

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

Government Bill

Explanatory note

General policy statement

This taxation omnibus Bill introduces amendments to the following enactments—

- Tax Administration Act 1994
- Income Tax Act 2007
- Goods and Services Tax Act 1985
- KiwiSaver Act 2006
- Child Support Act 1991
- Student Loan Scheme Act 2011
- Taxation (Annual Rates for 2017–18, Employment and Investment Income and Remedial Matters) Act 2018
- Families Package (Income Tax and Benefits) Act 2017
- Income Tax Act 2004
- Accident Compensation Act 2001
- Intelligence and Security Act 2017
- Financial Advisers Act 2008
- Financial Service Providers (Registration and Dispute Resolution) Act 2008
- Income Tax Act 1994
- Taxation Review Authorities Act 1994
- Taxation Review Authorities Regulations 1998
- Tax Administration (Binding Rulings) Regulations 1999.

Broadly, the policy proposals in this Bill fall into 3 categories. The first category sets the annual rates of income tax for the 2018–19 tax year.

The second of these categories relates to proposals aimed at modernising and improving the legislative settings for the administration of the tax system as part of the Government's programme of transforming the revenue system through business process and technology change. This category includes measures to simplify and modernise the administration of individuals' income tax, modernise aspects of the Tax Administration Act 1994, such as the care and management provisions and the information collection and disclosure provisions. Amendments to methods of error correction of PAYE information in the context of payday reporting, and a number of minor measures relating to provisional tax and the payment allocation rules, are also included.

The third category comprises proposals aimed at improving current tax settings within a broad-base, low rate framework. Under the framework, the treatment of alternative forms of income and expenditure is intended to be as even as possible. This treatment ensures that overall tax rates can be kept low, while also minimising the biases that taxation introduces into economic decisions. This framework underpins the Government's revenue strategy and helps maintain confidence that the tax system is broadly fair, which is crucial to encouraging voluntary compliance.

Although New Zealand has relatively strong tax settings, it is important to maintain the tax system and ensure that it continues to be fit for purpose. Changes in the economic environment, business practice, or interpretation of the law can mean that the tax system becomes unfair, inefficient, complex, or uncertain. The tax system needs to be responsive to accommodate these concerns.

The main policy measures within this Bill have been developed in accordance with the Generic Tax Policy Process (GTPP). It is a very open and interactive engagement process between the public and private sectors, which helps ensure that tax and social policy changes are well thought through. This process is designed to ensure better, more effective policy development through early consideration of all aspects, and likely impacts, of proposals, and increased opportunities for public consultation.

The GTPP means that major tax initiatives are subject to public scrutiny at all stages of their development. As a result, Inland Revenue and Treasury officials have the opportunity to develop more practical options for reform by drawing on information provided by the private sector and the people who will be affected.

The final stage of the GTPP is a post-implementation review of new legislation and identification of remedial issues that need correcting for the new legislation to have its intended effect. Further information on the GTPP can be found at <http://taxpolicy.ird.govt.nz/how-we-develop-tax-policy>.

The following is a brief summary of the policy measures contained in this Bill. A comprehensive explanation of all the policy items will be provided in a commentary on the Bill that will be available shortly after this Bill is introduced, at <http://taxpolicy.ird.govt.nz/publications/2018-commentary-armtarm-bill/overview>.

Confirmation of annual rates of income tax for the 2018–19 tax year

The Income Tax Act 2007 requires the rates of income tax to be set each tax year by an annual taxing Act. The Bill sets the annual rates of income tax for the 2018–19 tax year at the same rates that apply for the 2017–18 tax year.

Better administration of individuals' income tax

The Bill proposes to reform the administration of individuals' income tax, in particular the way in which individuals are required to report their income for a tax year. The new rules are part of the Government's plans to modernise the revenue system through business process and technology change. They simplify individuals' year-end income tax obligations, remove unnecessary compliance costs for individuals and ensure that rates of withholding and tax codes that are applied to individuals' income during the year are more appropriate.

Proactive actions

The new rules would enable Inland Revenue to use the income information received during the year to proactively help people to move to appropriate tax rates. By recommending more appropriate tax rates during the year Inland Revenue would help people to receive the right amount of income when they need it and would help to reduce the size of tax refunds or amount of tax payable by individuals at the end of the year.

Tailored tax codes

Inland Revenue would make it easier for individuals to apply for tailored tax codes that suit their income earning circumstances, and would provide an online process for applications. Also Inland Revenue would monitor changes in a person's earnings to identify where they may be using an incorrect or less appropriate tax rate, so identifying where they might benefit from the use of a tailored tax code or a secondary tax rate. The Bill proposes that Inland Revenue would contact the individuals who could benefit from using a tailored tax code and recommend that they change their tax rate.

Year-end income tax filing obligations for individuals

The Bill proposes that individuals who earn only income that must be reported to Inland Revenue by third parties during or shortly after the end of the income tax year (*reportable income*) would not have an obligation to provide information about that income to Inland Revenue.

An individual earning up to \$200 of income other than reportable income in a tax year would not be required to provide that information to Inland Revenue.

Those individuals who derive more than \$200 of non-reportable income, are non-resident, have tax losses, are subject to the financial arrangements rules, or pay provisional tax, would still need to provide income information to Inland Revenue.

Refunds of tax and amounts of tax to pay

Inland Revenue would calculate whether people who are not required to provide income information are entitled to a refund or had tax to pay. If they have a tax refund, it will automatically be paid out to them and Inland Revenue will contact them if they have tax to pay (subject to the de minimis rules discussed below).

If tax on an individual's income has been withheld at an appropriate withholding tax rate or tax code, they will not be required to pay additional tax on any income that has been under-taxed.

The Bill also proposes that if amounts of tax to pay arise in relation to income that is subject to withholding rules when less than \$200 of income is not taxed correctly, those amounts of tax would not have to be paid.

All individuals' income tax refunds would be paid out by direct credit unless refunding by direct credit would result in undue hardship or was not practicable.

The administration of donations tax credits

The Bill proposes that donation receipts could be submitted electronically during the year and the donations tax credits could be claimed as part of the year-end income tax process. When donation receipts have been submitted electronically during the year, they would be taken into account without requiring a separate claim form to be completed. However, people would be able to continue to complete a separate donation tax credit claim form should they wish to.

Modernising core aspects of the Tax Administration Act 1994

The Bill proposes to modernise key aspects of the Tax Administration Act 1994. These aspects form part of the modernisation of the tax system being implemented by Inland Revenue's business transformation programme to modernise the revenue system through business process and technology change. They cover 4 areas: information collection, use, and disclosure; helping taxpayers get it right from the start; the role of tax intermediaries; and the role of the Commissioner.

Information collection, use, and disclosure

Two amendments are proposed to the information collection, use, and disclosure rules—

- introducing a regulation-making power to govern the repeat collection of large third-party datasets, providing a more efficient and transparent process for this type of collection, as distinct from the ad hoc collection of such information using existing powers;
- clarifying explicitly in the legislation that information collected for 1 Inland Revenue purpose can be used for the department's other functions.

The Bill also proposes the rewriting of the information collection provisions to modernise the rules and to improve the navigability of these provisions.

The modernisation of the rules regarding the confidentiality of Inland Revenue's information is intended to make them clearer, more cohesive, and better aligned with the underlying rationale of protecting taxpayer information. It also proposes 2 amendments to the way Inland Revenue shares information, specifically—

- providing more flexibility for Inland Revenue to share information within a regulatory framework, building on existing legislative provisions:
- allowing Inland Revenue to enter into agreements to share information with other agencies without the need for regulation where customer consent for sharing is obtained.

Other minor amendments are also proposed allowing Inland Revenue to disclose information to ensure taxpayer compliance with the Anti-Money Laundering and Countering Financing Terrorism Act 2009 and the Customs and Excise Act 2018. This information sharing is authorised under existing legislation and these amendments insert parallel authorisations into the Tax Administration Act 1994.

Rulings and amending assessments

The Bill proposes changes to the binding rulings regime to provide earlier certainty and thus reduce compliance and administrative costs for a greater number of business taxpayers. Currently, rulings are in practice only available to large taxpayers due to their cost, and there are issues which cannot be ruled on. Changes are proposed to expand access to binding rulings—

- creating a simplified process for small and medium-sized taxpayers to obtain a binding ruling at a reduced cost compared with the current process:
- extending the scope of the regime so that rulings can be provided on a broader range of issues.

To align the error-correction process with taxpayers' processes it is proposed to increase the current \$1,000 threshold for taxpayers to include an error in a subsequent return (rather than having to reopen the original assessment). The new threshold would be where the error is equal or less than both \$10,000 and 2% of the taxpayer's taxable income or GST output tax liability.

Third party providers and intermediaries

The Bill proposes amendments that will clarify Inland Revenue's ability to provide more services to tax preparers who are not tax agents (such as intermediaries who prepare PAYE and GST returns for other taxpayers) while safeguarding the integrity of the tax system. An example of such a service is being able to order a report on a clients' filing performance online.

The Bill also proposes to provide the Commissioner of Inland Revenue would have a discretion to refuse to recognise a person acting on behalf of another for a fee as a nominated person. This refusal would occur if the person has been removed from the list of tax agents for tax integrity reasons, or if allowing them to act for others would otherwise adversely impact on the integrity of the tax system.

The Commissioner of Inland Revenue's care and management role

The Bill proposes amendments to introduce a more flexible approach to dealing with situations when the legislation does not align with the intended policy (that is, when there is a legislative anomaly).

The Commissioner's care and management role would be extended by having more tools for addressing gaps or inconsistencies in the legislation that do not reflect the clear policy intent of a provision. These are—

- an Order in Council on the recommendation of the Minister of Revenue;
- a binding determination of the Commissioner of the treatment to be applied;
- an administrative action of the Commissioner either notifying a class of persons of a proposed treatment, an exemption for a class of persons to remove a compliance burden or a declaration of the validity of an established administrative practice.

The application period of the regulation, determination, or administrative action would be limited to 3 years, and their application would be optional for taxpayers.

PAYE error correction rules

Amendments to the Income Tax Act 2007 are proposed to clarify 2 issues relating to error correction in the context of payday reporting of employment income information. The amendments provide that—

- PAYE-related overpayments that are not repaid remain taxable as PAYE income;
- fringe benefit tax (FBT) on an interest-free loan does not arise where an employer allows an employee time to repay an overpayment.

Mid-year entry to the accounting income method

Currently, taxpayers who are eligible to use the accounting income method (AIM) to pay provisional tax may only commence using AIM prior to the first AIM instalment for the tax year of that taxpayer. For existing businesses, this rule means that they can join only at the beginning of the income year. The Bill proposes to allow taxpayers who are eligible to use AIM to switch from another provisional tax method (excluding the estimation method) to AIM during the income year, as long as all their payments under the other method have been made.

Amending the payment allocation rules

At present, payments received from taxpayers are allocated to use of money interest before being allocated to core tax debt. Inland Revenue has moved to multiple billing items within a period, as part of the transition to Inland Revenue's new START system. The current payment allocation rule can create some issues where there are multiple bill items within a period and, as such, an amendment to that rule is proposed to accommodate the change. The proposal continues to have a general rule of use of

money interest first, but allows some flexibility to apply payments to core tax on older debt before use of money interest on newer debt within a taxable period.

Correction of unintended change in the provisional tax use of money interest rules

In 2007, amendments were made to align the payment dates for GST and income tax. At that time, a change was made to the wording in the use of money interest rules which made an unintended change to the way in which interest was charged to certain taxpayers. These taxpayers, because of certain circumstances, were required to make only 1 or 2 provisional tax payments rather than the usual 3 payments. The unintended change meant that arguably those taxpayers should be charged use of money interest only from the date of those instalments rather than over the standard 3 instalments. The Bill proposes to restore the correct policy position for those taxpayers from the date of the unintended change with a savings provision for a person who has previously challenged that position and received a cancellation of use of money interest.

KiwiSaver enhancements

Based on recommendations made in the Retirement Commissioner's December 2016 review of retirement income policies, the Bill proposes to amend the KiwiSaver Act 2006 to improve the effectiveness of KiwiSaver in helping New Zealanders save for their retirement. The proposed amendments—

- introduce additional KiwiSaver employee contribution rate options of 6% and 10%:
- reduce the maximum contributions holiday period from 5 years to 1 year:
- change the name of the *contributions holiday* to *savings suspension*:
- allow over 65 year olds to opt-in to KiwiSaver:
- remove the 5 year lock in period (which currently affects members who join KiwiSaver between the ages of 60 and 65 years old).

Tax status of public purpose Crown-controlled companies and public authorities

The Bill proposes to give certain Crown-controlled companies listed in schedule 4A of the Public Finance Act 1989 their own income tax exemption, and a goods and services (GST) provision comparable to that of public authorities to help ensure that they can claim back GST input credits.

The qualifying *public purpose Crown-controlled companies* will be listed in a new schedule to the Income Tax Act 2007, and an Order in Council mechanism is inserted into the Act to facilitate amendments to this schedule.

The Bill also proposes to extend the definitions of *public authority* in the Income Tax Act 2007 and Goods and Service Act 1985 by specifically including a number of additional Crown/Parliamentary entities.

Schedule 32 overseas donee status

The Bill proposes to amend the Income Tax Act 2007 by adding 13 charities to the list of donee organisations in schedule 32. New Zealand charities that support activities overseas must be listed in schedule 32 in order for their donors to be eligible for tax benefits (in particular, the donations tax credit). The new additions to schedule 32 are—

- Books for Cambodia Trust
- Children of the Light
- Effective Altruism NZ Charitable Trust
- Flame Cambodia
- Forgotten Sherpas of Nepal
- Global Development Group Limited
- Good Trust
- INF Humanitarian Aid Trust
- NVADER
- Nyingje Trust
- Rwenzori Special Needs Foundation (NZ)
- St Columban's Mission Society Trust Board
- Talkingtech Foundation Trust.

Fringe benefit tax: market interest rate for employment related loans

Banks and other employers in the business of lending money are required to pay FBT if they provide a loan to an employee at a rate below the market interest rate. However, the legislative definition of the *market interest rate* is out-dated and no longer reflects the lending practices of banks and other money lenders. This approach can result in the over-taxation of loans made by banks and other money lenders to their employees. To address this problem, the Bill proposes to add a new definition of *market interest rate* to the Income Tax Act 2007. Under this new definition, the market rate for a given employee and loan type will be the lowest rate given around the same time in the ordinary course of business to a customer with a similar profile to the employee.

Corporate securitisations

A securitisation is a funding mechanism that involves a special purpose vehicle (SPV) issuing securities that are backed by the expected cash flows from specific assets. Securitisations can have a number of commercial benefits compared with other funding mechanisms, including providing access to a lower cost of financing.

An important commercial objective of a securitisation is maintaining tax neutrality while ensuring the vehicle is bankruptcy-remote. The current tax rules may not achieve tax neutrality, so may discourage securitisations. The securitisation rules for

financial institutions in the Income Tax Act 2007 were introduced as a result of the Reserve Bank's response to the global financial crisis. The rules ensure there are no tax consequences arising from the securitisation transactions between the financial institution and the SPV.

This Bill extends the current securitisation rules beyond financial institutions to other corporate securitisations, with appropriate modifications.

Land tainting and Housing New Zealand Corporation

The land-tainting rules impose tax on certain disposals of land by an associate of a person who deals in, develops, subdivides, or improves land. The rules were introduced to prevent the land sale rules from being undermined, but are leading to an incorrect policy result for the Housing New Zealand Group (HNZ) by imposing tax on sales that are not a policy concern, impeding HNZ's ability to implement the Government's building programme, as well as distorting the decision-making of the group and imposing excessive compliance costs. The Bill proposes an exclusion from the land tainting rules for HNZ.

Bank account requirement for IRD numbers: change of application date

Amendments were made by the Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018 giving the Commissioner a discretion to issue IRD numbers to offshore persons without New Zealand bank accounts if satisfied with their identity and background. This amendment was primarily made to assist taxpayers with meeting their New Zealand tax obligations. The Bill proposes to change the application date of this amendment to 15 October 2015, the date of the original requirement that offshore persons need to provide the Commissioner with their New Zealand bank accounts to obtain an IRD number.

Noise mitigation expenditure

The Bill proposes to amend the Income Tax Act 2007 to ensure that businesses incurring expenditure to mitigate noise can deduct such expenditure under the relevant pollution remediation provisions. The amendment applies to expenditure incurred for the 2018–19 and later income years.

