b), “55.04” is replaced by “49.25”.

**66 Pooling non-attributed benefits**

- (1) In section RD 53(4),—
  - (a) in paragraph (a), “61” is replaced by “55.04”; and
  - (b) in paragraph (b), “49” is replaced by “45.99”.
- (2) In section RD 53(4),—
  - (a) in paragraph (a), “55.04” is replaced by “49.25”; and
  - (b) in paragraph (b), “45.99” is replaced by “42.86”.

**67 Single rate option**

- (1) Section RD 58(1), other than its heading, is replaced by the following:

“(1) An employer who chooses to pay their FBT liability under the single rate option must pay FBT at the rate of—

  - “(a) 61% of the taxable value of a fringe benefit for each of the first 2 quarters of a tax year:
  - “(b) 49.25% of the taxable value of a fringe benefit for each of the last 2 quarters of a tax year.”
- (2) Section RD 58(1), other than its heading, is replaced by the following:

“(1) An employer who chooses to pay their FBT liability under the single rate option must pay FBT at the rate of 49.25% of the taxable value of a fringe benefit for each of the 4 quarters of a tax year.”

**68 Alternate rate option**

- (1) In section RD 59,—
  - (a) in subsection (2), “first 3 quarters of a tax year at 49% of” is replaced by “first 2 quarters of a tax year at 49% of, and, for the 3rd quarter, at 43% of,”; and
  - (b) subsection (3), other than its heading, is replaced by the following:

“(3) The employer must pay FBT at the rate of—

    - “(a) 61% of the taxable value of a fringe benefit for any of the first 2 quarters of a tax year for which they do not pay at the rate of 49% under subsection (2):
    - “(b) 49% of the taxable value of a fringe benefit for the 3rd quarter of a tax year for which they do not pay at the rate of 43% under subsection (2).”

- (2) In section RD 59,—
- (a) in subsection (2), “first 2 quarters of a tax year at 49% of, and, for the 3rd quarter, at 43% of,” is replaced by “first 3 quarters of a tax year at 43% of”; and
- (b) subsection (3), other than its heading, is replaced by the following:
- “(3) The employer must pay FBT at the rate of 49% of the taxable value of a fringe benefit for any of the first 3 quarters of a tax year for which they do not pay at the rate of 43% under subsection (2).”

**69 Close company option**

- (1) In section RD 60(3)(a), “61” is replaced by “55.04”.
- (2) In section RD 60(3)(a), “55.04” is replaced by “49.25”.

**70 Small business option**

- (1) In section RD 61(3)(a), “61” is replaced by “55.04”.
- (2) In section RD 61(3)(a), “55.04” is replaced by “49.25”.

**71 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part A, table 1**

- (1) Schedule 1, part A, table 1 is replaced by the following:

**Table 1**

Row	Range of dollar in taxable income	Tax rate
1	\$0 – \$14,000	0.1150
2	\$14,001 – \$48,000	0.1925
3	\$48,001 – \$70,000	0.3150
4	\$70,001 upwards	0.3550

How to use this table:

Find the range in the second column for each dollar in the person’s taxable income, and apply the relevant rate for the dollar in the third column.

- (2) Schedule 1, part A, table 1 is replaced by the following:

**Table 1**

Row	Range of dollar in taxable income	Tax rate
1	\$0 – \$14,000	0.105
2	\$14,001 – \$48,000	0.175
3	\$48,001 – \$70,000	0.300
4	\$70,001 upwards	0.330

How to use this table:

Find the range in the second column for each dollar in the person's taxable income, and apply the relevant rate for the dollar in the third column.

**72 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part C, table 1**

(1) Schedule 1, part C, table 1 is replaced by the following:

**Table 1**

Row	Range of dollar in all-inclusive pay	Tax rate
1	\$0 – \$12,390	0.1299
2	\$12,391 – \$39,845	0.2384
3	\$39,846 – \$54,915	0.4599
4	\$54,916 upwards	0.5504

How to use this table:

Find the range in the second column for each dollar in the person's all-inclusive pay under section RD 51, and apply the relevant rate for the dollar in the third column.

