



Taxation (Parental Tax Credit) Act 2014

Public Act 2014 No 28
Date of assent 19 May 2014
Commencement see section 2

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The Parliament of New Zealand enacts as follows:

- 1 Title**
This Act is the Taxation (Parental Tax Credit) Act 2014.

2 Commencement

Sections 3 to 9 come into force on 1 April 2015.

3 Income Tax Act 2007 amended

This Act amends the Income Tax Act 2007 (the **principal Act**).

4 Section MD 1 amended (Abating WFF tax credit)

(1) Replace section MD 1(3)(d)(i) with:

“(i) a family credit abatement calculated using the formula in section MD 13(2), and modified as necessary by section MD 2(3) and (4); and”.

(2) Subsection (1) applies for dependent children born on or after 1 April 2015.

5 Section MD 2 amended (Calculating net contributions to credits)

(1) After section MD 2(2), insert:

“Calculation for parental tax credit

“(3) For the purposes of sections MD 1 and MD 16, and subsection (2)(c)(iii) of this section, the amount of family credit abatement corresponding to the period applied to reduce the amount of parental tax credit corresponding to the period is calculated using the formula:

$$(\text{period abatement amount} - \text{amount used}) \times \frac{365}{\text{entitlement days}}.$$

“Definition of items in formula

“(4) In the formula,—

“(a) **period abatement amount** is the family credit abatement corresponding to the period (the **abatement period**):

“(b) **amount used** is the period abatement amount that the Commissioner must apply under subsection (2)(c)(i) and (ii) in calculating a net contribution for the abatement period:

“(c) **entitlement days** is the number of days in a parental entitlement period that are in the abatement period.”

- (2) In section MD 2, in the list of defined terms, insert “parental entitlement period”.
- (3) Subsections (1) and (2) apply for dependent children born on or after 1 April 2015.

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

- (1) In section MD 11(1)(b)(i), replace “56” with “70”.
- (2) In section MD 11(6)(b), in the words before the subparagraphs, replace “56” with “70”.
- (3) In section MD 11(6)(b)(ii), replace “56” with “70”.
- (4) Subsections (1), (2), and (3) apply for dependent children born on or after 1 April 2015.

7 Section MD 12 amended (Calculation of parental tax credit)

- (1) In section MD 12(2), in the formula, replace “56” with “70”.
- (2) Replace section MD 12(3)(a) with:

“(a) **prescribed amount** is—

 - “(i) \$1,200 for each dependent child born on or after 1 October 1999 and before 1 April 2015; or
 - “(ii) \$2,200 for each dependent child born on or after 1 April 2015.”.
- (3) Subsections (1) and (2) apply for dependent children born on or after 1 April 2015.

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

- (1) In section MD 13(4), in the heading, replace “56” with “70”.
- (2) In section MD 13(4), in the words before the paragraphs, replace “56” with “70”.
- (3) Subsections (1) and (2) apply for dependent children born on or after 1 April 2015.

9 Section MD 16 amended (Calculation of parental tax credit abatement)

- (1) In section MD 16(1)(c), replace “56” with “70”.
- (2) Subsection (1) applies for dependent children born on or after 1 April 2015.

Legislative history

15 May 2014	Divided from Budget Measures (Financial Support for Newborn Children) Bill (Bill 211–1) by committee of the whole House, third reading
19 May 2014	Royal assent

This Act is administered by the Inland Revenue Department.