Repeal of the adverse event scheme

The Bill proposes the repeal of the adverse event scheme, which is, in practice, not used much, because a different scheme, the main income equalisation scheme, offers more flexibility. The Bill proposes the transfer of existing balances in the adverse event scheme to the main income equalisation scheme.

Wind-up of a listed PIE

A transitional provision allows a company to become a listed PIE before they become listed on a recognised exchange on the expectation they will eventually do so. The Bill proposes a remedial amendment introducing an equivalent transitional provision

for a listed PIE that delists as part of the wind-up process so that the PIE rules will continue to apply to distributions after de-listing as part of the wind-up.

Notional single person concession for public unit trusts

An existing concession for public unit trusts allows them to choose to be treated as owned by a notional single person. This option is equivalent to the same concession for widely-held companies and allows an entity partly or wholly-owned by a public unit trust to calculate their shareholder continuity more efficiently. However, the concession applies only when the public unit trust chooses to apply it and some may not have done so (for example, when they are non-resident and have no New Zealand tax liability). The Bill proposes a remedial amendment to allow an entity partially- or wholly-owned by a public unit trust to treat the public unit trust as being owned by a notional single person, even where the public unit trust has not chosen to do so.

Schedule 29: Northland Regional Council

The Bill proposes adding Northland Regional Council to schedule 29 of the Income Tax Act 2007 to allow it to hold more than 20% of a PIE and for the minimum 20 investor requirement to not apply on the basis Northland Regional Council is acting on behalf of ratepayers and is effectively widely-held.

Remedial amendments following the recently enacted Families Package

The Bill proposes 3 amendments that arose during the design implementation of the Families Package.

Working for Families abatement rates and thresholds

The Families Package made changes to the Working for Families tax credit from 1 July 2018. As the changes are made part way through the tax year, the legislation sets out an average abatement rate, threshold, and family tax credit rates for that year. The Bill proposes that instead of average annual rates, the actual income earned before 1 July be squared up using the old abatement rate and threshold and the income earned from 1 July be squared up using the new rate and threshold.

Interaction between Best Start and paid parental leave

The Families Package legislation includes the introduction of the new Best Start tax credit. It was intended that a person could receive paid parental leave and once it ceases to be payable, Best Start payments can be made for the rest of the eligible period. The Bill proposes that the legislation be amended to clarify this policy intent.

Parental tax credit clarification

The Families Package legislation repeals the parental tax credit for children born on or after 1 July 2018, but is still available for children born before that date. The Bill proposes a minor retrospective technical amendment to enable the parental tax credit to be paid on a pro-rata basis to qualifying persons to reinstate the original policy intent.

GST remedial amendments

The Bill proposes a number of remedial amendments to the Goods and Services Tax Act 1985. These amendments are primarily intended to correct a number of cross-referencing errors or improve the drafting of a number of sections. One amendment proposes to remove the requirement for registered persons to notify the Commissioner of a change in their company constitution as it is of little relevance to the Commissioner and few companies comply.

Financial arrangement rules: treatment of foreign currency agreements for the supply of goods and services

Amendments are proposed for a foreign exchange denominated agreement for the sale and purchase of goods and services (ASAP) with a contingent amount (an amount payable or receivable depending on a future event, for example, future performance). Accounting practice treats adjustments to these as being on revenue account in the financial arrangement rules. As a result, contingent payments are automatically treated as *interest* under the Income Tax Act 2007 (and assessable or deductible). This outcome is inconsistent with the policy intent and the amendment ensures that these adjustments have regard to the underlying transaction. The Bill proposes that a savings provision is given for this amendment.

Resettlements by foreign trusts with at least 1 resident trustee

The Bill would correct unintended outcomes for resettlements by trustees of a trust that has no settlor resident in New Zealand at the time of resettlement. This amendment is intended to ensure that income derived from that resettled property is taxed only if it is derived from New Zealand (providing the settlor of the new trust remains non-resident), beneficiaries are not exposed to a 45% tax rate on distributions, the resettled trust is able to register under the foreign trust disclosure rules, and the resettlement is fully counted as corpus of the new trust. The Bill also clarifies the relationship between the trust rules for foreign trusts and the rules that treat resettlements of trust property as a sale and purchase of the property at market value.

Binding rulings on tax record-keeping requirements

The Bill proposes to provide the Commissioner with a general power to issue a binding ruling on the record-keeping requirements under a tax law. At present, this power exists only for GST record-keeping.

Technical amendments to the trust rules

Technical amendments are proposed to the trust rules to ensure internal consistency in the Income Tax Act 2007 in relation to the test for tax residence, transitional residence, and certain trustee administrative elections, to correct some minor unintended changes arising from the rewrite of the trust rules, to correct some cross-references, and to improve relationships of some trust provisions with other parts of that Act. The proposals arise from an administrative review of the income tax treatment of trusts and respond to stakeholder feedback on the review.

Remedial changes to the tax rules regarding not-for-profit entities

The Bill contains a number of remedial changes to address unintended gaps in the current law governing the tax treatment of not-for-profit entities. These proposed changes are intended to ensure greater transparency from entities that receive not-for-profit tax treatment, and improve the overall integrity and coherency of the rules. Changes are proposed to ensure—

- the charitable business income tax exemption applies only to charities registered under the Charities Act 2005;
- organisations seeking donee status must obtain donee status approval by the Commissioner of Inland Revenue;
- organisations with charitable purposes must be registered charities in order to obtain donee status;
- refinements are made to the tax rules for deregistered charities;
- relevant penalty, interest, and avoidance provisions apply to donation tax credits;
- the deemed disposal provision for depreciation recovery income applies when a taxable entity becomes a registered charity;
- the disclosure requirements which apply to foreign trusts also apply to foreign trusts that are registered charities.

Calculation of average tax rate for an extra pay

A retrospective amendment to the beginning of the 2008–09 income year is proposed to correct an unintended change in the amounts taken into account in calculating the PAYE payable on an extra pay (that is, an amount paid over and above normal regular wages).

Pre-consolidation imputation credits for consolidated groups of companies

Amendments were made in section 174 of the Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018 to the way in which pre-consolidation imputation credits can be transferred from an individual company's imputation credit account to the consolidated group's account. The Bill proposes that a savings provision is given for this amendment.

Remedial amendments

A number of remedial matters are addressed in the Bill. In addition to correcting minor faults of expression, reader's aids, and incorrect cross-references, the following specific issues are dealt with by—

- amending the residential and main home exclusions under the rules that tax sales of land, to ensure those exclusions work as intended;
- amending 1 of the income calculation methods in the foreign investment fund rules in the Income Tax Act 2007 to ensure the law works as intended;

- clarifying the rule that applies to disposals of land to an associated person to ensure that the disposal is neither over- nor under-taxed retrospective to the beginning 2008–09 income year:
- correcting an unintended legislative change arising in the rewrite of the trust rules relating to services provided to the trust for less than market value:
- correcting a rewrite change to the relationship between an individual and their in-laws to restore the correct policy intent in relation to the definition of *associated person*:
- clarifying that incidental services provided by a trustee (such as bookkeeping and trustee services) for less than market value are not a transfer of value, which aligns the general meaning of settlement with current practice.

Departmental disclosure statement

Inland Revenue is required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2018&no=72>

Regulatory impact assessments

Inland Revenue produced regulatory impact assessments on 26 July 2017, 7 February 2018, 15 February 2018, 1 March 2018, 14 March 2018, and 19 March 2018 to help inform the main policy decisions taken by the Government relating to the contents of this Bill.

Copies of these regulatory impact assessments can be found at—

- <http://taxpolicy.ird.govt.nz/publications/type/ris>
- <https://treasury.govt.nz/publications/legislation/regulatory-impact-assessments>.

Clause by clause analysis

Clause 1 gives the title of the Act.

Clause 2 gives the dates on which the clauses come into effect.

Part 1

Annual rates for 2018–19

Clause 3 provides that income tax for the 2018–19 tax year is to be paid at the basic rates specified in schedule 1 of the Income Tax Act 2007.

Part 2

Amendments to Tax Administration Act 1994

Clause 4 sets out the clauses that affect the Tax Administration Act 1994.

Clause 5 amends section 3.

Subclause (2) inserts a definition of *accident compensation legislation* for the purposes of section 143E which is amended for the purposes of the information disclosure rules.

Subclause (3) inserts a definition of *adjusted account* which is used in *new subpart 3B* in relation to the requirements of an individual to provide income information.

Subclause (4) inserts a definition of *agency* which is used in the information disclosure rules.

Subclause (5) inserts definitions of *applicant* and *applicant information* which are used in the information disclosure rules.

Subclause (6) replaces the definition of *approved credit reporting agency* for the purposes of the information disclosure rules.

Subclause (7) replaces the definition of *authorised officer* for the purposes of the information disclosure rules.

Subclause (8) inserts definitions of *authorised officer of the Ministry* and *authorised officer of the Police* for the purposes of the information disclosure rules.

Subclause (9) replaces the definition of *beneficiary* for the purposes of the information disclosure rules.

Subclause (10) replaces the definition of *beneficiary information* for the purposes of the information disclosure rules.

Subclause (11) inserts a new paragraph in the definition of *binding ruling* for the purposes of the rules related to short-process rulings.

Subclause (12) inserts a definition of *chief executive* for the purposes of the information disclosure rules.

Subclause (13) inserts a definition of *Commission* for the purposes of the information disclosure rules.

Subclause (14) inserts a definition of *company* for the purposes of the information disclosure rules.

Subclause (15) replaces the definition of *Corporation* for the purposes of the information disclosure rules.

Subclause (16) replaces the definition of *credit report* for the purposes of the information disclosure rules.

Subclause (17) repeals the definition of *duty of the Commissioner*.

Subclause (18) inserts definitions of *earnings as an employee*, *earnings as an employer*, *earnings as a private domestic worker*, *earnings as a self-employed person*, and

earnings as a shareholder-employee for the purposes of the information disclosure rules.

Subclause (19) replaces the definition of *earnings related compensation* for the purposes of the information disclosure rules.

Subclause (20) replaces the definition of *employee* to include a reference to section 143E which is amended as part of the new information disclosure rules.

Subclause (21) inserts a definition of *final account* which is used in *new subpart 3B* in relation to the requirements of an individual to provide income information.

Subclause (22) inserts definitions of *finer defaulter* and *finer defaulter information* for the purposes of the information disclosure rules.

Subclause (23) amends the definition of *full and complete inspection* to update a cross-reference.

Subclause (24) amends the definition of *gift-exempt body* to update a cross-reference.

Subclause (25) repeals the definition of *income statement*.

Subclause (26) inserts a definition of *individual* for the purposes of *new subpart 3B* in relation to the requirements of an individual to provide income information.

Subclause (27) inserts a definition of *information demand* for the purposes of the rules related to the collection of information.

Subclauses (28) and (29) repeal the definitions of *information requisition* and *Inland Revenue officer*.

Subclause (30) inserts a definition of *integrity of the tax system* for the purposes of the rules related to care and management.

Subclause (31) replaces the definition of *issuing officer* for the purposes of the rules related to the collection of information.

Subclause (32) inserts a definition of *large multinational group* for the purposes of the rules related to the collection of information.

Subclause (33) replaces the definition of *legal personal representative* for the purposes of the information disclosure rules.

Subclause (34) inserts a definition of *legislative anomaly* for the purposes of the rules related to care and management.

Subclause (35) inserts a definition of *Ministry* for the purposes of the information disclosure rules.

Subclause (36) inserts a definition of *nominated person* for the purposes of *new Part 7B*, which relates to third-party providers.

Subclause (37) inserts a definition of *non-filing taxpayer* in relation to the requirements of an individual to provide income information.

Subclause (38) amends a cross-reference in the definition of *offshore payment*.

Subclause (39) inserts a definition of *parental leave* for the purposes of the information disclosure rules.

Subclause (40) inserts a definition of *permitted disclosure* for the purposes of the information disclosure rules.

Subclause (41) repeals the definitions of *person incorrectly assumed to be a provisional taxpayer*, *person to whom this section applies* and *person with access to restricted information*.

Subclause (42) inserts a definition of *personal information* for the purposes of the information disclosure rules.

Subclause (43) inserts a definition of *pre-populated account* in relation to the requirements of an individual to provide income information.

Subclause (44) replaces the definition of *private dwelling* for the purposes of the rules related to collection of information.

Subclause (45) replaces the definition of *property or documents* for the purposes of the rules related to collection of information.

Subclause (46) amends the definition of *proscribed question* in relation to the new rules for short-process rulings.

Subclause (47) inserts a definition of *provider of digital services* for the purposes of the information disclosure rules.

Subclause (48) inserts a definition of *public service* for the purposes of the information disclosure rules.

Subclause (49) inserts a definition of *reportable income* which is used in the *new sub-part 3B* related to the requirements for individuals to provide income information.

Subclause (50) replaces the definition of *reportable unpaid tax* for the purposes of the information disclosure rules.

Subclause (51) inserts a definition of *representative* which is used in the new rules for third-party providers.

Subclause (52) amends the definition of *resident foreign trustee* to ensure that the disclosure requirements applying to foreign trusts also apply to those foreign trusts that are registered charities.

Subclause (53) inserts a definition of *responsible department* for the purposes of the information disclosure rules.

Subclause (54) inserts definitions of *revenue information*, *revenue law*, and *revenue officer* for the purposes of the rules related to information collection.

Subclause (55) inserts definitions of *sensitive revenue information*, *serious threat*, and *sex offence* for the purposes of the information disclosure rules.

Subclause (56) inserts a definition of *short-process ruling* for the purposes of the rules related to short-process rulings.

Subclause (57) inserts a definition of *social security agreement* for the purposes of the information disclosure rules.

Subclause (58) amends the definition of *tax*, to ensure that tax credits for charitable and other public benefit gifts are treated as tax for the purposes of the Tax Administration Act 1994 (for example: shortfall penalties).

Subclause (59) amends the definition of *tax agent* in relation to the new rules for third-party providers.

Subclause (60) amends the definition of *tax position* for the purposes of the rules related to the requirements for individuals to provide income information.

Subclause (61) amends the definition of *tax return* for the purposes of the rules related to the requirements for individuals to provide income information.

Subclause (62) amends the definition of *taxpayer's tax position* for the purposes of the rules related to the requirements for individuals to provide income information.

Subclause (63) inserts a definition of *victim* for the purposes of the information disclosure rules.

Subclause (64) inserts a definition of *workplace legislation* for the purposes of the information disclosure rules.

Clause 6 amends *section 4A* to update a cross-reference and terminology to take into account the new rules related to the requirements for individuals to provide income information.

Clause 7 inserts a new subpart heading.

Clause 8 inserts *new section 5B* as a consequence of the rewriting of the information collection provisions. The section provides for the chief executive of the department to be designated the Commissioner of Inland Revenue.

Clause 9 replaces sections 6, 6A, and 6B with the *new subpart 2B* related to the care and management of the tax system. *New section 6* sets out the responsibilities of Ministers and officials to protect the integrity of the tax system. *New section 6A* sets out the Commissioner's duty of care and management of taxes. *New section 6B* provides that directions may be issued to the Commissioner by the Governor-General in relation to the administration of the Inland Revenue Acts. *New section 6C* gives the Commissioner a power to remedy legislative anomalies by recommending regulations, making determinations, or undertaking certain administrative actions. *New sections 6D to 6H* set out restrictions, requirement for consultation and other matters, and the status and application of modifications made under *section 6C*.

Clauses 10 and 11 insert new subpart headings.

Clause 12 amends section 15 by renumbering it as section 13C.

Clause 13 repeals section 15B(h) and (i) as part of the new rules related to the requirements for individuals to provide income information.

Clause 14 repeals a heading and amends sections 15C to 15Z by renumbering them.