(2) Schedule 1, part C, table 1 is replaced by the following:

**Table 1**

Row	Range of dollar in all-inclusive pay	Tax rate
1	\$0 – \$12,530	0.1173
2	\$12,531 – \$40,580	0.2121
3	\$40,581 – \$55,980	0.4286

Row	Range of dollar in all-inclusive pay	Tax rate
4	\$55,981 upwards	0.4925

How to use this table:  
Find the range in the second column for each dollar in the person's all-inclusive pay under section RD 51, and apply the relevant rate for the dollar in the third column.

*Amendment to Tax Administration Act 1994*

**73 Returns not required for certain providers of personal services**

- (1) In section 33C(c) of the Tax Administration Act 1994, “rate of 12.5% from” is replaced by “rate of 10.5% or 12.5% from”.
- (2) In section 33C(c) of the Tax Administration Act 1994, “rate of 10.5% or 12.5% from” is replaced by “rate of 10.5% from”.

**Part 3**

**Other measures**

*Amendments to Income Tax Act 2007*

**74 Income Tax Act 2007**

Sections 75 to 99 amend the Income Tax Act 2007.

**75 New section CG 8**

- (1) After section CG 7, the following is added:

**“CG 8 Capital contributions**

*“When this section applies*

- “(1) This section applies for the income year (the **first year**) in which a person derives a capital contribution and for the 9 income years after that first year.

*“Income*

- “(2) For an income year, the amount given by the following formula is income of the person derived in that income year:

capital contribution

10.

*“Definition of item in formula*

- “(3) In the formula, **capital contribution** is the capital contribution that the person derives in the first year.

*“Exception*

- “(4) This section does not apply for the capital contribution if the person has chosen, in accordance with section DB 64(1)(c) (Capital contributions), to apply section DB 64 instead.

“Defined in this Act: amount, capital contribution, income, income year, return of income”.

- (2) Subsection (1) applies for capital contributions derived after 20 May 2010.

**76 New heading and section DB 64**

- (1) Before the heading to subpart DC, the following is added to subpart DB:

*“Capital contributions***“DB 64 Capital contributions***“When this section applies*

- “(1) This section applies if,—
- “(a) a person has derived a capital contribution after 20 May 2010; and
  - “(b) in the absence of this section, the person would be allowed a deduction for an amount of depreciation loss for an item of depreciable property for which the capital contribution is a contribution (*see*: definition of **capital contribution**); and
  - “(c) the person has chosen to apply this section in a return of income for the income year in which the capital contribution is derived.

*“Deduction*

- “(2) For the purposes of quantifying the amount of depreciation loss for the income year under subpart EE (Depreciation), the item’s adjusted tax value, base value, cost, or value, as applicable, is reduced by the amount of the capital contribution.

*“Links with subpart DA*

- “(3) This section overrides the general permission.  
 “Defined in this Act: adjusted tax value, amount, capital contribution, deduction, general permission, income, income year, return of income”.
- (2) Subsection (1) applies for capital contributions derived after 20 May 2010.

**77 Annual rate for item acquired in person’s 1995–96 or later income year**

- (1) In section EE 31(1), the following is added as the second sentence: “Subsection (2) specifies the annual rate for the item if the person acquires it, or enters into a binding contract for the purchase or construction of it, on or before 20 May 2010, and subsection (3) specifies the annual rate for the item if subsection (2) does not apply and the person acquires it, or enters into a binding contract for the purchase or construction of it, after 20 May 2010.”
- (2) In section EE 31(2),—
- (a) in the heading, “Rate” is replaced by “Rate for item acquired on or before 20 May 2010”; and
  - (b) “The rate is” is replaced by “The rate, if the person acquires the item, or enters into a binding contract for the purchase or construction of the item, on or before 20 May 2010, is”.
- (3) After section EE 31(2), the following is added:  
*“Rate for item acquired after 20 May 2010*
- “(3) The rate, if subsection (2) does not apply and the person acquires the item, or enters into a binding contract for the purchase or construction of the item, after 20 May 2010, is 1 of the following:
- “(a) the item’s economic rate, special rate, or provisional rate, for an item not described in paragraph (b):
  - “(b) a diminishing value rate of 15% or a straight-line rate of 10% for an international aircraft.”
- (4) In section EE 31, as amended,—
- (a) in subsection (2)(a), “either paragraph (b) or (c)” is replaced by “paragraph (b), (c), or (d)”; and
  - (b) in subsection (2)(c), “aircraft.” is replaced by “aircraft:”, and the following is added:

