

**Reprint
as at 20 December 2017**



**Taxation (Budget Measures: Family Incomes Package)
Act 2017**

Public Act 2017 No 22
Date of assent 29 May 2017
Commencement see section 2

Taxation (Budget Measures: Family Incomes Package) Act 2017: repealed (with effect on 29 May 2017), on 20 December 2017, by section 46 of the Families Package (Income Tax and Benefits) Act 2017 (2017 No 51).

Contents

	Page
1 Title	2
2 Commencement	3

Part 1

Amendments to Income Tax Act 2007

3 Income Tax Act 2007 amended	3
4 Section HC 24 amended (Trustees' obligations)	3
5 Cross-heading and section LC 13 repealed (Tax credits for independent earners)	3
6 Section MD 3 amended (Calculation of family tax credit)	3
7 Section MD 13 amended (Calculation of family credit abatement)	3
8 Section MF 7 amended (Orders in Council)	4
9 Section RC 5 amended (Methods for calculating provisional tax liability)	5

Note

Changes authorised by subpart 2 of Part 2 of the Legislation Act 2012 have been made in this official reprint.
Note 4 at the end of this reprint provides a list of the amendments incorporated.

This Act is administered by the Inland Revenue Department.

10	Section RC 10 amended (Calculating amount of instalment under standard and estimation methods)	5
11	Section RD 10 amended (Amounts of tax for PAYE income payments)	5
12	Section RD 17 amended (Payment of extra pay with other PAYE income payments)	5
13	Sections RZ 1 to RZ 5D replaced	5
	RZ 1 Calculating amounts under standard method: section RC 5: 2018–19 and 2019–20 income years	5
	RZ 2 Calculating amounts under standard method: section RC 10: 2018–19 and 2019–20 income years	6
14	Section YA 1 amended (Definitions)	6
15	Schedule 1 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)	7
16	Schedule 2 amended (Basic tax rates for PAYE income payments)	7
17	Schedule 6 amended (Prescribed rates: PIE investments and retirement scheme contributions)	8
18	Schedule 31 amended (Annualised equivalent amount for Part M)	8

Part 2

Amendments to other enactments

Amendments to Tax Administration Act 1994

19	Tax Administration Act 1994 amended	8
20	Section 24B amended (PAYE tax codes)	8
21	Section 33AA amended (Exceptions to requirement for return of income)	8
22	Section 33C amended (Return not required for certain providers of personal services)	9

Amendments to Taxation (Annual Rates and Budget Measures) Act 2011

23	Taxation (Annual Rates and Budget Measures) Act 2011 amended	9
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Amendment to Customs and Excise (Tobacco Products—Budget Measures) Amendment Act 2016

24	Customs and Excise (Tobacco Products—Budget Measures) Amendment Act 2016 amended	9
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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Taxation (Budget Measures: Family Incomes Package) Act 2017.

2 Commencement

- (1) This Act comes into force on the date on which it receives the Royal assent, except as provided in this section.
- (2) Part 1 comes into force on 1 April 2018.
- (3) Part 2 other than section 24 comes into force on 1 April 2018.
- (4) Section 24 is treated as coming into force on 30 May 2016.

Part 1

Amendments to Income Tax Act 2007

3 Income Tax Act 2007 amended

This Part amends the Income Tax Act 2007.

4 Section HC 24 amended (Trustees' obligations)

- (1) In section HC 24(2), replace “subparts LC and LD (which relate to tax credits for natural persons and for certain gifts)” with “subpart LD (Tax credits for gifts and donations)”.
- (2) This section applies for the 2018–19 and later tax years.

5 Cross-heading and section LC 13 repealed (Tax credits for independent earners)

- (1) The cross-heading before section LC 13 is repealed.
- (2) Section LC 13 is repealed.
- (3) This section applies for the 2018–19 and later tax years.

6 Section MD 3 amended (Calculation of family tax credit)

- (1) Replace section MD 3(4)(a) and (b) with:
 - (a) for the eldest dependent child for whom the person is a principal caregiver during the entitlement period, \$5,303; 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.
- (2) In section MD 3(6), replace “subsection (4)(a)(i) and (ii), and (b)(i) to (iii)” with “subsection (4)(a) and (b)”.
- (3) This section applies for the 2018–19 and later tax years.