Clause 15 inserts *new subpart 3A* for the collection, use, and disclosure of revenue information. *New section 16* sets out the purposes of the subpart. *New section 16B* sets out the principles on which the subpart is based. *New section 16C* provides defi-

nitions for the key terms used in the subpart. *New section 17* provides that the Commissioner may obtain information by accessing property or documents. *New section 17B* provides that the Commissioner may require information or the production of documents through an information demand. *New section 17C* sets out the Commissioner's powers in relation to documents accessed or provided. *New section 17D* relates to the warrants required for entry and removal of documents. *New section 17E* describes when information or documents are considered within a person's knowledge, possession, or control. *New section 17F* relates to the Commissioner's powers regarding offshore payments. *New section 17G* provides for information from large multinational groups. *New section 17H* allows the Court to make orders for the provision of information. *New section 17I* provides that the Commissioner may conduct inquiries for the purposes of obtaining information. *New section 17J* allows the Commissioner to apply to a District Court Judge to conduct an inquiry. *New section 17K* provides the rules that apply when a person is summoned and examined. *New section 17L* provides a regulation-making power for the collection of bulk data in relation to the administration of the Inland Revenue Acts. *New section 17M* sets out how the information obtained may be used. *New section 18* provides the confidentiality rule of sensitive revenue information. *New section 18B* sets out the requirements for revenue officers and other persons in relation to the confidentiality rule. *New section 18C* provides exceptions to the rule for confidentiality as permitted disclosures. *New section 18D* states the first exception for disclosures made in carrying into effect the revenue laws. *New section 18E* states the second exception for disclosures made under information-sharing arrangements. *New section 18F* provides a regulating-making power for matters relating to the provision of public services in the sharing of revenue-information. *New sections 18G to 18J* provide the other exceptions for personal revenue information, certain agencies for certain specified purposes, international purposes, and risk of harm purposes.

Clause 16 inserts a new subpart heading.

Clause 17 replaces a subpart heading.

Clause 18 repeals section 21, the content of which is moved to *new subpart 3A*.

Clause 19 repeals section 21BA, the content of which is moved to *new subpart 3A*.

Clause 20 amends section 22 to update a cross-reference and replace a subsection in relation to the requirements of individuals to provide income information.

Clause 21 inserts a *new subpart 3B* for the reporting of income information by individuals. *New section 22C* provides an outline of the subpart. *New section 22D* provides definitions for key terms used in the subpart. *New section 22E* requires the Commissioner to include information held on an individual's income for a tax year in a pre-populated account. *New section 22F* sets out the information requirements placed on individuals in relation to their other income and their reportable income. *New section 22G* sets out the ways in which an individual can confirm their account. *New section 22H* provides for amending accounts for incorrect information. *New section 22I* provides for the treatment of an individual's final account as a return, an assessment, and a statement of the taxpayer's tax position. The section also provides the

assessment points for an individual. *New section 22J* sets out when individuals do not have an obligation to provide information. *New section 22K* sets out the information particulars. *New section 22L* allows for electronic and non-electronic requirements to be prescribed by the Commissioner.

Clause 22 amends section 23 to renumber it as section 22AAC.

Clause 23 provides some amendments for subparts 3C and 3D in the addition of subsection headings.

Clauses 24 and 25 amend sections 23C and 23D, to correct cross-references.

Clause 26 amends section 24B to improve the terminology.

Clause 27 amends section 24D to take account of a change from ‘special tax code’ to ‘tailored tax code’, and for a new notification requirement.

Clause 28 inserts *new section 24DB* to allow the Commissioner to recommend a more suitable or more accurate tax code to an employee and, if the employee consents, to notify the employer of a change of tax code.

Clause 29 amends section 24Q to renumber the section as section 169B.

Clause 30 replaces section 25A to allow the Commissioner to recommend a more suitable or more accurate RWT rate to the payee and notify the payer of the new rate.

Clause 31 provides some amendments for subpart 3E in the addition of subsection headings.

Clause 32 amends section 31C, to correct a cross-reference.

Clause 33 amends section 32E, to make public purpose Crown-controlled companies eligible to apply for an RWT exemption certificate, as a consequence of providing an income tax exemption for them.

Clause 34 amends section 33 as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 35 repeals sections 33AA, 33C, and 33D as a consequence of the changes in *subpart 3B* related to the requirements for individuals to provide income information.

Clause 36 repeals section 34B as part of the rationalisation of the rules relating to third-party providers.

Clause 37 amends section 36BB, to update some cross-references.

Clause 38 amends section 36BD, to correct a minor fault of expression.

Clause 39 amends section 37 to clarify what is meant by return of income for an individual for the purposes of that section.

Clause 40 amends section 38 as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 41 amends section 41 to clarify the relationship between the section and *new subpart 3B*.

Clause 42 amends section 41A in relation to the donations tax credit to provide the ways in which applications for a refund can be made and to clarify the application of the time bar. A further amendment requires registration of entities on a donee list.

Clause 43 amends section 42C as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 44 amends section 43, to repeal redundant subsections.

Clause 45 amends section 47, to correct a cross-reference.

Clause 46 amends section 55B by replacing existing subsection (1) with a subsection that has unchanged wording and a commencement date of 29 March 2018 but applies to applications for tax file numbers made after 1 October 2015 under section 55B or under former section 24BA.

Clause 47 repeals Part 3A as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 48 amends section 80KM as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 49 repeals a heading and sections 81 to 88 as a consequence of the changes in *new subpart 3A* related to the collection, use, and disclosure of information.

Clause 50 amends section 89 to renumber it as section 18K.

Clauses 51 and 52 amend sections 89C and 89D as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 53 inserts a new heading and new section 91AAZB to allow the Commissioner to make a determination to remedy a legislative anomaly as part of the new care and management rules.

Clause 54 amends section 91C to allow the Commissioner to make a binding ruling on how the record-keeping provisions apply.

Clause 55 inserts *new sections 91CB and 91CC* to clarify the matters on which the Commissioner may make a binding ruling or a new short-process ruling. It is also clarified that binding rulings can be made on certain determination matters.

Clause 56 amends section 91E to clarify the basis on which private rulings may be made.

Clause 57 amends section 91EA to update a cross-reference.

Clause 58 amends section 91EB to clarify when a private ruling ceases to apply to a person.

Clause 59 amends section 91EF to update the terminology related to the conditions on which a private ruling is based.

Clause 60 amends section 91EH to repeal redundant subsections.

Clause 61 inserts *new sections 91EK to 91ET* related to the new rules for short-process rulings. *New section 91EK* allows the Commissioner to make short-process

rulings and sets out when a ruling may be declined. *New section 91EL* sets out the requirements for an application for a short-process ruling. *New section 91EM* sets out the effect of a short-process ruling. *New section 91EN* states how a short-process ruling applies to a person, particular circumstances, and tax type. *New section 91EO* sets out the disclosure requirements for a short-process ruling. *New section 91EP* provides that the Commissioner may request further information. *New section 91EQ* allows the Commissioner to state conditions on which the ruling is based. *New section 91ER* provides a right to consultation. *New section 91ES* sets out the content and notification of a short-process ruling. *New section 91ET* sets out the treatment of information supplied to the Commissioner and provides for an inquiry into the facts.

Clause 62 amends section 91F to update the terminology related to the conditions on which a private ruling is based.

Clause 63 amends section 91FB to update the terminology and to clarify when a private ruling ceases to apply to a person.

Clause 64 amends section 91FC to clarify that a product ruling may apply to a person.

Clause 65 amends section 91FF to update the terminology related to the conditions on which a private ruling is based.

Clause 66 amends section 91FH to repeal redundant subsections.

Clause 67 amends section 91GB to clarify the basis on which the Commissioner may not make a status ruling.

Clause 68 amends section 92 in relation to assessments as a consequence of the changes in *subpart 3B* related to the requirements for individuals to provide income information.

Clause 69 amends section 106 in relation to default assessments as a consequence of the changes in *subpart 3B* related to the requirements for individuals to provide income information.

Clause 70 amends section 108 in relation to the time bar as a consequence of the changes in *subpart 3B* related to the requirements for individuals to provide income information.

Clause 71 amends section 110 in relation to the evidence of returns and assessments as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 72 amends section 111 in relation to notices of assessment as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 73 replaces section 113A in relation to the correction of minor errors in subsequent returns to simplify the provision and to add a materiality threshold.

Clause 74 amends section 120C to update the definition of *date interest starts* as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 75 amends section 120F to provide the Commissioner with the pattern and order for applying taxpayer's payments against unpaid tax and interest.

Clause 76 amends section 120KB to clarify, for the purpose of the interest regime, the instalment dates of certain provisional taxpayers.

Clause 77 inserts a *new section 120VD* to ensure that the Commissioner is not liable for interest on refunds of tax credits for charitable and other public benefit gifts.

Clause 78 amends section 124A to renumber the section.

Clause 79 inserts *new Part 7B* containing the rules related to third-party providers. *New section 124B* provides the outline for the Part. *New section 124C* provides for the listing of tax agents and the eligibility requirements for listing. *New section 124D* provides for representatives, the eligibility requirements, and the requirements for approval. *New section 124E* sets out the information requirements for tax agents and representatives. *New section 124F* provides for nominated persons and sets out the requirements. *New section 124G* provides for the refusal, removal, or disallowance of tax agents, representatives, and nominated persons.

Clause 80 amends section 124H to update the cross-references and to repeal a redundant provision.

Clause 81 repeals sections 124L, 124M, and 124N as a consequence of the repeal of the payroll subsidy.

Clause 82 amends section 124O as a consequence of the introduction of the new rules related to third-party providers.

Clause 83 repeals section 124R as a consequence of the repeal of the payroll subsidy.

Clause 84 amends section 125 to update some cross-references.

Clause 85 amends section 135 as a consequence of the changes to the binding rulings regime.

Clause 86 amends section 136 as a consequence of the changes to the binding rulings regime.

Clause 87 amends section 138A to update some cross-references.

Clause 88 amends section 138E to update some cross-references.

Clause 89 amends section 139A in relation to late filing penalties as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clauses 90 and 91 amend section 141B to correct cross-references. The clauses have different commencement dates.

Clause 92 amends section 141JA in relation to offences as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 93 amends section 143 in relation to absolute liability offences as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 94 amends section 143A in relation to knowledge offences as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 95 amends section 143C in relation to offences by officers as a consequence of the changes made in the new confidentiality rules.

Clause 96 replaces sections 143D and 143E applying to offences related to the disclosure of information by persons other than revenue officers. *New section 143D* relates to persons who fail to obtain confidentiality certificates or disclose certain information. *New section 143E* relate to the disclosure of certain information to employees, and *new section 143EB* concerns the disclosure of certain information by employers and directors.

Clause 97 amends section 174AA in relation to the power of the Commissioner to refrain from imposing penalties as a consequence of the changes in *new subpart 3B* related to the requirements for individuals to provide income information.

Clause 98 amends section 184A to enable refunds to be paid by direct credit to a bank account.

Clause 99 inserts *new section 227F* as a savings provision related to the new information disclosure rules. It provides that in cases of ambiguity, the old provisions guide the interpretation of the new law.

Clause 100 amends schedule 4 to correct a minor fault of expression.

Clause 101 amends schedule 5 in relation to the use of tax codes to update the terminology for tailored tax codes.

Clause 102 inserts 2 *new schedules* to the Act relating to the disclosure rules and to the reporting of income information by individuals. *New schedule 7* reproduces section 81(4) and related sections that specify the particular permitted disclosures. *New schedule 8* sets out the reporting requirements for other income and for the additional information that an individual may include in their adjusted account.

Clause 103 inserts a schedule to the Act with consequential amendments related to the new information disclosure rules and the rules for third-party providers.

Part 3

Amendments to Income Tax Act 2007

Clause 104 provides that *Part 3* affects the Income Tax Act 2007.

Clause 105 amends section CB 9 by replacing subsection (3), so that subsection (2) is overridden by *new section CB 15D*.

Clause 106 amends section CB 10 by replacing subsection (3), so that subsection (2) is overridden by *new section CB 15D*.

Clause 107 amends section CB 11. *Subclauses (1) and (3)* correct a faulty expression of the policy intent arising from the rewrite of the Income Tax Act 1994. *Subclause*

(2) replaces subsection (3), so that subsection (2) is overridden by *new section CB 15D*.

Clause 108 amends section CB 15, which relates to income from certain land transactions. *Subclause (1)* removes a phrase that links income arising under the section with particular sections governing land transactions, to clarify that exceptions to those sections are not applicable to income under section CB 15. *Subclause (2)* inserts *new subsection (1B)*, so that subsection (1) is overridden by *new section CB 15D*. *Subclause (3)* replaces section CB 15(2), clarifying that the effect of the subsection on the date of an acquisition of land does not include the effect of the subsection on the date of a previous acquisition of the land.

Clause 109 inserts a *new heading and new section CB 15D*, which provides that Housing New Zealand Corporation and companies in the same wholly-owned group are not affected by various provisions attributing income to an associate of a person with a business of dealing in, developing, or building on, land or another activity involving land.

Clause 110 amends section CB 16A(2)(b) to correct a cross-reference, as a remedial matter.

Clause 111 amends section CB 16 to correct a cross-reference and to clarify a fault of expression, as a remedial matter.

Clause 112 amends section CB 17 to clarify 2 faults of expression, as a remedial matter.

Clause 113 amends section CB 18(3)(a) to clarify a fault of expression, as a remedial matter.

Clause 114 amends section CB 27 to remove references to the adverse event income equalisation scheme, which is being abolished.

Clause 115 amends section CB 28 to update a cross-reference to schedule 19.

Clause 116 amends section CD 3 to correct a cross-reference, as a remedial matter.

Clause 117 amends section CD 5(2)(a) to correct a cross-reference, as a remedial matter.

Clause 118 amends section CD 6 to correct 3 cross-references, as a remedial matter.

Clause 119 amends section CE 1 to make unrepaid PAYE income overpayments assessable income and expressly provide that PAYE-related overpayments that have been repaid are not income.

Clause 120 amends section CV 1 by inserting a *new subsection (2)* providing that the section is overridden by *new section CB 15D*.

Clause 121 amends section CV 2 by replacing subsection (2) so that the section is overridden by *new section CB 15D*.

Clause 122 amends section CW 9(2)(a) to remove a redundant cross-reference, as a remedial matter.

Clause 123 amends section CW 19(1) to clarify a fault of expression, as a remedial matter.

Clause 124 inserts *new section CW 38B* to provide an exemption from income tax for public purpose Crown-controlled companies, and to provide a power for companies to be added or removed from the list of qualifying companies by Order in Council.

Clause 125 amends section CW 42(1) to ensure that a business carried on by, for, or for the benefit of, a charity must itself be a registered charitable entity.

Clause 126 amends section CX 10 to ensure that a PAYE-related overpayment does not give rise to an employment-related loan for FBT purposes.

Clause 127 amends section CX 27 as a consequence of the changes in *new subpart 3B* of the Tax Administration Act 1991 related to the requirements for individuals to provide income information.

Clause 128 amends section CX 51 by removing a cross-reference to section EH 42, which is being repealed.

Clause 129 amends section DB 41 to ensure that a company does not receive a double deduction for certain charitable gifts if they have already been given a concessionary treatment under another provision of the Income Tax Act 2007.

Clause 130 amends section DB 46 to indicate the additional expenditure coming within the scope of the section as a consequence of the amendments to schedule 19.

Clause 131 repeals section DQ 2, relating to the adverse event income equalisation scheme, which is being abolished.

Clause 132 amends section DV 12 to ensure that a Maori authority does not receive a double deduction for certain charitable gifts if they have already been given a concessionary treatment under another provision of the Income Tax Act 2007.

Clause 133 amends section DV 19(2)(a) to correct a fault of expression, as a remedial matter.

Clause 134 amends section EE 47 to ensure that depreciation claw-back applies appropriately to entities that leave the tax base to become charities.

Clause 135 amends section EH 1 by removing references to the adverse event income equalisation scheme, which is being abolished.

Clause 136 amends section EH 4, allowing for deposits to main income equalisation accounts that replace earlier refunds made from the accounts for purposes described in section EH 15(1)(a).

Clause 137 amends section EH 35 to remove a cross-reference to repealed section EH 38.

Clause 138 repeals sections and headings relating to the abolished adverse event income equalisation scheme.

Clause 139 amends section EK 2 to update a cross-reference to schedule 19.

Clause 140 amends section EK 11 to update a cross-reference to schedule 19.

Clause 141 amends section EK 12 to update a cross-reference to schedule 19.

Clause 142 amends section EK 20 to update a cross-reference to schedule 19.

Clause 143 amends section EK 23 to update a cross-reference to schedule 19.

Clause 144 amends section EW 6 to clarify that the Commissioner may make a binding ruling on whether an amount is solely attributable to an excepted financial arrangement.

Clause 145 amends section EW 14 to clarify that the Commissioner may make a binding ruling on the use of a spreading method in certain circumstances.

Clauses 146 and 147 amend sections EW 15E and EW 15I to add a power to make a binding ruling in addition to a determination-making power.

Clause 148 amends section EW 32 to add a power to make a binding ruling in addition to a determination-making power, and to correctly account for contingent consideration in the sale and purchase of a business under a foreign currency denominated agreement for sale and purchase.

Clause 149 inserts a *new section EW 33D* to account correctly for contingent consideration in the sale and purchase of a business under a foreign currency denominated agreement for sale and purchase.