- “(d) 0% for a building that has an economic rate or provisional rate of more than 0% due to an estimated useful life of 50 years or more.”; and
- (c) in subsection (3)(a), “paragraph (b)” is replaced by “either paragraph (b) or (c)”;
- (d) in subsection (3)(b), “aircraft.” is replaced by “aircraft:”, and the following is added:
  - “(c) 0%, for a building that has an economic rate or provisional rate of more than 0% due to an estimated useful life of 50 years or more.”
- (5) In section EE 31, in the list of defined terms, “estimated useful life” is inserted.
- (6) Subsections (4) and (5) apply for the 2011–12 and later income years.

#### **78 Special rate or provisional rate**

- (1) Section EE 35(2) is replaced by the following:
  - “*No special rate for excluded depreciable property, special excluded depreciable property, or building*
- “(2) A special rate may not be set for an item of excluded depreciable property, an item of special excluded depreciable property, or a building.”
- (2) In section EE 35, in the list of defined terms, “special excluded depreciable property” is inserted.

#### **79 Improvements**

- (1) Section EE 37(3)(a) is replaced by the following:
  - “(a) a person who uses the diminishing value method or the straight-line method for the item that was improved may choose to apply subsection (4) or (5), if paragraph (ab) does not apply:
  - “(ab) a person who uses the diminishing value method or the straight-line method for the item that was improved must use subsection (3B) if—
    - “(i) the person makes the improvement, or enters into a binding contract for the purchase or construction of the improvement, after 30 July 2009; and

- “(ii) the item that was improved is a grandparented structure:”.
- (2) Section EE 37(3)(a) and (ab) are replaced by the following:
- “(a) a person who uses the diminishing value method or the straight-line method for the item that was improved may choose to apply subsection (4) or (5), if paragraph (ab) does not apply:
- “(ab) a person who uses the diminishing value method or the straight-line method for the item that was improved must use subsection (3B) if—
- “(i) the person makes the improvement, or enters into a binding contract for the purchase or construction of the improvement, after 20 May 2010; and
- “(ii) the item that was improved is a grandparented structure, or is not a building, is not a used import car, is not an international aircraft, or has not been used or held for use in New Zealand as an item of depreciable property before the date on which the person acquires it:”.
- (3) After section EE 37(3), the following is inserted:
- “*Improvement compulsorily treated as separate item*
- “(3B) For the purposes of subsection (3)(ab), a person must treat the improvement as a separate item of depreciable property.”
- (4) In section EE 37, in the list of defined terms, “grandparented structure”, “international aircraft”, and “New Zealand” are inserted.

### **80 Effect of disposal or event**

- (1) Section EE 48(1)(b) is replaced by the following:
- “(b) the amount given by subsections (1B) and (1C).”
- (2) After section EE 48(1), the following is inserted:
- “*Amount for subsection (1)(b)*
- “(1B) The amount for the purposes of subsection (1)(b) is given by the following formula:

$$\begin{aligned} & \text{item depreciation loss} + \text{CZ 11 item amount} \\ & \quad + \text{DB 64 item amount.} \end{aligned}$$

*“Definition of items in formula*

“(1C) In the formula in subsection (1B),—

“(a) **item depreciation loss** is the total of the amounts of depreciation loss for which the person has been allowed deductions for the item:

“(b) **CZ 11 item amount** is the amount of any deduction allowed for the acquisition of the item, for the person, if the item is one to which section CZ 11 (Recovery of deductions for software acquired before 1 April 1993) applies:

“(c) **DB 64 item amount** is the amount of the capital contribution for the item, for the person, if the item is one to which section DB 64 (Capital contributions) applies.”

(3) In section EE 48, in the list of defined terms, “capital contribution” is inserted.