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

- (1) In section MD 13(3)(a)(i), replace “\$36,350, 22.5 cents” with “\$35,000, 25 cents”.

- (2) In section MD 13(3)(a)(ii), replace “\$36,350, 22.5 cents” with “\$35,000, 25 cents”.
- (3) This section applies for the 2018–19 and later tax years.

8 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) Replace section MF 7(1)(a)(i) with:
 - (i) correspond to the movement in the New Zealand Consumer Price Index that has not yet been taken into account by an increase:
- (3) Repeal section MF 7(1)(ab).
- (4) Replace section MF 7(2)(a) and (b) with:
 - (a) in the case of the first Order in Council made under subsection (1)(a), must be made when the total percentage increase in the movement in the New Zealand Consumers Price Index measured from that applying on 1 October 2008 is 5% or more:
 - (b) in the case of the second Order in Council under subsection (1)(a), must be made when the total percentage increase in the movement in the New Zealand Consumers Price Index measured from that applying on 1 April 2018 is 5% or more:
 - (c) in the case of a subsequent Order in Council under subsection (1)(a), must be made when the total percentage increase in the movement in the New Zealand Consumers Price Index measured from that applying on the date when the requirement to make the immediately preceding adjustment arose is 5% or more.
- (5) Replace section MF 7(2B) with:

How movement in CPI determined
- (2B) For the purposes of subsections (1)(a)(i) and (2)(a), (b), and (c), 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 the New Zealand Consumers Price Index all groups excluding cigarettes and other tobacco products:
 - (b) the number that, when the period ended, was the most recent quarterly index number of the New Zealand Consumers Price Index all groups excluding cigarettes and other tobacco products.
- (6) Repeal section MF 7(2C).
- (7) This section applies for the 2018–19 and later tax years.

9 Section RC 5 amended (Methods for calculating provisional tax liability)

- (1) In section RC 5(4), replace “Sections RZ 3 (Standard method: 2010–11 to 2012–13 income years) and RZ 5D (Standard method or GST method: transition for Maori authorities)” with “Section RZ 1 (Calculating amounts under standard method: section RC 5: 2018–19 and 2019–20 income years)”.
- (2) This section applies for the 2018–19 and later income years.

10 Section RC 10 amended (Calculating amount of instalment under standard and estimation methods)

- (1) Replace section RC 10(3)(a)(i) and (ii) with:
 - (i) for the preceding tax year, uplifted by 5% (modified as applicable by section RZ 2 (Calculating amounts under standard method: section RC 10: 2018–19 and 2019–20 income years)); or
 - (ii) for the tax year before the preceding tax year, uplifted by 10% (modified as applicable by section RZ 2); or
- (2) This section applies for the 2018–19 and later income years.

11 Section RD 10 amended (Amounts of tax for PAYE income payments)

- (1) In section RD 10(2)(a), replace “\$48,000” with “\$52,000”.
- (2) This section applies for the 2018–19 and later income years.

12 Section RD 17 amended (Payment of extra pay with other PAYE income payments)

- (1) In section RD 17(2)(a), replace “\$14,000” with “\$22,000”.
- (2) In section RD 17(2)(b), replace “\$14,000” with “\$22,000”.
- (3) In section RD 17(2)(b), replace “\$48,000” with “\$52,000”.
- (4) In section RD 17(2)(c), replace “\$48,000” with “\$52,000”.
- (5) In section RD 17(4)(c)(ii), replace “\$14,001” with “\$22,001”.
- (6) In section RD 17(4)(c)(iii), replace “\$48,001” with “\$52,001”.
- (7) This section applies for the 2018–19 and later income years.

13 Sections RZ 1 to RZ 5D replaced

- (1) Sections RZ 1 to RZ 5D are replaced by:

RZ 1 Calculating amounts under standard method: section RC 5: 2018–19 and 2019–20 income years

When this section applies

- (1) This section applies to the calculation of a person’s provisional tax liability when—

- (a) section RC 5 (Methods for calculating provisional tax liability) applies for the person, for instalments payable for the 2018–19 and 2019–20 income years; and
- (b) the person is a new personal tax threshold person.

Standard method modified: for 5% uplift

- (2) The standard method under section RC 5(2) is modified so that for the 2018–19 income year, instead of using 105%, the amount of provisional tax payable is calculated using 100%.