Clause 150 amends section EW 46C to clarify 2 faults of expression, as a remedial matter.

Clause 151 amends section EX 56 to clarify a fault of expression, as a remedial matter.

Clause 152 inserts a *new heading and new section EZ 80*, which is a transitional provision. The Commissioner is required to open a main income equalisation account for a person who does not have such an account but has an adverse event income equalisation account when those accounts are abolished. The balance in a person's adverse event income equalisation account is credited to the person's main income equalisation account when the adverse event equalisation account is abolished.

Clause 153 amends section FC 2 by inserting *subsection (4)*, which states that the treatment by subsection (1) of a transfer of property as being at market value does not affect the classification of the transfer under the definition of *distribution* in section HC 14.

Clause 154 amends section FM 9 by replacing *subsection (3)* so that the section is overridden by *new section CB 15D*.

Clause 155 amends section FM 15 by inserting *new subsection (8)*, providing that the section does not apply to Housing New Zealand Corporation and companies in the same consolidated group.

Clause 156 amends section FM 40 as a remedial matter.

Clause 157 inserts a *new heading and new section GB 54* to provide a specific anti-avoidance provision to counter inappropriate use of tax credits for charitable or other public benefit gifts.

Clause 158 amends section HC 10 by correcting the time limit given in the section for an election under section HC 30(2) so that it corresponds to the time limit given in section HC 30 for such an election.

Clause 159 amends section HC 15. *Subclause (1)* replaces subsection (5)(a) with *paragraphs (a) to (ac)*, providing for different treatments for the proceeds of capital gains by trustees of 2 classes of foreign trust. *Subclause (2)* inserts *new subsection (5B)* providing, for the purposes of section HC 16, for the classification of the capital gains realised by a trustee of a foreign trust.

Clause 160 amends section HC 16. *Subclause (1)* amends subsection (2)(c) to allow for the effect of *new section HC 15(5B)*. *Subclause (2)* amends subsection (6)(c) by removing a reference to the maker of an election under section HC 30 that is inconsistent with the description in section HC 30 of the persons who may make an election.

Clause 161 amends section HC 27. *Subclause (1)* inserts *new subsection (1)(ab)*, under which, with effect from 1 April 2008, a person who provides services to a trust at less than market value is a settlor of the trust. *Subclause (2)* amends the inserted *paragraph (ab)*, with prospective effect, to exclude services incidental to the operation of the trust. *Subclause (3)* inserts *new subsection (3D)* with prospective effect. The subsection excludes a trustee of a head trust, who is a New Zealand resident and makes a resettlement of a new trust, from being a settlor of the new trust if the settlors of the head trust are non-residents. The application subclauses for *subsections (1) and (3)* protect tax positions taken before the date on which the Act receives the Royal assent.

Clause 162 amends section HC 30 to clarify the tax consequences relating to a trust that makes a distribution after ceasing to satisfy the requirements for being a foreign trust. *Subclauses (1) and (2)* amend subsection (3) to clarify the tax consequences if an election for the trust is made under subsection (2). *Subclause (3)* amends subsection (4) to clarify the tax consequences if no election is made for the trust.

Clauses 163 and 164 amend sections HC 36 and HC 37 so that they both allow for a situation in which the sections apply separately for different settlements on a trust from which a minor derives beneficiary income.

Clause 165 amends section HE 3 to correct a minor fault of expression.

Clause 166 amends section HM 2 to correct a cross-reference, as a remedial matter.

Clause 167 replaces section HM 28 so that it provides, if a PIE that is a listed PIE elects to have its status cancelled, for the PIE to retain listed PIE status for a period of 2 years or more after its listing on a recognised exchange is cancelled. The PIE must continue to have 100 or more shareholders during the period.

Clause 168 amends section HR 8 to add the new category of representative as a consequence of the changes to the rules on third-party providers.

Clause 169 amends a cross-heading as a consequence of the extension of the securitisation regime beyond financial institutions.

Clause 170 replaces section HR 9 to extend transparency for special purpose vehicles used in securitisations beyond financial institutions to other corporate securitisations and to make the regime elective.

Clause 171 inserts *new section HR 9BA* to prescribe who may make an election for a special purpose vehicle used in a securitisation to be treated as transparent, how they do so, and the effect of making such an election.

Clause 172 replaces section HR 9B as a consequence of the extension of the securitisation regime beyond financial institutions.

Clause 173 replaces section HR 10 as a consequence of the extension of the securitisation regime beyond financial institutions.

Clause 174 amends section HR 12 to introduce a \$5,000 safe harbour from the tax rules for deregistered charities, to clarify valuation rules for the assets subject to the rules, and to exclude Maori reservation lands and certain corporate share transactions.

Clause 175 amends section LD 1 to add the new category of representative as a consequence of the changes to the rules on third-party providers.

Clause 176 amends section LD 3 to provide that, for the purposes of determining a tax credit, the Commissioner may determine if funds are applied for charitable, benevolent, philanthropic, or cultural purposes within New Zealand. Also, a tax credit is denied if an entity could, in the opinion of the Commissioner, be registered under the Charities Act 2005 but the entity has not so registered.

Clause 177 amends section LD 4 to update a cross-reference.

Clause 178 amends section MC 6 by replacing paragraph (c) to clarify the different situations affecting a person's entitlement to a Best Start tax credit.

Clause 179 amends section MD 3 to allow for the part-year calculation of family tax credits, as provided by the Families Package (Income Tax and Benefits) Act 2017.

Clauses 180 to 182 amends section MD 11 to correct, in 3 places, a minor historical fault of expression. The clauses have different commencement dates.

Clause 183 amends section MD 13 to allow for the part-year calculation of family tax credits, as provided by the Families Package (Income Tax and Benefits) Act 2017.

Clause 184 amends section MF 7 to allow for the part-year calculation of family tax credits, as provided by the Families Package (Income Tax and Benefits) Act 2017.

Clause 185 amends section MZ 3 to remove a subsection relating to deposits under the abolished adverse event income equalisation scheme.

Clause 186 amends section OP 22 to replace existing subsections (1)(d) and (1B) with provisions that have unchanged wording and a commencement date of 29 March 2018 but have a restricted application to tax positions, for periods ending before 1 April 2018, that relied on section OP 22 as it was before the commencement of the amendments. *Subclause (4)* limits the liabilities for further income tax, imputation additional tax, and imputation penalty tax that would otherwise be a consequence of a debit balance arising in an imputation credit account as a result of the amendments.

Clause 187 amends section RA 13 to repeal a redundant provision.

Clause 188 amends section RB 3 to correct the list of defined terms.

Clause 189 amends section RC 3 to repeal a redundant provision.

Clause 190 amends section RC 5 to allow provisional taxpayers to join the AIM provisional tax method part the way through a tax year.

Clause 191 amends inserts a *new section RC 9(4C)* to provide the provisional tax instalments for a provisional taxpayer that joins the AIM provisional tax method part the way through a tax year.

Clause 192 amends section RC 10B to provide the calculation of provisional tax instalment amounts for a provisional taxpayer that joins the AIM provisional tax method part the way through a tax year.

Clause 193 amends section RD 2 to update cross-references.

Clause 194 amends section RD 3 to create a new category of PAYE income payment for unrepaid overpayments.

Clause 195 amends section RD 5 to include in the definition of *salary or wages* an unrepaid overpayment that an employer treated as salary or wages.

Clause 196 amends section RD 7 to include in the definition of *extra pay* an unrepaid overpayment that an employer treated as an amount of extra pay.

Clause 197 amends section RD 8 to include in the definition of *schedular payment* an unrepaid overpayment that an employer treated as all or part of a schedular payment.

Clause 198 inserts *new section RD 8B*, which applies to PAYE-related overpayments and provides how these amounts, to the extent to which they have not been repaid, are treated under the PAYE rules.

Clause 199 amends section RD 17 as a remedial matter.

Clause 200 amends section RD 22 to update cross-references.

Clause 201 amends section RD 35 to provide for an alternative method of calculating market interest for employment-related loans made by an employer that is in the business of lending money or is in a group with a company in the business of lending money. An employer does not need to give advance notice to the Commissioner of a proposed change between the alternative methods.

Clause 202 amends section RD 64 to update cross-references.

Clause 203 amends section RE 1 to update cross-references.

Clauses 204 and 205 amend the lists of defined terms in sections RF 2B and RF 2C.

Clause 206 repeals section RM 5.

Clauses 207 to 210 correct cross-references in sections RM 16, RM 22, RM 25, and RM 31.

Clause 211 amends section RP 14 to update cross-references.

Clause 212 amends section RZ 14 to update cross-references.

Clause 213 amends section YA 1.

Subclauses (2) to (5) repeal the definitions of *adverse event deposit*, *adverse event income equalisation account*, *adverse event income equalisation scheme*, and *adverse event maximum deposit*.

Subclause (6) amends the definition of *cost of timber* to update a cross-reference to schedule 19.

Subclause (7) inserts a new definition of *current market value* for the purposes of valuing charitable accumulations under section HR 12.

Subclause (8) amends the definition of *date the deposit ends* by repealing a paragraph referring to the abolished adverse event income equalisation scheme.

Subclause (9) inserts a new definition of *debt funding special purpose vehicle* as part of the extension of the securitisation regime beyond financial institutions and to assets that are not financial arrangements.

Subclause (10) amends the definition of *deposit* by repealing a paragraph referring to the abolished adverse event income equalisation scheme.

Subclause (11) amends the definition of *employer monthly schedule* to correct a fault of expression.

Subclause (12) amends the definition of *financial institution* to correct a cross-reference.

Subclause (13) repeals the definition of *financial institution special purpose vehicle* as a consequence of the extension of the securitisation regime beyond financial institutions.

Subclause (14) repeals the definition of *income statement* as a consequence of the changes in *subpart 3B* of the Tax Administration Act 1991 related to the requirements for individuals to provide income information.

Subclause (15) amends the definition of *large budget film grant* to clarify the source of the funds as MBIE.

Subclause (16) amends the definition of *large business AIM-capable system* to correct a cross-reference.

Subclause (17) amends the definition of *listed PIE* to insert a cross-reference to section HM 28, as replaced, in paragraph (a) and to repeal superfluous paragraphs (c) and (d).

Subclause (18) amends the definition of *multi-rate PIE* to correct a fault of expression.

Subclause (19) replaces the definition of *non-filing taxpayer* as a consequence of the changes in Part 3, subpart 3B of the Tax Administration Act 1994 related to the requirements for individuals to provide income information.

Subclause (20) inserts a new definition of *originator* as a consequence of the relaxation of the consolidation requirement under the securitisation regime.

Subclause (21) amends the definition of *overtime* to correct a cross-reference.

Subclause (22) amends the definition of *pay* to update a cross-reference.

Subclause (23) amends the definition of *PAYE intermediary* to update some cross-references.

Subclause (24) inserts a new definition of *PAYE-related overpayment*, which means an amount described in *new section RD 8B(1)*.

Subclause (25) amends the definition of *public authority* to specifically include 6 entities.

Subclause (26) inserts a new definition of *public purpose Crown-controlled company* as a consequence of the introduction of an income tax exemption for certain Crown-controlled companies.

Subclause (27) inserts a new definition of *representative* as a consequence of the introduction of the new rules related to third-party providers.

Subclause (28) repeals the definition of *residential mortgage backed security* as a consequence of the extension of the securitisation regime beyond assets that are financial arrangements.

Subclause (29) amends the definition of *RWT proxy* to update a cross-reference.

Subclause (30) amends the definition of *specified period* by repealing a paragraph referring to the abolished adverse event income equalisation scheme.

Subclause (31) replaces the definition of *tax agent* as a consequence of the introduction of the new rules related to third-party providers.

Subclause (32) replaces the definition of *tax charity* to correct a cross-reference

Subclause (33) inserts a new definition of *unrepaid PAYE income overpayment*, which refers to the definition of that term in *new section RD 8B(3)*.

Subclause (34) amends the definition of *unwind* to update a cross-reference.

Clause 214 amends section YC 12 by inserting *new subsection (1B)*, which provides that the treatment under subsection (2) of the ownership of a public unit trust is optionally available to a subsidiary of the public unit trust. *Subclause (1)* consequentially amends subsection (1).

Clause 215 amends schedule 19 to add expenditure, in avoiding, remedying, or mitigating the detrimental effects of noise, to the expenditure that is allowed as a deduction under section DB 46.

Clause 216 amends schedule 28 as a consequence of allowing over 65 year olds to join KiwiSaver.

Clause 217 amends schedule 29 by inserting Northland Regional Council as a new listed investor for portfolio investment entities.

Clause 218 amends schedule 32 to insert entities into the list of recipients of charitable and other public benefit gifts.

Clause 219 inserts *new schedule 35* which lists companies that are public purpose Crown-controlled companies.

Clause 220 refers to consequential amendments listed in *schedule 3*.

Part 4

Amendments to other enactments

Goods and Services Tax Act 1985

Clause 221 sets out the clauses that affect the Goods and Services Tax Act 1985.

Clause 222 amends section 2.

Subclause (2) amends the definition of *public authority* to include specifically the New Zealand Lottery Grants Board.

Subclause (3) inserts a new definition of *public purpose Crown-controlled company* as a consequence of providing certain Crown-controlled companies with a GST treatment comparable to that of public authorities.

Clause 223 amends section 2A to correct a cross-reference relating to associated persons.

Clause 224 amends section 6 to provide public purpose Crown-controlled companies with a GST treatment comparable to that of public authorities to help ensure that GST input credits can be claimed back.

Clause 225 amends section 10(3C) and (3D) so that the exclusions under those subsections also apply to supplies of remote services for which the recipient is required to account for output tax.

Clause 226 amends section 21(2) to clarify that no adjustment may be made in the situations described in the subsection.

Clause 227 amends section 53 to remove the requirement that a company that is a registered person notify the Commissioner of a change in its constitution.

Clause 228 amends section 55(7) by replacing paragraphs (db) and (dc) with *new paragraph (db)*, which provides for the consequences of a company joining a group of companies by reference to the percentage intended use and percentage actual use of supplies by the company for making taxable supplies, for periods before the company joins the group.

KiwiSaver Act 2006

Clause 229 sets out the clauses that affect the KiwiSaver Act 2006.

Clause 230 amends section 4 to add a new exclusion from the definition of *salary or wages* as a consequence of treating certain unrepaid overpayments as included in the definition of *salary or wages* in the Income Tax Act 2007.

Clauses 231 amends section 33 to allow over 65 year olds to join KiwiSaver.

Clause 232 and 233 amends sections 59A and 59B as a consequence of allowing over 65 year olds to join KiwiSaver.

Clause 234 amends section 64 to provide 6% and 10% contribution rates.

Clause 235 amends section 104 to reduce the maximum contributions holiday period from 5 years to 1 year.

Clause 236 replaces schedule 1, clause 4 to remove the 5 year lock-in period for people who join KiwiSaver over the age of 60.

Clause 237 refers to amendments in *schedule 6* that change the name of the *contributions holiday* to *savings suspension*.

Child Support Act 1991

Clause 238 sets out the clauses that affect the Child Support Act 1991.

Clause 239 amends section 35 as a consequence of the changes in *new subpart 3B* of the Tax Administration Act 1991 related to the requirements for individuals to provide income information.

Clause 240 amends section 81 to reflect the changes related to the requirements for individuals to provide income information.

Clause 241 amends section 163 to correct a cross-reference.

Clause 242 refers to consequential amendments listed in *schedule 3*.

Student Loan Scheme Act 2011

Clause 243 sets out the clauses that affect the Student Loan Scheme Act 2011.

Clauses 244 to 249(1) amend sections 34, 35, 36, 57, 60, and schedule 2 to make the terminology changes for tailored tax codes.

Clause 249(2) corrects a cross-reference.

Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018

Clause 250 sets out the clauses that affect the Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018.

Clauses 251 to 254, and 257 repeal certain provisions that have a late application date and have been overtaken by amendments contained in this Act.

Clauses 255, 256, and 258 update cross-references.

Families Package (Income Tax and Benefits) Act 2017

Clause 259 sets out the clauses that affect the Families Package (Income Tax and Benefits) Act 2017.

Clauses 260 and 261 amend the Families Package (Income Tax and Benefits) Act 2017 to allow for the part-year calculation of family tax credits, as provided by that Act.

Income Tax Act 2004

Clause 262 sets out the clauses that affect the Income Tax Act 2004.

Clauses 263 and 264 correct, in 2 places, a minor historical fault of expression.