**81 Meaning of annual rate**

(1) In section EE 61(2), “The rate is the rate set by section EE 31(2)(a) or (b) if” is replaced by “The rate is the rate set by section EE 31(2)(a) or (b), or by section EE 31(3)(a), as applicable, if”.

(2) In section EE 61(3), “The rate is the rate set by section EE 31(2)(c) if” is replaced by “The rate is the rate set by section EE 31(2)(c), or by section EE 31(3)(b), as applicable, if”.

(3) After section EE 61(3), the following is inserted:

*“1995–1996 income year or later: buildings with estimated useful lives of 50 years or more*

“(3B) The rate is the rate set by section EE 31(2)(d), or by section EE 31(3)(c), as applicable, if the item is a building that—

“(a) has an economic rate or provisional rate of more than 0% due to an estimated useful life of 50 years or more; and

“(b) the person acquires in their 1995–96 income year or a later income year.”

(4) After section EE 61(7), the following is inserted:

*“Special excluded depreciable property*

“(7B) The rate is 0% for all depreciation methods, if the item is an item of special excluded depreciable property that would be

an item of excluded depreciable property but for the exclusion in section EE 64(3).”

- (5) In section EE 61, in the list of defined terms, “economic rate”, “estimated useful life”, “provisional rate”, and “special excluded depreciable property” are inserted.
- (6) Subsections (3) to (5) apply for the 2011–12 and later income years.

## **82 Meaning of excluded depreciable property**

- (1) After section EE 64(2), the following is added:

*“Another exclusion*

- “(3) **Excluded depreciable property** does not include special excluded depreciable property.”
- (2) In section EE 64, in the list of defined terms, “special excluded depreciable property” is inserted.
- (3) Subsections (1) and (2) apply for the 2011–12 and later income years.

## **83 Other definitions**

- (1) In section EE 67, after the definition of **provisional rate**, the following is inserted:

“**special excluded depreciable property** means all buildings that are items not specified in schedule 39 (Items for purposes of definition of special excluded depreciable property)”.
- (2) In section EE 67, in the list of defined terms, “special excluded depreciable property” is inserted.
- (3) Subsections (1) and (2) apply for the 2011–12 and later income years.

## **84 Subparts EE and EZ: list of defined terms**

In sections EE 7, EE 11, EE 26, EE 27, EE 28, EE 30, EE 31, EE 32, EE 35, EE 37, EE 39, EE 48, EE 58, EE 61, EE 66, EE 67, EZ 13, and EZ 14, in the lists of defined terms, “building” is inserted.

**85 Annual rate for item acquired on or after 1 April 1993 and before end of person's 1994–95 income year**

- (1) Section EZ 13(2) is replaced by the following:

*“Rate*

- “(2) The rate is—

“(a) the item's economic rate, if the item is not a building that has an economic rate or provisional rate of more than 0% due to an estimated useful life of 50 years or more; or

“(b) the pre-1993 depreciation rate described in section EZ 14, if the person chooses under that section; or

“(c) 0%, for a building that has an economic rate or provisional rate of more than 0% due to an estimated useful life of 50 years or more.”

- (2) In section EZ 13, in the list of defined terms, “estimated useful life”, and “provisional rate” are inserted.

- (3) Subsections (1) and (2) apply for the 2011–12 and later income years.

**86 Pre-1993 depreciation rate**

- (1) In section EZ 14(1) “1994–95 income year” is replaced by “1994–95 income year excluding buildings that have an economic rate or provisional rate of more than 0% due to an estimated useful life of 50 years or more”.

- (2) In section EZ 14, in the list of defined terms, “economic rate”, “estimated useful life”, and “provisional rate” are inserted.

- (3) Subsections (1) and (2) apply for the 2011–12 and later income years.