Standard method modified: for 10% uplift

- (3) The standard method under section RC 5(3) is modified so that for the 2018–19 and 2019–20 income years, instead of using 110%, the amount of provisional tax payable is calculated using 105%.

Defined in this Act: amount, income year, new personal tax threshold person, pay, provisional tax

RZ 2 Calculating amounts under standard method: section RC 10: 2018–19 and 2019–20 income years

When this section applies

- (1) This section applies to the calculation of a person’s provisional tax liability when—
 - (a) section RC 10 (Calculating amount of instalment under standard and estimation methods) applies for the person, for instalments payable for the 2018–19 and 2019–20 income years; and
 - (b) the person is a new personal tax threshold person.

Standard method modified: for 5% uplift

- (2) In the calculation of the amount of an instalment, section RC 10(3)(a)(i) is modified so that for the 2018–19 income year, instead of using a 5% uplift, the amount of provisional tax payable is calculated using a 0% uplift.

Standard method modified: for 10% uplift

- (3) In the calculation of the amount of an instalment, section RC 10(3)(a)(ii) is modified so that for the 2018–19 and 2019–20 income years, instead of using a 10% uplift, the amount of provisional tax payable is calculated using a 5% uplift.

Defined in this Act: amount, income year, new personal tax threshold person, pay, provisional tax

- (2) This section applies for the 2018–19 and later income years.

14 Section YA 1 amended (Definitions)

- (1) This section amends section YA 1.
- (2) In the definition of **civil union partner**, delete “and in section LC 13 (Tax credits for independent earners)”.
- (3) Replace the definition of **new personal tax rate person** with:

new personal tax threshold person means a person whose basic rate of income tax is calculated under schedule 1, part A, clause 1 (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits) for the 2018–19 income year or a later income year

- (4) In the definition of **non-refundable tax credit**, repeal paragraph (a).
- (5) In the definition of **residual income tax**, repeal paragraph (b)(iiic).
- (6) This section applies for the 2018–19 and later income years.

15 Schedule 1 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)

- (1) In schedule 1, part A, table 1, row 1, replace “\$14,000” with “\$22,000”.
- (2) In schedule 1, part A, table 1, row 2, replace “\$14,001–\$48,000” with “\$22,001–\$52,000”.
- (3) In schedule 1, part A, table 1, row 3, replace “\$48,001” with “\$52,001”.
- (4) In schedule 1, part C, table 1, row 1, replace “\$12,530” with “\$19,690”.
- (5) In schedule 1, part C, table 1, row 2, replace “\$12,531–\$40,580” with “\$19,691–\$44,440”.
- (6) In schedule 1, part C, table 1, row 3, replace “\$40,581–\$55,980” with “\$44,441–\$57,040”.
- (7) In schedule 1, part C, table 1, row 4, replace “\$55,981” with “\$57,041”.
- (8) In schedule 1, part D, table 1, row 1, replace “\$16,800” with “\$26,400”.
- (9) In schedule 1, part D, table 1, row 2, replace “\$16,801–\$57,600” with “\$26,401–\$62,400”.
- (10) In schedule 1, part D, table 1, row 3, replace “\$57,601” with “\$62,401”.
- (11) In schedule 1, part D, table 2, row 7, replace “\$14,000” with “\$22,000”.
- (12) This section applies for the 2018–19 and later income years.

16 Schedule 2 amended (Basic tax rates for PAYE income payments)

- (1) In the heading to schedule 2, part A, clause 1, replace “**and “ME” tax codes**” with “**tax code**”.
- (2) In schedule 2, part A, clause 1, delete “or ‘ME’”.
- (3) In the heading to schedule 2, part A, clause 2, replace “**and “ME” tax codes**” with “**tax code**”.
- (4) In schedule 2, part A, clause 2, delete “or ‘ME’”.
- (5) In schedule 2, part B, table 1, row 1, replace “\$14,000” with “\$22,000”.
- (6) This section applies for the 2018–19 and later income years.