Other enactments

Clause 265 amends schedule 4, clauses 16 and 19 of the Accident Compensation Act 2001 to reflect the changes related to the requirements for individuals to provide income information.

Clause 266 amends section 135 of the Intelligence and Security Act 2017 as a consequence of the changes to the rules on information disclosure.

Clause 267 amends section 5 of the Financial Advisers Act 2008 to include representatives and nominated persons to the definition of tax agent.

Clause 268 amends section 4 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 to include representatives and nominated persons to the definition of tax agent.

Clause 269 amends section KD 2AB of the Income Tax Act 1994 to correct a minor historical fault of expression.

Clause 270 updates a cross-reference in section 12 of the Taxation Review Authorities Act 1994 as a consequence of the changes to the rules on information disclosure.

Clause 271 updates a cross-reference in regulation 36 of the Taxation Review Authorities Regulations 1998 as a consequence of the changes to the rules on information disclosure.

Tax Administration (Binding Rulings) Regulations 1991

Clause 272 sets out the clauses that amend the Tax Administration (Binding Rulings) Regulations 1999.

Clause 273 amends regulation 2 to insert a definition of *short-process ruling*.

Clause 274 inserts in regulation 3 a provision providing for application fees and further fees to be determined by the Commissioner.

Clause 275 consequentially amends regulation 5.

Clause 276 amends regulation 6 to insert a fixed date.

Hon Stuart Nash

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

Government Bill

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The Parliament of New Zealand enacts as follows:

1 Title

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

2 Commencement

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

- (2) **Section 269** is treated as coming into force on 1 July 2002.
- (3) **Section 263** is treated as coming into force on 1 April 2005.
- (4) **Section 264** is treated as coming into force on 26 April 2005.
- (5) **Section 76** is treated as coming into force on 1 October 2007.
- (6) **Sections 107(1) and (3), 108(1), (3), and (4), 111, 112, 113, 117, 118, 133, 150, 151, 156, 161(1) and (5), 180, 199, 207, 208, 209, 210, 213(21), and 214** are treated as coming into force on 1 April 2008. 5
- (7) **Section 166** is treated as coming into force on 1 April 2010.
- (8) **Section 228** is treated as coming into force on 1 April 2011.
- (9) **Sections 129, 132, and 174(7)** are treated as coming into force on 14 April 2014. 10
- (10) **Section 181** is treated as coming into force on 1 April 2015.
- (11) **Section 110** is treated as coming into force on 1 October 2015.
- (12) **Section 182** is treated as coming into force on 1 April 2016.
- (13) **Section 225** is treated as coming into force on 1 October 2016. 15
- (14) **Section 123** is treated as coming into force on 30 March 2017.
- (15) **Sections 105, 106, 107(2), 108(2), 109, 120, 121, 154, and 155** are treated as coming into force on 1 July 2017.
- (16) **Sections 260 and 261** are treated as coming into force on 20 December 2017. 20
- (17) **Sections 46 and 186** are treated as coming into force on 29 March 2018.
- (18) **Sections 90, 115, 130, 139, 140, 141, 142, 143, 213(6), 215, and 218** are treated as coming into force on 1 April 2018.
- (19) **Section 75** is treated as coming into force on 17 April 2018.
- (20) **Section 134** is treated as coming into force on the date of introduction of this Act. 25
- (21) **Sections 178, 179, 183, and 184** come into force on 1 July 2018.
- (22) **Sections 5(3), (21), (24), (25), (26), (37), (43), (49), (52), (58), (60), (61), and (62), 6, 13, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 34, 35, 39, 40, 41, 42, 43, 44, 45, 47, 48, 51, 52, 54(4), 68, 69, 70, 71, 72, 74, 77, 84, 87, 88, 89, 92, 93, 94, 97, 98, 100, 101, 102(b), 119, 125, 126, 127, 157, 174(1) to (6) and (8) to (11), 176(1), 177, 187, 188, 189, 193(2), 194, 195, 196, 197, 198, 200, 201, 206, 211, 213(7), (11), (14), (19), (22), (24), (32), and (33), 230, 234, 235, 237, 239, 240, 241, 244, 245, 246, 247, 248, 249, 255, 256, 258, and 265** come into force on 1 April 2019. 30
- (23) **Sections 216, 231, 232, 233, and 236** come into force on 1 July 2019. 35

- (24) **Sections 31, 37, 38, 54(5), 80(1) and (3), 81, 83, 176(2) and (3), 193(3), 203(2), and 212** come into force on 1 April 2020.

Part 1

Annual rates of income tax

- 3 Annual rates of income tax for 2018–19 tax year** 5
- Income tax imposed by section BB 1 (Imposition of income tax) of the Income Tax Act 2007 must, for the 2018–19 tax year, be paid at the basic rates specified in schedule 1 of that Act.

Part 2

Amendments to Tax Administration Act 1994

 10

- 4 Tax Administration Act 1994**
- Part 2** amends the Tax Administration Act 1994.
- 5 Section 3 amended (Interpretation)**
- (1) This section amends section 3(1).
- (2) Insert, in appropriate alphabetical order: 15
- accident compensation legislation** is defined in **section 143E(5)** for the purposes of that section
- (3) Insert, in appropriate alphabetical order:
- adjusted account**, for an individual and a tax year, is defined in **section 22D(5)** for the purposes of **Part 3, subpart 3B** and **schedule 8** 20
- (4) Insert, in appropriate alphabetical order:
- agency** is defined in **section 18E(5)** for the purposes of that section and **section 18F**
- (5) Insert, in appropriate alphabetical order: 25
- applicant** is defined in **schedule 7, part C, subpart 2, clause 47(6)** for the purposes of that clause
- applicant information** is defined in **schedule 7, part C, subpart 2, clause 47(6)** for the purposes of that clause
- (6) Replace the definition of **approved credit reporting agency** with: 30
- approved credit reporting agency** is defined in **schedule 7, part C, subpart 1, clause 34(10)** for the purposes of that clause
- (7) Replace the definition of **authorised officer** with:
- authorised officer** is defined in the following clauses for the purposes of that clause:

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

- earnings as a private domestic worker is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause
- earnings as a self-employed person is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause
- earnings as a shareholder-employee is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause 5
- earnings as an employee is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause
- earnings as an employer is defined in **schedule 7, part C, subpart 2, clause 43(3)** for the purposes of that clause 10
- (19) Replace the definition of **earnings related compensation** with:
earnings-related compensation is defined in **schedule 7, part C, subpart 2, clause 42(9)** for the purposes of that clause
- (20) Replace the definition of **employee** with:
employee— 15
(a) is defined in section 46(7) for the purposes of that section:
(b) is defined in **section 143E(5)** for the purposes of that section
- (21) Insert, in appropriate alphabetical order:
final account, for an individual and a tax year, is defined in **section 22D(6)** for the purposes of **Part 3, subpart 3B** and **sections 4A, 33, 38, 42C, 106, and 143** 20
- (22) Insert, in appropriate alphabetical order:
finer defaulter is defined in **schedule 7, part C, subpart 2, clause 44(8)** for the purposes of that clause
finer defaulter information is defined in **schedule 7, part C, subpart 2, clause 44(8)** for the purposes of that clause 25
- (23) In the definition of **full and complete inspection**, in paragraph (b), replace “section 16B” with “**sections 17C and 17G**”.
- (24) In the definition of **gift-exempt body**, replace “sections 32, 58, and 89” with “sections 18K, 32, and 58”. 30
- (25) Repeal the definition of **income statement**.
- (26) Insert, in appropriate alphabetical order:
individual, for a person, is defined in **section 22D(1)** of the Tax Administration Act 1994 for the purposes of **subpart 3B, sections 4A, 15B, 22, 33, 38, 42C, 89D, 92, 106, 110, 143, 143A, and 174AA, and schedule 5** 35
- (27) Insert, in appropriate alphabetical order:
information demand means a notice under **section 17B**
- (28) Repeal the definition of **information requisition**.

- (29) Repeal the definition of **Inland Revenue officer**.
- (30) Insert, in appropriate alphabetical order:
integrity of the tax system is defined in **section 6** for the purposes of that section and **section 6C**
- (31) Replace the definition of **issuing officer** with: 5
issuing officer is defined in **section 17D(6)** for the purposes of that section
- (32) Insert, in appropriate alphabetical order:
large multinational group, for an income year or a period set by the Commissioner under section 78G, means a consolidated accounting group that, in the income year or period,— 10
- (a) has a member resident in New Zealand or income with a source in New Zealand; and
 - (b) has a member resident in a country or territory other than New Zealand; and
 - (c) in the preceding income year or period, has annual consolidated group revenue equal to or exceeding the exemption threshold referred to in paragraph 5.53 of the OECD transfer pricing guidelines 15
- (33) Replace the definition of **legal personal representative** with:
legal personal representative is defined in **schedule 7, part B, clause 15** for the purposes of that clause 20
- (34) Insert, in appropriate alphabetical order:
legislative anomaly is defined in **section 6C(4)** for the purposes of that section and **sections 6D and 91AAZB**
- (35) Insert, in appropriate alphabetical order:
Ministry is defined in **schedule 7, part C, subpart 2, clause 45(6)** for the purposes of that clause 25
- (36) Insert, in appropriate alphabetical order:
nominated person means a person who—
- (a) is nominated under **section 124F** by another person to act on their behalf in relation to— 30
 - (i) their tax affairs:
 - (ii) their social policy entitlements and obligations; and
 - (b) is treated by the Commissioner as a nominated person; and
 - (c) does not later have their status as a nominated person disallowed by the Commissioner 35
- (37) Insert, in appropriate alphabetical order:
non-filing taxpayer, for a person and a tax year, means—

- (a) a person who derives assessable income for the tax year that consists solely of—
- (i) reportable income:
- (ii) a de minimis amount referred to in **section 22J(1)**; or
- (b) a person whose only income having a source in New Zealand for the tax year is a schedular payment derived in their capacity as a non-resident entertainer and who chooses not to file a return of income for the tax year; or
- (c) a person who for the tax year, derives only non-resident passive income referred to in section RF 2(3) of the Income Tax Act 2007
- (38) In the definition of **offshore payment**, replace “section 21(8)” with “**section 17F(7)**”.
- (39) Insert, in appropriate alphabetical order:
- parental leave** is defined in **schedule 7, part C, subpart 2, clause 47(6)** for the purposes of that clause
- (40) Insert, in appropriate alphabetical order:
- permitted disclosure** is defined in **section 16C(5)** for the purposes of **subpart 3A and schedule 7**
- (41) Repeal the definitions of **person incorrectly assumed to be a provisional taxpayer**, **person to whom this section applies**, and **person with access to restricted information**.
- (42) Insert, in appropriate alphabetical order:
- personal information** is defined in **schedule 7, part C, subpart 2, clause 46(7)** for the purposes of that clause
- (43) Insert, in appropriate alphabetical order:
- pre-populated account**, for an individual and a tax year, is defined in **section 22D(4)** for the purposes of **Part 3, subpart 3B** and **sections 106 and 143A, schedule 8**, and **section CX 27** of the Income Tax Act 2007
- (44) Replace the definition of **private dwelling** with:
- private dwelling** is defined in **section 17(5)** for the purposes of that section and **section 17D**
- (45) Insert, in appropriate alphabetical order:
- property or documents** is defined in **section 17(5)** for the purposes of that section
- (46) In the definition of **proscribed question**, in paragraph (b), replace “refers to a person’s purpose or intention” with “refers to a person’s purpose or intention, other than in relation to the test of principal purpose of making taxable supplies as described in **section 91CB(3)(c)**”.
- (47) Insert, in appropriate alphabetical order:

- provider of digital services** means a person who provides digital services to enable another person who is a user of the services to communicate information to, and receive information from, the Commissioner
- (48) Insert, in appropriate alphabetical order:
public service is defined in **section 18E(4)** for the purposes of that section and **section 18F** 5
- (49) Insert, in appropriate alphabetical order:
reportable income is defined in **section 22D(2)** for the purposes of this Act and the Income Tax Act 2007
- (50) Replace the definition of **reportable unpaid tax** with: 10
reportable unpaid tax is defined in **schedule 7, part C, subpart 1, clause 34(12)** for the purposes of that clause
- (51) Insert, in appropriate alphabetical order:
representative means a person who— 15
- (a) is eligible under **section 124D(2)** to act as a representative; and
 - (b) is approved by the Commissioner as a representative; and
 - (c) does not later have their approval of representative status disallowed by the Commissioner
- (52) In the definition of **resident foreign trustee**, in paragraph (a), delete “that is not registered as a charitable entity under the Charities Act 2005”. 20
- (53) Insert, in appropriate alphabetical order:
responsible department is defined in **schedule 7, part C, subpart 2, clause 47(6)** for the purposes of that clause
- (54) Insert, in appropriate alphabetical order:
revenue information is defined in **section 16C(2)** for the purposes of **subpart 3A and schedule 7** 25
revenue law is defined in **section 16C(1)** for the purposes of **subpart 3A and schedule 7**
revenue officer is defined in **section 16C(4)** for the purposes of **subpart 3A and schedule 7** 30
- (55) Insert, in appropriate alphabetical order:
sensitive revenue information is defined in **section 16C(3)** for the purposes of **subpart 3A and schedule 7**
serious threat is defined in **section 18J(2)** for the purposes of that section
sex offence is defined in **schedule 7, part C, subpart 2, clause 45(6)** for the purposes of that clause 35
- (56) Insert, in appropriate alphabetical order:

- short-process ruling** means a short-process ruling under **sections 91EK to 91ET**
- (57) Insert, in appropriate alphabetical order:
social security agreement is defined in **schedule 7, part C, subpart 2, clause 46(7)** for the purposes of that clause 5
- (58) In the definition of **tax**,—
(a) repeal paragraph (a)(xi):
(b) repeal paragraph (ca)(iii).
- (59) In the definition of **tax agent**,—
(a) replace “section 34B(2)” with “**section 124C(3)**”: 10
(b) replace paragraph (b) with:
(b) is listed by the Commissioner as a tax agent; and
- (60) In the definition of **tax position**,—
(a) replace paragraph (l) with:
(l) whether the taxpayer must provide information to the Commissioner on the income other than reportable income that they derive for a tax year: 15
(b) replace paragraph (m) with:
(m) the application of **subpart 3B**:
- (61) In the definition of **tax return**, after paragraph (a), insert:
(ab) includes an individual’s final account that is treated under **section 221(1)(a)** as a return of income; and 20
- (62) In the definition of **taxpayer’s tax position**, replace paragraph (a)(ii) with:
(ii) an individual’s final account that is treated under **section 221(1)(a)** as a return of income; or
- (63) Insert, in appropriate alphabetical order: 25
victim is defined in **schedule 7, part C, subpart 2, clause 45(6)** for the purposes of that clause
- (64) Insert, in appropriate alphabetical order:
workplace legislation means— 30
(a) Electricity Act 1992:
(b) Employment Relations Act 2000:
(c) Equal Pay Act 1972:
(d) Gas Act 1992:
(e) Hazardous Substances and New Organisms Act 1996:
(f) Health and Safety in Employment Act 1992: 35
(g) Health and Safety at Work Act 2015:

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

for the other functions under the Inland Revenue Acts must at all times use their best endeavours to protect the integrity of the tax system.

Definition of integrity of tax system

- (2) Without limiting its meaning, the **integrity of the tax system** includes—
- (a) the public perception of that integrity; and 5
 - (b) the rights of persons to have their liability determined fairly, impartially, and according to law; and
 - (c) the rights of persons to have their individual affairs kept confidential and treated with no greater or lesser favour than the tax affairs of other persons; and 10
 - (d) the responsibilities of persons to comply with the law; and
 - (e) the responsibilities of those administering the law to maintain the confidentiality of the affairs of persons; and
 - (f) the responsibilities of those administering the law to do so fairly, impartially, and according to law. 15

6A Commissioner’s duty of care and management

Care and management

- (1) The Commissioner is charged with the care and management of the taxes covered by the Inland Revenue Acts and with such other functions as may be conferred on the Commissioner. 20

Highest net revenue practicable within the law

- (2) In collecting the taxes committed to the Commissioner’s charge, and despite anything in the Inland Revenue Acts, it is the duty of the Commissioner to collect over time the highest net revenue that is practicable within the law having regard to— 25
- (a) the resources available to the Commissioner; and
 - (b) the importance of promoting compliance, especially voluntary compliance, by all persons with the Inland Revenue Acts; and
 - (c) the compliance costs incurred by persons.