**87 Thresholds for application of interest apportionment rules**

- (1) Section FE 5(1), other than its heading, is replaced by the following:

- “(1) An excess debt entity must apportion its interest expenditure for an income year under section FE 6 if,—

“(a) the excess debt entity is not a trustee and not an excess debt outbound company, or is a trustee who is not described in section FE 2(1)(g), and—

- “(i) the debt percentage of its New Zealand group for the income year is more than 60%; and
  - “(ii) for a company or a trustee, the debt percentage of its New Zealand group for the income year is more than 110% of the debt percentage of the worldwide group; or
  - “(b) the excess debt entity is an excess debt outbound company, or is a trustee who is described in section FE 2(1)(g), and—
    - “(i) the debt percentage of its New Zealand group for the income year is more than 75%; and
    - “(ii) for a company or a trustee, the debt percentage of its New Zealand group for the income year is more than 110% of the debt percentage of the worldwide group.”
- (2) Section FE 5(3), other than its heading, is replaced by the following:
- “(3) A natural person must apportion their interest expenditure for an income year under section FE 6 if,—
- “(a) they are not described in section FE 2(1)(g), and the debt percentage of their New Zealand group for the income year is more than 60%; or
  - “(b) they are described in section FE 2(1)(g), and the debt percentage of their New Zealand group for the income year is more than 75%.”
- (3) Subsections (1) and (2) apply for the 2011–12 and later income years.

## **88 Apportionment of interest by excess debt entity**

- (1) Section FE 6(3)(e) is replaced by the following:
- “(e) **threshold amount** is, as applicable,—
    - “(i) if the excess debt entity is not a trustee and not an excess debt outbound company, or is a trustee who is not described in section FE 2(1)(g), the greater of 60% and 110% of the debt percentage of their worldwide group:
    - “(ii) if the person is a natural person who is not described in section FE 2(1)(g), 60%:

- “(iii) if the excess debt entity is an excess debt out-bound company, or is a trustee who is described in section FE 2(1)(g), the greater of 75% and 110% of the debt percentage of their worldwide group:
  - “(iv) if the person is a natural person who is described in section FE 2(1)(g), 75%.”
- (2) In section FE 6, in the list of defined terms, “excess debt out-bound company” is inserted.
  - (3) Subsections (1) and (2) apply for the 2011–12 and later income years.

#### **89 Calculation of debt percentages**

- (1) In section FE 12(2), “is more than 75% as described in section FE 5(1)(a), the” is replaced by “is, as applicable, more than 60% as described in section FE 5(1)(a), or more than 75% as described in section FE 5(1)(b), then the”.
- (2) Subsection (1) applies for the 2011–12 and later income years.

#### **90 Measurement of debts and assets of worldwide group**

- (1) Section FE 18(5), other than its heading, is replaced by the following:
  - “(5) The debt percentage of the worldwide group of an excess debt entity is treated as,—
    - “(a) 54.5454%, if the excess debt entity is not a trustee and not an excess debt outbound company, or is a trustee who is not described in section FE 2(1)(g), and—
      - “(i) the entity is unable to calculate the percentage and does not ask the Commissioner to make an estimate under subsection (4):
      - “(ii) the Commissioner cannot reasonably estimate the debt percentage under subsection (4):
      - “(iii) no member of the entity’s worldwide group, other than the entity, is not resident in New Zealand; or
    - “(b) 68.1818%, if the excess debt entity is an excess debt outbound company, or is a trustee who is described in section FE 2(1)(g), and—

- “(i) the entity is unable to calculate the percentage and does not ask the Commissioner to make an estimate under subsection (4):
  - “(ii) the Commissioner cannot reasonably estimate the debt percentage under subsection (4):
  - “(iii) no member of the entity’s worldwide group, other than the entity, is not resident in New Zealand.”
- (2) Subsection (1) applies for the 2011–12 and later income years.

### **91 Tax credits for supplementary dividends**

- (1) In section LP 2(2), in the formula, “7/17” is replaced by “24/53”.
- (2) Subsection (1) applies for the 2011–12 and later income years.

### **92 Section MB 3 replaced**

- (1) Section MB 3 is replaced by the following:

#### **“MB 3 When person carries on 1 or more businesses**

*“When this section applies*

- “(1) This section applies when a person carries on 1 or more businesses in the income year (each separate business, a single **family scheme activity**).

*“Ignore income and deductions for net loss activity*

- “(2) The income and deductions for a person’s family scheme activity for an income year are ignored when calculating the person’s family scheme income for the year if, treating the person as having only the income and deductions of that activity, the person would have a net loss for that year.