17 Schedule 6 amended (Prescribed rates: PIE investments and retirement scheme contributions)

- (1) In schedule 6, table 1, row 4, replace “\$48,000” with “\$52,000”.
- (2) In schedule 6, table 1, row 6, replace “\$14,000” with “\$22,000”.
- (3) In schedule 6, table 1, row 6, replace “\$48,000” with “\$52,000”.
- (4) In schedule 6, table 2, row 2, replace “\$48,000” with “\$52,000”.
- (5) In schedule 6, table 2, row 3, replace “\$14,000” with “\$22,000”.
- (6) In schedule 6, table 2, row 3, replace “\$48,000” with “\$52,000”.
- (7) In schedule 6, table 2, row 4, replace “\$14,000” with “\$22,000”.
- (8) This section applies for the 2018–19 and later income years.

18 Schedule 31 amended (Annualised equivalent amount for Part M)

- (1) In schedule 31, replace the first and second rows after the heading row with:

Amount does not exceed \$35,000	\$35,000
Amount exceeds \$35,000 but does not exceed \$36,500	\$36,500
Amount exceeds \$36,500 but does not exceed \$38,000	\$38,000

- (2) This section applies for the 2018–19 and later tax years.

Part 2**Amendments to other enactments***Amendments to Tax Administration Act 1994***19 Tax Administration Act 1994 amended**

Sections 20 to 22 amend the Tax Administration Act 1994.

20 Section 24B amended (PAYE tax codes)

- (1) In section 24B(3)(a), delete “when the employee is not entitled to a tax credit under section LC 13 of the Income Tax Act 2007”.
- (2) Repeal section 24B(3)(ab).
- (3) In section 24B(3)(bb), replace “\$14,000” with “\$22,000”.
- (4) In section 24B(3)(c), replace “\$48,000” with “\$52,000”.
- (5) In section 24B(3)(d), replace “\$48,000” with “\$52,000”.
- (6) This section applies for the 2018–19 and later tax years.

21 Section 33AA amended (Exceptions to requirement for return of income)

- (1) In section 33AA(3)(c)(i), replace “\$14,000” with “\$22,000”.

- (2) In section 33AA(3)(c)(i), replace “\$48,000” with “\$52,000”.
- (3) In section 33AA(3)(c)(ii), replace “\$48,000” with “\$52,000”.
- (4) In section 33AA(3)(d)(i), replace “\$14,000” with “\$22,000”.
- (5) In section 33AA(3)(d)(i), replace “\$48,000” with “\$52,000”.
- (6) In section 33AA(3)(d)(ii), replace “\$48,000” with “\$52,000”.
- (7) In section 33AA(3)(e)(i), replace “\$14,000” with “\$22,000”.
- (8) In section 33AA(3)(e)(i), replace “\$48,000” with “\$52,000”.
- (9) In section 33AA(3)(e)(ii), replace “\$48,000” with “\$52,000”.
- (10) In section 33AA(3)(f), replace “\$48,000” with “\$52,000”.
- (11) This section applies for the 2018–19 and later tax years.

22 Section 33C amended (Return not required for certain providers of personal services)

- (1) In section 33C(b), replace “\$14,000” with “\$22,000”.
- (2) This section applies for the 2018–19 and later tax years.

Amendments to Taxation (Annual Rates and Budget Measures) Act 2011

23 Taxation (Annual Rates and Budget Measures) Act 2011 amended

Repeal sections 2(3), (4), and (5), 5(2), (3), and (4), and 14B of the Taxation (Annual Rates and Budget Measures) Act 2011.

Amendment to Customs and Excise (Tobacco Products—Budget Measures) Amendment Act 2016

24 Customs and Excise (Tobacco Products—Budget Measures) Amendment Act 2016 amended

Repeal section 8 of the Customs and Excise (Tobacco Products—Budget Measures) Amendment Act 2016.

Reprints notes

1 *General*

This is a reprint of the Taxation (Budget Measures: Family Incomes Package) Act 2017 that incorporates all the amendments to that Act as at the date of the last amendment to it.

2 *Legal status*

Reprints are presumed to correctly state, as at the date of the reprint, the law enacted by the principal enactment and by any amendments to that enactment. Section 18 of the Legislation Act 2012 provides that this reprint, published in electronic form, has the status of an official version under section 17 of that Act. A printed version of the reprint produced directly from this official electronic version also has official status.

3 *Editorial and format changes*

Editorial and format changes to reprints are made using the powers under sections 24 to 26 of the Legislation Act 2012. See also <http://www.pco.parliament.govt.nz/editorial-conventions/>.

4 *Amendments incorporated in this reprint*

Families Package (Income Tax and Benefits) Act 2017 (2017 No 51): section 46