6B Directions to Commissioner 30

Order for directions

- (1) The Governor-General may, by Order in Council and with due regard to this subpart and the provisions of the State Sector Act 1988 and the Public Finance Act 1989, issue directions to the Commissioner in relation to the administration of the Inland Revenue Acts. 35

Limitations

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

Order published

- (3) Every order made under **subsection (1)** must, as soon as practicable after it is made,—
- (a) be published in a publication chosen by the Commissioner; and
 - (b) be laid before the House of Representatives together with any accompanying statement of the reasons for the order and any advice of the Commissioner in relation to it.

5

Binding after 7 days

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

10

6C Power to remedy legislative anomalies

Actions to remedy legislative anomalies

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

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

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

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- (c) undertake an administrative action, including—

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

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

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

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Orders in Council

- (2) In relation to a recommendation made under **subsection (1)(a)**, the Governor-General may by Order in Council made on the recommendation of

the Minister of Revenue approve a regulation made for the purposes of this section to remedy an anomaly in the relevant provisions.

Considerations

- (3) Before a modification under **subsection (1) or (2)** is made, regard must be had to all the following considerations: 5
- (a) the integrity of the tax system:
 - (b) the intended purpose or object of the relevant provisions:
 - (c) the impact of the legislative anomaly, either for the public generally or for a particular class of persons:
 - (d) the cost of complying with the unmodified provisions and whether that cost is disproportionate to the intended purpose or object of the relevant provisions: 10
 - (e) the interests of the public or a particular class of persons:
 - (f) whether the issue can be addressed or resolved by the Commissioner in another way at the time of the identification of the legislative anomaly. 15

Meaning of legislative anomaly

- (4) For the purposes of this section and **sections 6D and 91AAZB**, a **legislative anomaly** means an unintended outcome caused by a gap or inconsistency in the relevant provisions that arises in relation to either the purpose or the object of a specific provision or specific set of provisions, or by a gap or inconsistency between the relevant provisions and Inland Revenue practice, which— 20
- (a) produces the result that the wording does not, or may not, sufficiently reflect the intended purpose or object of the relevant provisions; and
 - (b) does not materially affect either the intended scope of the relevant provisions or the operation of the relevant provisions, whether in the past or the future. 25

Ascertaining the intended purpose or object of relevant provisions

- (5) For the purposes of this section, in the analysis of the intended purpose or object of the relevant provisions,— 30
- (a) consideration may be given to extrinsic material that does not form part of the relevant provisions if the material can assist in ascertaining the meaning of the relevant provisions, whether or not the particular words under consideration are ambiguous or obscure:
 - (b) primacy is not required to be given to the text of the relevant provisions. 35

Determinations

- (6) For the purposes of **subsection (1)(b)**, the Commissioner may make a determination under **section 91AAZB** as to how the Commissioner’s approach to the interpretation or application of the relevant provisions, or to the application of an administrative practice that is affected by the anomaly, is to be treated.

6D	Restrictions on modifications	
	Before a modification under section 6C is made, the Commissioner must be satisfied that—	
	(a) the modification would not cause detriment to the tax system; and	
	(b) the extent of the modification to be made is not broader than is reasonably necessary to address the legislative anomaly that gave rise to the modification; and	5
	(c) the modification is not inconsistent with the intended purpose or object of the relevant provisions.	
6E	Consultation on modifications	10
	<i>Consultative process</i>	
(1)	Before a modification under section 6C(1)(a) or (b) is made, the Commissioner must undertake a consultative process that includes the distribution to persons or organisations that represent taxpayers with whom the Commissioner considers it is reasonable to consult for the purposes of that section of—	15
	(a) the modification in draft form; and	
	(b) an explanation of how the modification would be consistent with the intended purpose or object of the relevant provisions; and	
	(c) confirmation that the Commissioner has applied section 6D .	
	<i>Period of consultation</i>	20
(2)	The process referred to in subsection (1) must provide a period of consultation of at least 4 weeks.	
6F	Requirements for modifications	
	For the purposes of section 6C ,—	
	(a) the documentation relating to a modification made by the Commissioner must include statement explaining the reason for the modification, and how it complies with sections 6C to 6E ; and	25
	(b) the modification must be expressed to be for a period of not more than 3 years from the date on which the modification is to come into force; and	
	(c) the Commissioner must review the modification during the period referred to in paragraph (b) to determine if the modification should be included in an amendment to the relevant provisions; and	30
	(d) the Commissioner must provide in the department’s annual report to Parliament details relating to the modifications made for a tax year, including the number of times, and the circumstances in which, the power to make modifications was exercised.	35

6G	Status and publication of modifications	
	<i>Regulations approved by Order in Council</i>	
(1)	A modification under section 6C(1)(a) and (2) —	
	(a) is a legislative instrument and a disallowable instrument for the purposes of the Legislation Act 2012; and	5
	(b) must be presented to the House of Representatives under section 41 of that Act; and	
	(c) must be published under section 6 of that Act.	
	<i>Determinations and administrative actions</i>	
(2)	A modification under section 6C(1)(b) and (c) —	10
	(a) is neither a legislative instrument nor a disallowable instrument for the purposes of that Act and does not have to be presented to the House of Representatives under section 41 of that Act; and	
	(b) must, as soon as practicable after being made, be published on an internet site maintained by or on behalf of the Commissioner.	15
6H	Application of modifications	
	<i>General application unless stated</i>	
(1)	A modification applies generally unless it is expressly stated that it applies only to a particular class of persons or only in particular circumstances.	
	<i>Person’s election to apply</i>	20
(2)	A person may choose whether or not to apply a modification, and if they choose not to apply the modification, the law applies to the person as if the modification did not exist.	
	<i>Hearing authorities’ determinations</i>	
(3)	When a hearing authority has made a determination under section 138P, a determination made under section 6C(1)(b) or an administrative action undertaken under section 6C(1)(c) must be made in such a way that it conforms to the hearing authority’s determination.	25
10	New subpart heading inserted (Subpart 2C—Functions and powers of Commissioner)	30
	Before section 7, insert as a subpart heading, “Subpart 2C—Functions and powers of Commissioner.”	
11	New subpart heading inserted (Subpart 2D—Modes of communication)	
	Before section 14, insert as a subpart heading, “Subpart 2D—Modes of communication”.	35

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

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

Collection of information

- (5) For the purposes of **subsection (2)**, the collection of information includes the compilation, collation, synthesis, or generation of information by the Commissioner.

Commissioner, authorised officers, accompanying persons, and particular offices 5

- (6) For the purposes of this subpart, and **section 227F**,—
- (a) a reference to the Commissioner includes a reference to an officer of the department authorised by the Commissioner:
 - (b) a reference to the Commissioner in **sections 17(1) and (2) and 17C(1)(d)** includes a reference to an accompanying person: 10
 - (c) when a provision requires information to be produced, filed, or delivered to the Commissioner, the Commissioner may require that the information is produced, filed, or delivered to a particular office of the department. 15

16C Key terms

Meaning of revenue law

- (1) For the purposes of this subpart and **schedule 7, revenue law** means—
- (a) the Inland Revenue Acts:
 - (b) the Accident Compensation Act 2001, the Accident Insurance Act 1998, the Accident Rehabilitation and Compensation Insurance Act 1992, or the Accident Compensation Act 1982: 20
 - (c) the New Zealand Superannuation Act 1974:
 - (d) any Act that imposes taxes or duties payable to the Crown.

Meaning of revenue information 25

- (2) For the purposes of this subpart and **schedule 7, revenue information** means information that is acquired, obtained, accessed, received by, or disclosed to, the Commissioner—
- (a) under or for the purposes of a revenue law:
 - (b) under an information-sharing right. 30

Meaning of sensitive revenue information

- (3) For the purposes of this subpart and **schedule 7, sensitive revenue information**—
- (a) means revenue information that relates to the affairs of a person or entity— 35
 - (i) that identifies, or is reasonably capable of being used to identify, the person or entity, whether directly or indirectly; or

	(ii) that might reasonably be regarded as private, commercially sensitive, or otherwise confidential; or	
	(iii) the release of which could result in loss, harm, or prejudice to a person to whom or to which it relates:	
	(b) does not include aggregate or statistical data that may contain information about the person or entity to the extent to which the information does not meet the requirements of paragraph (a) .	5
	<i>Meaning of revenue officer</i>	
(4)	For the purposes of this subpart and schedule 7 , a revenue officer —	
	(a) means a person who is employed in, seconded to, or connected with the service of Inland Revenue; and	10
	(b) includes—	
	(i) a person employed in the service of the Government of an overseas country or territory who is for the time being seconded to, or connected with the service of Inland Revenue:	15
	(ii) a person formerly employed in, seconded to, or connected with the service of Inland Revenue.	
	<i>Meaning of permitted disclosure</i>	
(5)	A permitted disclosure means the disclosure of an item of sensitive revenue information to another person as an exception to the rule of confidentiality set out in section 18 . The purposes for which a revenue officer may disclose sensitive revenue information are set out in sections 18D to 18J and schedule 7 .	20
	<i>New Zealand superannuation</i>	
(6)	For the purposes of subsection (1)(c) , the New Zealand Superannuation Act 1971 includes Part 1 of the Superannuation Schemes Act 1976, and the New Zealand Superannuation Corporation includes the National Provident Fund Board in relation to its functions under that Part.	25
	<i>Collection of information</i>	
17	Commissioner may obtain information by accessing property or documents	30
	<i>Access to property or documents</i>	
(1)	Despite anything in any other Act but subject to subsection (2) , the Commissioner may access any property or documents for the purpose of inspecting a document, property, process, or matter that the Commissioner considers—	35
	(a) is necessary or relevant for the purposes of this section:	

(b) is likely to provide information that would otherwise be required for the purposes of the Inland Revenue Acts and any function lawfully conferred on the Commissioner.

Consents or warrants required for private dwellings

(2) The Commissioner must not enter a private dwelling to access any property or documents except with the consent of an occupier or under a warrant issued under **section 17D**. 5

Providing assistance and answering questions

(3) Despite section 103(3)(b)(ii) and (7) of the Search and Surveillance Act 2012, the occupier of land, or a building, or a place that the Commissioner enters, or proposes to enter, must— 10

(a) provide the Commissioner with all reasonable facilities and assistance for the effective exercise of the powers under this section and **section 17C**; and

(b) answer all proper questions relating to the effective exercise of the powers under this section as, and in the manner, required by the Commissioner. 15

Accompanying persons

(4) A person whose presence at a place is considered by the Commissioner to be necessary for the effective exercise of the powers under this section may accompany the Commissioner to a place. 20

Definitions for this section

(5) In this section, and **section 17D**,—

property or documents includes—

(a) all lands, buildings, places, or other premises: 25

(b) a document, whether in the custody or under the control of a public officer, or a body corporate, or any other person

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

(a) a garage, shed, and other building used in connection with the private dwelling; and 30

(b) any business premises that are, or are within, a private dwelling.

17B Commissioner may require information or production of documents

Requiring information or production of documents

(1) A person must, when notified by the Commissioner in an information demand, provide any information that the Commissioner considers necessary or relevant for any purpose relating to— 35

(a) the administration or enforcement of an Inland Revenue Act:

(b)	the administration or enforcement of any matter arising from, or connected with, a function lawfully conferred on the Commissioner.	
	<i>Documents included</i>	
(2)	In this section and in sections 17, 17G, and 17H , a requirement to provide information includes a requirement to produce a document.	5
	<i>Requirements</i>	
(3)	The Commissioner may require that information provided under this section be—	
(a)	verified by statutory declaration or otherwise:	
(b)	provided to a particular office of the Commissioner:	10
(c)	provided in a manner acceptable to the Commissioner.	
	<i>Persons included</i>	
(4)	For the purposes of this section, a person includes—	
(a)	an officer employed in, or in connection with, a department of the government or a public authority:	15
(b)	any other public officer.	
	<i>Particular requirements for information demands and inquiries</i>	
(5)	Sections 17E to 17K set out some particular requirements for information demands and inquiries.	
17C	Commissioner’s powers in relation to documents	20
	<i>Taking extracts, making copies, removing for inspection</i>	
(1)	In relation to a document accessed under section 17 or provided under section 17B or 17G , the Commissioner may—	
(a)	take an extract from the document:	
(b)	make a copy of the document:	25
(c)	remove the document from a place to make a copy:	
(d)	remove the document from a place and retain it for a full and complete inspection.	
	<i>Copying and returning documents</i>	
(2)	When a document is removed and a copy made under subsection (1)(c) , the copy must be made and the document then returned as soon as practicable.	30
	<i>Removing documents with consent or under warrant</i>	
(3)	The Commissioner may remove and retain a document under subsection (1)(d) for a full and complete inspection for as long as is necessary to undertake the inspection if the Commissioner has—	35
(a)	the consent of an occupier:	
(b)	a warrant issued under section 17D .	

	<i>No charge for copies</i>	
(4)	For the purposes of subsection (1)(a) to (c) , the Commissioner may take an extract from or make a copy of a document without charge.	
	<i>Owner’s inspection</i>	
(5)	The owner of a document that is provided, accessed, or removed under subsection (1) may inspect and obtain a copy of the document at the premises to which it is removed—	5
	(a) at the time the document is removed to the premises:	
	(b) at all reasonable times subsequently.	
	<i>Evidence</i>	10
(6)	A copy of a document certified by or on behalf of the Commissioner is admissible in evidence in court as if it were the original.	
17D	Warrants	
	<i>When this section applies</i>	
(1)	This section applies for the purposes of sections 17 and 17C when—	15
	(a) an application is made for a search warrant under Part 4, subpart 3 of the Search and Surveillance Act 2012 for a warrant to enter a private dwelling or to remove and retain a document from a place; and	
	(b) an issuing officer is satisfied that the issue of the warrant is required for the exercise of a function lawfully conferred on the Commissioner.	20
	<i>Warrants for entry</i>	
(2)	The issuing officer may issue a warrant to the Commissioner to enter a private dwelling when physical access to the dwelling is required.	
	<i>Warrants for removal of documents</i>	
(3)	The issuing officer may issue a warrant to the Commissioner to remove a document from a place and retain it when a full and complete inspection of the document is required.	25
	<i>Exercising warrants</i>	
(4)	A person exercising the power of entry conferred by a warrant issued under subsection (2) or a warrant for removal of a document under subsection (3) must produce the warrant and evidence of their identity on first entering the private dwelling or the place and whenever subsequently reasonably required to do so.	30
	<i>Relationship with Search and Surveillance Act 2012</i>	
(5)	For the purposes of this section, and in section 17(3) , the provisions of subparts 1, 3, 4, 7, 9, and 10 of part 4 of that Act, other than sections 102, 103(3)(b)(ii), 103(4)(g), 103(7), 115(1)(b), 118, 119, and 130(4) apply.	35

	<i>Definition for this section</i>	
(6)	In this section, issuing officer has the meaning given in section 3 of that Act.	
17E	Information or documents treated as in persons' knowledge, possession, or control	
	<i>Non-residents</i>	5
(1)	For the purposes of sections 17B(1) , 143(2), and 143A(2), information or a document that is in the knowledge, possession, or control of a non-resident is treated as being in the knowledge, possession, or control of a New Zealand resident if the New Zealand resident controls, directly or indirectly, the non-resident. For this purpose,—	10
	(a) a New Zealand resident is treated as holding anything held by a person who—	
	(i) is resident in New Zealand and is associated with the New Zealand resident:	
	(ii) is a controlled foreign company and is associated with the New Zealand resident:	15
(b)	a law of a foreign country that relates to the secrecy of information is ignored.	
	<i>Large multinational groups</i>	
(2)	For the purposes of sections 17B(1) , 139AB, 143(2), and 143A(2), information or a document is treated as being in the knowledge, possession, or control of a member of a large multinational group in an income year, disregarding any law of a foreign country relating to the secrecy of information, if the information or document is relevant to the taxation of the large multinational group and is in the knowledge, possession, or control of the member or another member of the large multinational group.	20 25
	<i>Particular information demands and inquiries</i>	
17F	Commissioner may require information about offshore payments	
	<i>When this section applies</i>	
(1)	This section applies when—	30
	(a) the Commissioner notifies a person in an information demand that they are required under section 17B to provide information relating to an offshore payment for which a deduction may be allowed; and	
	(b) the person fails to provide a response, or a sufficient response, to the information demand by the date that is 3 months after the information demand (the demand date).	35

Deduction disallowed

- (2) The Commissioner may disallow the deduction, in whole or in part, in the course of making an assessment, and the person who has the deduction (**person A**) may not dispute the assessment in proceedings under Part 8 or Part 8A unless they establish that they did provide a sufficient response to the information demand within 3 months of the demand date. 5