*“Modification of what counts as 1 family scheme activity*

- “(3) For the purposes of applying subsection (2), and despite subsection (1), 2 or more family scheme activities may be treated as a single business activity, if the Commissioner considers that the 2 or more activities are of the kind that are normally carried on in association with each other.

*“Apportionment of deductions between family scheme activities*

- “(4) For the purposes of applying subsection (2) as modified by subsection (3), deductions that relate to an asset used in carry-

ing on 2 or more family scheme activities must be appropriately apportioned between the activities on the basis of the use of that asset in those 2 or more activities.

“Defined in this Act: business, deduction, family scheme income, income, income year, net loss

“Compare: 2004 No 35 s KD 1(1)(f), (2)”.

- (2) Subsection (1) applies for the 2008–09 and later income years.

### **93 Section MB 3 replaced**

- (1) Section MB 3 is replaced by the following:

#### **“MB 3 When person carries on 1 or more businesses or investment activities**

*“When this section applies*

- “(1) This section applies when a person carries on 1 or more businesses in the income year, or has or carries on 1 or more investment activities in the income year (each separate business or investment activity, a single **family scheme activity**).

*“Ignore income and deductions for net loss activity*

- “(2) The income and deductions for a person’s family scheme activity for an income year are ignored when calculating the person’s family scheme income for the year if, treating the person as having only the income and deductions of that activity, the person would have a net loss for that year.

*“Modification of what counts as 1 family scheme activity*

- “(3) For the purposes of applying subsection (2), and despite subsection (1), 2 or more family scheme activities may be treated as a single family scheme activity, if the Commissioner considers that the 2 or more activities are of the kind that are normally carried on in association with each other.

*“Apportionment of deductions between family scheme activities*

- “(4) For the purposes of applying subsection (2) as modified by subsection (3), deductions that relate to an asset used in carrying on 2 or more family scheme activities must be appropriately apportioned between the activities on the basis of the use of that asset in those 2 or more activities.

*“Definition*

- “(5) In this section, **investment activity** includes passive holding of an investment asset, other than a variable principal debt instrument.

“Defined in this Act: business, deduction, family scheme income, income, income year, investment activity, net loss, variable principal debt instrument”.

- (2) Subsection (1) applies for the 2011–12 and later income years.

**94 Orders in Council**

- (1) In section MF 7(1)(a), in the words before the paragraphs “and the amount of the threshold set out in section MD 13(3) (Calculation of family credit abatement)” is omitted.

- (2) In section MF 7(1)(a)(i), “quarterly all groups index number of the” is omitted.

- (3) After section MF 7(1)(c), the following is inserted:

“(cb) increase the amounts appearing as the amount of the threshold set out in section MD 13(3):”.

- (4) In section MF 7(2)(a) and (b), “movements in the quarterly all groups index number of” is replaced with “movement in”.

- (5) After section MF 7(2), the following is inserted:

*“How movement in CPI determined*

- “(2B) For the purposes of subsections (1)(a)(i) and (2)(a) and (b), a movement in the New Zealand Consumers Price Index over a period is determined by comparing the following numbers:

- “(a) the number that, when the period started, was the most recent quarterly index number of—

“(i) the New Zealand Consumers Price Index all groups, if the period starts before 29 April 2010; and

“(ii) the New Zealand Consumers Price Index all groups excluding cigarettes and other tobacco products, if the period starts after 28 April 2010:

- “(b) the number that, when the period ended, was the most recent quarterly index number of—

“(i) the New Zealand Consumers Price Index all groups, if the period ends before 29 April 2010; and

- “(ii) the New Zealand Consumers Price Index all groups excluding cigarettes and other tobacco products, if the period ends after 28 April 2010.”
- (6) Subsections (2), (4), and (5) apply for Working for Families entitlements for the 2011–12, 2012–13, and 2013–14 tax years.