Information not admissible in evidence

- (3) In relation to an assessment referred to in **subsection (2)**, when the information demand was given to a person other than the person A (**person B**), the information is not admissible in proceedings under Part 8 or Part 8A except to the extent to which the evidence— 10
- (a) is provided or identified in person B’s response to the information demand: 15
- (b) is contained in other material in the possession of the Commissioner at the time the Commissioner issued the information demand and can reasonably be verified by the Commissioner. 15

Notice of insufficient response

- (4) The rule against admissibility in **subsection (3)** applies only if the Commissioner gives person A a separate notice, before or at the time of making the assessment, stating that the Commissioner does not consider that either person A or person B has provided a sufficient response to the information demand. 20

Commissioner’s evidence

- (5) **Subsection (3)** does not apply to prevent the Commissioner from producing any evidence in any proceedings. 25

Notices

- (6) When a notice under **subsection (1), (3), or (4)** is given to person B, a copy must be provided to person A. 25

Meaning of offshore payment

- (7) For the purposes of this section, an **offshore payment**, for a person, means an amount of expenditure or loss incurred or purportedly incurred by them to— 30
- (a) a person outside New Zealand; or
- (b) a person, whether in or outside New Zealand, associated with, acting for or on behalf of, or in a fiduciary capacity in relation to, a person outside New Zealand; or
- (c) a person in New Zealand who, in the opinion of the Commissioner, may in consequence of the expenditure or loss incurred by the taxpayer, whether or not in consequence of any other thing and whether or not as an immediate or eventual consequence, make a payment to— 35
- (i) a person outside New Zealand; or

(ii)	a person in New Zealand making a payment as described in this paragraph.	
17G	Commissioner may require information from large multinational groups (BEPS)	
	<i>When this section applies</i>	5
(1)	This section applies when the Commissioner notifies a member of a large multinational group in an information demand that the member is required under section 17B to provide information relating to the large multinational group or to a member of the large multinational group, and the member—	
(a)	fails to provide by the date that is 3 months after the information demand (the demand date), a response to the information demand:	10
(b)	provides, by the demand date, a response that the Commissioner considers to be misleading because it contains misleading information or omits relevant information:	
(c)	provides, by the demand date, a response that the Commissioner considers omits, information, whether or not in the knowledge, possession, or control of the member, required by the information demand for the calculation of—	15
(i)	an arm’s length amount for a cross-border transaction:	
(ii)	an amount of profit attributable to a permanent establishment in New Zealand of the member or another member of the large multinational group:	20
(d)	provides, by the demand date, a response that the Commissioner considers does not fulfil the requirements of the information demand.	
	<i>Consequences of failing to provide satisfactory responses</i>	25
(2)	The Commissioner must notify the member by a further notice that if the member does not provide a satisfactory response to the information demand before the date (the information deadline) that is 1 month after the date of the further notice,—	
(a)	the Commissioner may rely on the information held by the Commissioner in exercising the Commissioner’s power to prosecute, penalise, assess, or reassess the member or other members of the large multinational group for a tax year to which the information required by the information demand relates; and	30
(b)	information required by the information demand and not provided to the Commissioner by the information deadline will not be allowed as evidence for use by the member or other members of the large multinational group in a dispute concerning an action of the Commissioner referred to in paragraph (a) .	35

Treatment of information in disputes

- (3) If a member of a large multinational group disputes a prosecution, imposition of a penalty, assessment, or reassessment, relating to a tax year, and information that is required by an information demand and relates to the tax year is not provided to the Commissioner before the information deadline, the information that is not the subject of a court order under **subsection (4)** is not— 5
- (a) allowed as evidence for use by the member in a disputes procedure under Part 4A: 5
 - (b) admissible as evidence for the member in proceedings under Part 8 or Part 8A, or other proceedings. 10

When court overrules treatment of information

- (4) A member of a large multinational group is allowed to use information in a way that would otherwise be prevented by **subsection (3)** if a court or Authority—
- (a) determines that obtaining the information in response to the information demand would have required an investment by the member of time and resources that would have been unreasonable in relation to the relevance of the information to the tax issues involved; and 15
 - (b) determines that admission of the evidence is necessary to avoid manifest injustice to the member; and 20
 - (c) orders that the information be allowed or admissible as evidence in the proceedings. 20

17H Court may make order for provision of information

Applying to Court for orders

- (1) When a person does not fully comply with an information demand under **section 17B** or does not provide a tax return required under the Inland Revenue Acts, the Commissioner may apply to the District Court for an order requiring the person to provide the information or the tax return, as applicable. 25

Application as alternative remedy

- (2) The Commissioner may make an application under **subsection (1)** as well as, or instead of, prosecuting the person. 30

Notifying persons affected

- (3) The Commissioner must notify the person in relation to whom the order is sought of the application, and must notify any other person, as the Court directs. 35

Hearing

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

	<i>Court review</i>	
(5)	The Court may—	
	(a) order the information to be provided to the Court; and	
	(b) review the information to determine—	
	(i) whether to make an order requiring the person to provide the in-	5
	formation to the Commissioner; and	
	(ii) whether the information is the subject of legal professional privil-	
	ege, whether within the meaning of section 20 or otherwise at law;	
	and	
	(iii) whether the information is contained in a tax advice document,	10
	and if so, whether it is required to be disclosed under section 20E,	
	20F, or 20G.	
	<i>Court orders</i>	
(6)	The Court may order the person named in the application to provide the infor-	15
	mation, or a part of the information, to the Commissioner if and to the extent to	
	which the Court is satisfied that the information—	
	(a) is likely to be relevant for a purpose relating to the administration or en-	
	forcement of a revenue law or a matter arising from, or connected with,	
	a function lawfully conferred on the Commissioner; and	
	(b) is not the subject of legal professional privilege, whether within the	20
	meaning of section 20 or otherwise at law.	
	<i>Returns</i>	
(7)	The Court may order the person named in the application to provide a tax re-	
	turn.	
	<i>Undocumented information</i>	25
(8)	A person who is required to provide information under this section must, if the	
	information is not kept in a document, make the necessary arrangements to en-	
	sure that the information can be viewed and copied.	
	<i>Overriding provision</i>	
(9)	This section applies despite any enactment or rule of law that may oblige a per-	30
	son to keep information secret, or not to disclose information, or not to perform	
	an obligation. Compliance with a court order under this section is not a breach	
	of the enactment, rule, or obligation.	
	<i>No excuse</i>	
(10)	A person is not excused from having to comply with this section on the ground	35
	that—	
	(a) providing the information could or might prove a breach of a tax obliga-	
	tion or subject the person to a fine, penalty, or conviction; or	

<p>(b) the person could claim another privilege in relation to the provision of the information in proceedings in a court.</p> <p><i>Offences</i></p> <p>(11) For offences under this section, <i>see</i> section 143G.</p> <p>17I Commissioner may conduct inquiries</p> <p><i>When this section applies</i></p> <p>(1) This section applies for the purposes of obtaining information—</p> <p style="padding-left: 20px;">(a) in relation to a person’s tax liability under an Inland Revenue Act:</p> <p style="padding-left: 20px;">(b) that is required—</p> <p style="padding-left: 40px;">(i) for the purposes of the administration or enforcement of an Inland Revenue Act:</p> <p style="padding-left: 40px;">(ii) in carrying out a function lawfully conferred on the Commissioner.</p> <p><i>Inquiry by Commissioner</i></p> <p>(2) The Commissioner may notify a person that they are required to attend and provide information to the Commissioner or to produce documents in their possession or control that contain the information or that the Commissioner considers are likely to contain the information.</p> <p><i>Evidence</i></p> <p>(3) The Commissioner may require a person to give evidence on oath, and orally or otherwise, and for that purpose, the Commissioner or an authorised officer may administer an oath.</p> <p><i>Offences</i></p> <p>(4) For offences under this section, <i>see</i> section 143F.</p> <p>17J Commissioner may apply for District Court Judge to conduct inquiries</p> <p><i>When this section applies</i></p> <p>(1) This section applies when the Commissioner considers that an inquiry is necessary for the purposes of obtaining information—</p> <p style="padding-left: 20px;">(a) in relation to a person’s tax liability under an Inland Revenue Act:</p> <p style="padding-left: 20px;">(b) that is required—</p> <p style="padding-left: 40px;">(i) for the purposes of the administration or enforcement of an Inland Revenue Act:</p> <p style="padding-left: 40px;">(ii) in carrying out a function lawfully conferred on the Commissioner.</p> <p><i>Inquiries before District Court Judge</i></p> <p>(2) The Commissioner may apply to a District Court Judge to hold an inquiry for the purposes of obtaining the information.</p>	<p></p> <p></p> <p></p> <p>5</p> <p></p> <p></p> <p>10</p> <p></p> <p>15</p> <p></p> <p>20</p> <p></p> <p></p> <p>25</p> <p></p> <p></p> <p>30</p> <p></p> <p>35</p>
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<i>Summoning and examination of persons</i>	
(3) The Judge may—	
(a) summon a person that the Commissioner or another interested person requires to be examined; and	
(b) examine the person on oath in chambers regarding any matter relevant to the subject matter of the inquiry.	5
<i>Judge’s jurisdiction and person’s rights</i>	
(4) The Judge has all jurisdiction and authority in relation to the summons and examination of the person that they would have in relation to a witness in a civil action within the Judge’s ordinary jurisdiction. Subject to the Inland Revenue Acts, the person has all the rights that the person would have and is subject to the liabilities that the person would be if the person were the witness.	10
<i>Commissioner’s powers</i>	
(5) The Commissioner—	
(a) may cross-examine a person summoned:	15
(b) may be represented by a barrister or solicitor who may examine, cross-examine, and re-examine a person summoned according to ordinary practice.	
<i>Persons interested</i>	
(6) A person interested in the subject matter of the inquiry may be represented and may examine, cross-examine, and re-examine a person summoned according to ordinary practice.	20
<i>Statements</i>	
(7) The statement of a person examined under this section must be recorded in a document, signed by the person in the presence of the Judge, and delivered to the Commissioner. The statement does not form part of court records.	25
<i>Offences</i>	
(8) For offences under this section, <i>see</i> section 143F.	
17K Questions and statements made in inquiries	
<i>When this section applies</i>	
(1) This section applies when a person is summoned and examined by either the Commissioner under section 17I or a District Court Judge under section 17J .	30
<i>No excuse</i>	
(2) No person summoned or examined is excused from answering a question on the ground that the answer may incriminate them or render them liable to a penalty or forfeiture.	35

Statements not admissible in evidence

- (3) A statement made by a person in answer to a question put to them is not admissible in criminal proceedings against the person, except on a charge of perjury. The provisions of the Crimes Act 1961 which relate to perjury are applicable to an inquiry by the Commissioner under **section 17I**.

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Travelling expenses

- (4) A person who has been summoned is entitled to receive an amount on account of travelling expenses and loss of time. The amount is a reasonable amount determined by the Commissioner or the Judge, as applicable.

Offences

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- (5) For offences under this section, *see* section 143F.

Regulations

17L Regulations providing for regular collection of bulk data

What this section does

- (1) This section provides a regulation-making power in relation to the administration of this Act and the other Inland Revenue Acts to authorise the Commissioner to collect bulk information in the form of datasets from a person who is the holder of the information if the collection of the information is considered necessary or relevant for revenue purposes.

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Orders in Council

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

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

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- (b) prescribing—

- (i) the type of information that may be collected:
- (ii) the person or the class of persons to whom the regulations apply:
- (iii) the frequency of reporting by the person or class of persons:
- (iv) the form of the information:
- (v) the specifications for the reporting method that must be used:

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

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

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Requirements

- (3) The Minister may recommend the making of regulations under this section only if satisfied that—
- (a) the regulations are necessary for a purpose relating to—
 - (i) the administration or enforcement of any of the Inland Revenue Acts: 5
 - (ii) the administration or enforcement of any matter arising from or connected with a function lawfully conferred on the Commissioner; and
 - (b) the proposed use of the information is consistent with the purposes of the Inland Revenue Acts; and 10
 - (c) a consultative process has been undertaken that—
 - (i) includes the distribution of draft regulations and an explanation of the way in which the regulations would meet the requirements of **paragraphs (a) and (b)** to the Privacy Commissioner and other persons or organisations with whom the Commissioner considers it is reasonable to consult for the purposes of this section; and 15
 - (ii) provides a period of consultation of at least 4 weeks.

Review

- (4) Within the period of time set out in **subsection (5)**, the Commissioner must— 20
- (a) review the operation of this section; and
 - (b) assess the impact of this section, in consultation with the Privacy Commissioner; and
 - (c) consider whether amendments to the law are necessary or desirable, and in particular, whether this section is needed; and 25
 - (d) report the findings to the Minister of Revenue.

Timing of review

- (5) The review must occur after the expiry of 5 years from the commencement of this section but before the expiry of 6 years from that date. 30

*Use of information***17M Use of information***Purposes*

- (1) Despite anything in any other Act, nothing prevents the Commissioner from—
- (a) using information obtained under this Act for the purposes of— 35
 - (i) carrying into effect any of the Inland Revenue Acts:

(ii)	carrying out or supporting a function lawfully conferred on the Commissioner; or	
(b)	using information obtained under any of the Inland Revenue Acts for the purposes of—	
(i)	carrying into effect the provisions of this Act:	5
(ii)	carrying out or supporting a function lawfully conferred on the Commissioner.	
	<i>Permitted disclosures</i>	
(2)	For the purposes of subsection (1) , the use of information by the Commissioner includes its use in a permitted disclosure.	10
	<i>Re-use of information</i>	
(3)	In this section, the use of information includes the re-use of the information.	
	<i>Confidentiality of information</i>	
18	Confidentiality of sensitive revenue information	
	<i>Confidentiality requirements for revenue officers</i>	15
(1)	A revenue officer must keep confidential all sensitive revenue information and must not disclose the information unless the disclosure is a permitted disclosure that meets the requirements of sections 18D to 18J .	
	<i>Confidentiality requirements for other persons</i>	
(2)	A person, other than a revenue officer, who has access to, or obtains sensitive revenue information must keep it confidential and must not disclose the information unless the disclosure is—	20
(a)	a permitted disclosure that meets the requirements of sections 18D to 18J :	
(b)	permitted under the agreement under which the information is accessed or obtained.	25
	<i>Other revenue information</i>	
(3)	Despite sections 18D to 18J and schedule 7 , the Commissioner is not required to disclose any item of revenue information if the release of the information would adversely affect the integrity of the tax system or would prejudice the maintenance of the law.	30
	<i>Offences and penalties</i>	
(4)	For the offences and related penalties,—	
(a)	by revenue officers, <i>see</i> section 143C :	
(b)	by persons other than revenue officers, <i>see</i> sections 143D to 143EB .	35

18B Requirements for revenue officers and other persons

Declarations by revenue officers

- (1) For the purposes of **section 18(1)**, before a revenue officer performs their first official duty as an officer, they must complete a declaration of confidentiality as prescribed by the Commissioner. 5

Certificates by other officers

- (2) For the purposes of **section 18(2)**, a person, other than a revenue officer, who acquires, obtains, or has access to revenue information must complete a certificate of confidentiality as prescribed by the Commissioner. The certificate must be kept in a form acceptable to the Commissioner by the person, entity, or agency that employs, appoints, or contracts services from, the person. 10

Making declarations

- (3) The declaration under **subsection (1)** may be made before—
(a) the Commissioner; or
(b) a revenue officer; or 15
(c) a person authorised by or under the Oaths and Declarations Act 1957 to take statutory declarations.