**95 Subpart ML repealed**  
Subpart ML is repealed.

**96 Definitions**

- (1) This section amends section YA 1.
- (2) After the definition of **broodmare**, the following is inserted:  
“**building**, in subparts EE and EZ, does not include a grandparented structure”.
- (3) The definition of **capital contribution** is replaced by the following:  
“**capital contribution**—  
“(a) in sections CG 8, DB 64, and EE 48 (which relate to capital contributions), means an amount that—  
“(i) is paid by a person (the **payer**) to a person (the **recipient**) under an agreement between them that is not a contract of insurance; and  
“(ii) is paid by the payer other than in their capacity of settlor, partner, or shareholder of the recipient; and  
“(iii) is not income of the recipient, ignoring section CG 8; and  
“(iv) is paid, under the express terms and conditions of the agreement, as a contribution for depreciable property owned or to be acquired by the recipient:  
“(b) is defined in section HG 11(12) (Limitation on deductions by partners in limited partnerships) for the purposes of that section”.
- (4) After the definition of **grandparented consolidated company**, the following is inserted:  
“**grandparented structure** means, for a person, any item on the following list, if the person acquired the item, or entered

into a binding contract for the purchase or construction of the item, on or before 30 July 2009:

“(a) barns, including barns (drying):

“(b) carpark (buildings):

“(c) chemical works:

“(d) fertiliser works:

“(e) powder drying buildings:

“(f) site huts”.

- (5) After the definition of **international tax rules**, the following is inserted:

“**investment activity** is defined in section MB 3 (When person carries on 1 or more businesses or investment activities) for the purpose of that section”.

- (6) The definition of **redundancy payment** is repealed.

- (7) After the definition of **special corporate entity**, the following is inserted:

“**special excluded depreciable property** is defined in section EE 67 (Other definitions)”.

- (8) In the definition of **temporary building**, paragraph (a) is repealed.

- (9) Subsections (5), (7), and (8) apply for the 2011–12 and later income years.

**97 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part A**

- (1) In schedule 1, part A, clause 2, “0.30” is replaced by “0.28”.

- (2) In schedule 1, part A, clause 5, “0.30” is replaced by “0.28”.

- (3) In schedule 1, part A, clause 6, “0.30” is replaced by “0.28”.

- (4) In schedule 1, part A, clause 8, “0.30” is replaced by “0.28”.

- (5) Subsections (1) to (4) apply for the 2011–12 and later income years.

**98 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part D, table 3**

In schedule 1, part D, table 3, rows 1 and 2 are replaced by the following:

1	The payer of the interest—	
	(a)	has been supplied with the tax file number of a person who is paid interest; and
	(b)	has not received a payment rate election from the recipient of the interest, ignoring the receipt of an election for the 0.33 payment rate before 1 October 2010 (if any).
		0.28
2	The payer of the interest—	
	(a)	has been supplied with the tax file number of a person who is paid interest; and
	(b)	has received a payment rate election from the recipient of the interest, choosing the 0.28 payment rate.
		0.28

**99 New schedule 39**

- (1) After schedule 37, the following is inserted:

**Schedule 39**

s EE 67

**Items for purposes of definition of special excluded depreciable property**

Carports (hired out to householders)  
 Portable huts  
 Cool-stores and freezing chambers  
 Slaughterhouses on farms  
 Fowl houses  
 Plastic hothouses and PVC tunnel houses  
 Glasshouses  
 Buildings affected by acid  
 Milking sheds  
 Roofed livestock yards  
 Wintering barns and simple loafing barns  
 Milk powder buildings  
 Temporary buildings".

- (2) Subsection (1) applies for the 2011–12 and later income years.

*Amendment to Tax Administration Act 1994***100 Write-off of tax by Commissioner**

After section 177C(1C) of the Tax Administration Act 1994, the following is inserted:

- “(1D) The Commissioner must write off an amount, not exceeding \$30, of outstanding tax to the extent to which the amount—
- “(a) is outstanding from the 2010–11 tax year; and
  - “(b) is tax payable under section MF 5(2) or MF 6(2) of the Income Tax Act 2007, or is otherwise the result of WFF tax credit overpayment or overcrediting.”

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**Legislative history**

20 May 2010	Introduction (Bill 155–1), first reading, second reading, committee of the whole House, third reading
27 May 2010	Royal assent

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This Act is administered by the Inland Revenue Department.

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