Revenue officers treated as making declaration

- (4) A revenue officer who has made a declaration described in **subsection (1)** under an earlier taxation secrecy or fidelity provision corresponding to this provision, or who was treated as making that declaration under an earlier provision, is treated as having made a declaration under this section. 20

Other persons treated as making declaration

- (5) A person other than a revenue officer who has completed a certificate as described in **subsection (2)** under an earlier taxation secrecy or fidelity provision corresponding to this provision, or who was treated as completing that certificate under an earlier provision, is treated as having completed a certificate under this section. 25

Permitted disclosures

18C Permitted disclosures 30

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

18D Disclosures made in carrying into effect revenue laws

Carrying into effect revenue law

- (1) **Section 18** does not apply to a disclosure of sensitive revenue information that is made for the purpose of carrying into effect a revenue law as set out in **schedule 7, part A**. 35

Carrying out function conferred on Commissioner

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

Disclosures in co-located environments

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

Disclosures for court proceedings 30

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

18E Disclosures made under information-sharing arrangements	
<i>Disclosure under agreements and regulations</i>	
(1) Section 18 does not apply to a disclosure of sensitive revenue information and other information, as applicable, that is made for the purpose of a disclosure under—	5
(a) an approved agreement under subsection (2) :	
(b) an agreement made under subsection (3) :	
(c) regulations made under section 18F .	
<i>Approved information-sharing agreements</i>	
(2) The Commissioner may provide information under an information-sharing agreement approved by an Order in Council made under section 96J of the Privacy Act 1993. The information-sharing agreement—	10
(a) may relate to information that is sensitive revenue information being personal information and other non-personal information:	
(b) may extend a restricted information-sharing provision in an Inland Revenue Act, as contemplated by the Privacy Act 1993, without further authority than this section:	15
(c) includes an existing approved information-sharing agreement made under the authority of this Act that continues to be in force.	
<i>Disclosure by agreement when consent obtained</i>	
(3) The Commissioner may enter into an agreement to share certain information if—	20
(a) the agreement—	
(i) is made for public services purposes; and	
(ii) relates to the disclosure of sensitive revenue information held about a person or entity; and	25
(iii) specifies appropriate conditions for the security and use of the information; and	
(iv) stipulates a process to ensure the consent is properly obtained and recorded; and	30
(b) the person or entity consents to the disclosure of the information.	
<i>Meaning of public service</i>	
(4) In this section and section 18F , public service means a public function or duty that is conferred or imposed on an agency described in subsection (5) —	35
(a) by or under law; or	
(b) by a policy of the Government.	
<i>Meaning of agency</i>	
(5) For the purposes of this section and section 18F , agency —	

<ul style="list-style-type: none"> (a) has the meaning given in section 2 of the Privacy Act 1993 as it applies for the purposes of Part 9A of that Act: (b) includes a private sector agency and a public sector agency as those terms are defined in section 96C of that Act. 	<p>5</p>
<p>18F Regulations for information-sharing for public services purposes</p>	
<p><i>Regulations relating to provision of public services</i></p>	
<ul style="list-style-type: none"> (1) This section provides a regulation-making power for matters relating to the provision of public services in the sharing of revenue information when— <ul style="list-style-type: none"> (a) the sharing of the information is intended to improve the ability of the government to deliver efficient and effective services or enforce the law: (b) the information is more easily or more efficiently obtained from, or verified by, the Commissioner: (c) it is not unreasonable or impractical to require the Commissioner to deliver the information: (d) the nature of the sharing is proportionate, taking into account the purpose for which the information is proposed to be shared: (e) the person, entity, or agency receiving the information has adequate protection for the information: (f) the sharing of the information will not unduly inhibit the future provision of information to the Commissioner. 	<p>10</p> <p>15</p> <p>20</p>
<p><i>Regulations</i></p>	
<ul style="list-style-type: none"> (2) The Governor-General may, by Order in Council on the recommendation of the Minister of Revenue, make regulations— <ul style="list-style-type: none"> (a) providing for the sharing of revenue information that the Commissioner holds with an agency: (b) prescribing— <ul style="list-style-type: none"> (i) the classes or types of revenue information that may be shared: (ii) how the information is to be provided or accessed: (iii) how the information is to be used: (iv) how the information must be stored, kept secure, or disposed of: (c) specifying— <ul style="list-style-type: none"> (i) whether further disclosure of the information is permitted: (ii) whether review requirements are to be stipulated, including instances of breaches of confidentiality. 	<p>25</p> <p>30</p>
<p><i>Requirements for making of regulations</i></p>	
<ul style="list-style-type: none"> (3) The Minister may recommend the making of regulations under this section only if satisfied that— 	<p>35</p>

(a)	the regulations are necessary to achieve the purpose set out in subsection (1) ; and	
(b)	a consultative process has been undertaken that—	
(i)	includes the distribution of draft regulations and an explanation of the way in which the regulations would meet the requirements of paragraph (a) to the Privacy Commissioner and other persons or organisations with whom the Commissioner considers it is reasonable to consult for the purposes of this section; and	5
(ii)	provides a period of consultation of at least 4 weeks.	
	<i>Government agency communication</i>	10
(4)	An Order in Council made under the authority of this Act under section 81BA as repealed by the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Act 2018 , to the extent to which it continues to be in force, is treated as a regulation made under this section.	
18G	Disclosures to persons and their representatives	15
	Section 18 does not apply to a disclosure of sensitive revenue information made to a person in relation to whom the information is held. The disclosure may be made to the person and also to the person’s representative as set out in schedule 7 part B .	
18H	Disclosures to other agencies for certain specified purposes	20
	Section 18 does not apply to a disclosure of sensitive revenue information to certain agencies when the disclosure is made for certain specified purposes as set out in schedule 7 part C .	
18I	Disclosures for international purposes	25
	Section 18 does not apply to a disclosure of sensitive revenue information that is made for the purposes of an international obligation of the Commissioner as set out in schedule 7 part D .	
18J	Disclosures for risk of harm purposes	30
	<i>Serious threat to health and safety</i>	
(1)	Section 18 does not apply to a disclosure of sensitive revenue information that is made when disclosure is necessary to prevent or lessen a serious threat to—	
(a)	public health or public safety;	
(b)	the life or health of a person.	
	<i>Meaning of serious threat</i>	35
(2)	For the purposes of this section, serious threat means a threat that the Commissioner reasonably believes to be serious having regard to—	

	(a) the likelihood of the threat being realised; and	
	(b) the severity of the consequences if the threat is realised; and	
	(c) the time at which the threat may be realised.	
16	New subpart heading inserted (Subpart 3AB—Tax advice documents)	
	Before section 20, insert a new subpart heading, “Subpart 3AB—Tax advice documents”.	5
17	Subpart heading amended (Subpart 3AC—Taxpayers’ obligations to keep records)	
	Replace the subpart heading “Subpart 3B—Taxpayer’s obligations to keep records” with “Subpart 3AC—Taxpayers’ obligations to keep records”.	10
18	Section 21 repealed (Information requisitions in relation to offshore payments)	
	Repeal section 21.	
19	Section 21BA repealed (Information required to be provided by large multinational group)	15
	Repeal section 21BA.	
20	Section 22 amended (Keeping of business and other records)	
(1)	In section 22(2)(ke), replace “ section 24Q ” with “section 169B”.	
(2)	Replace section 22(3) with:	
(3)	An individual to whom Part 3, subpart 3B applies, and who is required by subsection (2) to retain records of their assessable income, must retain those records for a period of 12 months after the end of the income year in which the individual derived the income.	20
21	New subpart inserted (Subpart 3B—Reporting of income information by individuals)	25
(1)	After section 22B, insert—	
	Subpart 3B—Reporting of income information by individuals	
22C	Outline of subpart	
	<i>What this subpart does</i>	
(1)	This subpart provides the administrative settings that underpin an individual’s obligations under sections BB 2, BC 1 to BC 6, and BC 8 of the Income Tax Act 2007 to calculate and satisfy their income tax liability for a tax year. It sets out the requirements for the provision of information about an individual’s income, including—	30

(a)	the obligations of individuals to provide certain income information to the Commissioner:	
(b)	what is meant by certain key terms such as reportable income, other income, pre-populated account, adjusted account, and final account:	
(c)	when and how information must be provided to the Commissioner:	5
(d)	the treatment of an individual's final account at the end of a tax year:	
(e)	when and how an individual's assessment point arises:	
(f)	how reporting errors in accounts may be corrected:	
(g)	the permitted de minimis amounts:	
(h)	the information particulars.	10
	<i>Income types</i>	
(2)	For the purposes of this Act and the Income Tax Act 2007, income that an individual derives for a tax year is categorised as either—	
(a)	their reportable income; or	
(b)	their other income.	15
	<i>Relationship with other provisions</i>	
(3)	For the provisions related to—	
(a)	returns of income, <i>see</i> sections 33 and 37 :	
(b)	returns related to family assistance credits, <i>see</i> section 41 :	
(c)	donations tax credits, <i>see</i> section 41A :	20
(d)	disputes, <i>see</i> section 89C(I) :	
(e)	assessments, <i>see</i> sections 92, 106 , and 113:	
(f)	late filing penalties, <i>see</i> section 139A :	
(g)	amounts of tax to pay and refunds, <i>see</i> section 174AA .	
22D	Key terms	25
	<i>Meaning of individual</i>	
(1)	For the purposes of this subpart and sections 4A, 22, 33, 37, 38, 42C, 89D, 92, 106, 110, 143, 143A, and 174AA, and schedule 8 , individual—	
(a)	means a natural person; and	
(b)	includes a natural person who is non-resident, other than a person whose only income for the corresponding income year is non-residents' foreign-sourced income; and	30
(c)	excludes, from the date of their death, a deceased natural person.	

Meaning of reportable income

- (2) For the purposes of this subpart and **section 33, reportable income**, for an individual and a tax year, means an amount of income paid or payable to the individual for the corresponding income year—
- (a) that is—
 - (i) a PAYE income payment:
 - (ii) a payment of resident passive income:
 - (iii) a payment of non-resident passive income:
 - (iv) a benefit under an employee share scheme described in schedule 4, table 1, rows 4 and 7; and
 - (b) for which the person paying the amount has been provided the individual's tax file number; and
 - (c) in relation to which information must be provided under this Act to the Commissioner by 31 May in the next tax year.

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Meaning of other income

- (3) For the purposes of this subpart and **section 33, other income**, for an individual and a tax year, means an amount of income paid or payable to the individual for the corresponding income year other than their reportable income.

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Meaning of pre-populated account

- (4) For the purposes of this subpart, and **sections 4A, 80KM, 143A, and CX 27** of the Income Tax Act 2007, a **pre-populated account**, for an individual and a tax year, means the account—
- (a) provided by the Commissioner for the tax year; and
 - (b) containing the information held by the Commissioner on the reportable income derived for the corresponding income year and any other amount that the Commissioner considers the individual has derived for the income year.

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Meaning of adjusted account

- (5) For the purposes of this subpart, **section 106**, and **schedule 8**, an **adjusted account**, for an individual and a tax year, means the pre-populated account for the tax year in relation to which the individual has provided information on—
- (a) the other income that they derive for the corresponding income year:
 - (b) a deduction, credit of tax, or other amount set out in **schedule 8, table 2**.

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Meaning of final account

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

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<ul style="list-style-type: none"> (a) a pre-populated account for the tax year if— <ul style="list-style-type: none"> (i) the individual has confirmed the account under section 22G(1) as correct and complete: (ii) the Commissioner has notified the individual as described in section 22I(2)(b) that the Commissioner is satisfied that their pre-populated account correctly and completely records their income for the corresponding income year: (b) a zero pre-populated account referred to in section 22E(3) if, through the passage of time, the account is treated as an assessment under section 22I(2)(c): (c) an adjusted account for the tax year if— <ul style="list-style-type: none"> (i) the individual has confirmed the account under section 22G(2) as correct and complete: (ii) the Commissioner has notified the individual under section 22I(2)(b) that the Commissioner is satisfied that their adjusted account correctly and completely records their income for the corresponding income year: (iii) through the passage of time, the account is treated as an assessment under section 22I(2)(c). 	<p>5</p> <p>10</p> <p>15</p>
22E Information included in pre-populated accounts	20
<i>Pre-populated accounts</i>	
(1) The Commissioner must include in an individual’s pre-populated account for a tax year all the information held by the Commissioner for the tax year relating to an amount of reportable income derived for the corresponding income year and any other amount that the Commissioner considers the individual has derived for the income year.	25
<i>Limits</i>	
(2) Subsection (1) applies only to the extent to which the information—	
(a) is available; and	
(b) is relevant for the individual in making an assessment for the tax year.	30
<i>Zero pre-populated accounts</i>	
(3) If the Commissioner has no information for a tax year on an individual’s reportable or other income, the individual is treated as having a zero pre-populated account.	
22F Information requirements	35
<i>Obligations for information on other income</i>	
(1) Subject to section 22J(1) , an individual must provide information to the Commissioner for a tax year on the total amount of assessable income that they	

derive for the corresponding income year to the extent to which the amount is not reportable income.

Obligations for reportable income information

- (2) No obligation to provide information for a tax year arises in relation to an amount of reportable income that is not included in an individual’s pre-populated account for the tax year unless the individual knows, or might reasonably be expected to have known, that the amount should properly be included in their final account for the tax year. 5

Additional amounts

- (3) An individual may provide information for a tax year on an amount set out in **schedule 8, table 2**. 10

Changes to information

- (4) An individual may change the information contained in their pre-populated account or their adjusted account at any time before— 15
- (a) the account is confirmed under **section 22G**; or
 - (b) the assessment is made under **section 22I(2)**.

Benefits under employee share schemes

- (5) **Subsection (1)** does not apply to a benefit that a person receives under an employee share scheme to the extent to which their employer has included information relating to the benefit in their employment income information under section 23K and schedule 4, table 1, rows 4 and 7. 20

22G Confirming accounts

Pre-populated accounts

- (1) An individual who derives only reportable income for a tax year may, at any time in the assessment period, confirm their pre-populated account for the tax year once they are satisfied that the account is correct and complete. 25

Adjusted accounts

- (2) An individual who derives income other than reportable income for a tax year may confirm their adjusted account for the tax year at any time in the assessment period once— 30
- (a) they have provided the information required in relation to their other income; and
 - (b) they are satisfied that the account is correct and complete.

22H Amending accounts for incorrect information

When this section applies

- (1) This section applies for an individual and a tax year when incorrect information relating to the individual has been provided to the Commissioner. 35

	<i>Correction of pre-assessment errors by Commissioner</i>	
(2)	The Commissioner may amend information contained in the individual’s pre-populated account or adjusted account for the tax year to correct errors in the information. The Commissioner must immediately notify the individual of the amendment.	5
	<i>Correction of post-assessment errors by Commissioner</i>	
(3)	The Commissioner may amend information contained in the individual’s final account for the tax year to correct errors in the information at any time before the end of the period referred to in section 108(1), notifying the individual of the amendment.	10
	<i>Requests for changes by individuals</i>	
(4)	An individual may ask the Commissioner to amend information contained in their final account for the tax year under section 113.	
22I	Returns and assessments	
	<i>Final account treated as return of income and assessment</i>	15
(1)	In relation to their final account for a tax year, an individual is treated as having made—	
	(a) a return of income for the tax year under section 33 ; and	
	(b) an assessment under section 92 in relation to the return referred to in paragraph (a) ; and	20
	(c) a statement of a taxpayer’s tax position for the tax year, unless the individual asks the Commissioner under section 22H(3) for an amendment to be made to the information contained in their final account.	
	<i>Assessment points</i>	
(2)	For the purposes of subsection (1)(b) , the date on which an assessment arises is the earliest date in the assessment period on which—	25
	(a) the individual confirms that the information contained in their pre-populated account or their adjusted account for the tax year is correct and complete:	
	(b) the Commissioner notifies the individual that the Commissioner is satisfied that the information contained in their pre-populated account or their adjusted account for the tax year is correct and complete:	30
	(c) the Commissioner—	
	(i) notifies the individual that the Commissioner is not satisfied that the information contained in their pre-populated account or their adjusted account for the tax year is correct or complete, or both; and	35
	(ii) issues a default assessment under section 106.	

Assessment period

- (3) For the purposes of this section, and **section 22G**, an individual’s **assessment period** is the period of 3 or more months that—
- (a) starts on 1 April in the tax year that follows the tax year (the **next tax year**) for which the income was derived; and
 - (b) ends,—
 - (i) on 7 July in the next tax year; or
 - (ii) for an individual who has, under **section 37**, an extension of time to file a return of income, by the later date in the next tax year.

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

Small amounts of income

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

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Information about certain amounts

- (2) No obligation to provide information for a tax year arises if the only income derived by an individual for the corresponding income year is—
- (a) income derived by an individual as a non-resident seasonal worker:
 - (b) income derived by an individual as a provider of standard-cost household services who derives exempt income under section CW 61(1) of the Income Tax Act 2007:
 - (c) income derived by an individual from providing personal services for which personal service rehabilitation payments are made when the taxable income of the individual is not more than \$14,000 for the income year and tax is withheld at the rate of 10.5% from the personal services rehabilitation payment:
 - (d) non-resident passive income described in section RF 2(3) derived by a non-resident individual.

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Other specific provisions may override this section

- (3) A specific provision in an Inland Revenue Act requiring an individual to provide information in a particular circumstance overrides this section.

22K Information particulars

Items of other income

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- (1) Without limiting the list, the items of information related to amounts of an individual’s income other than reportable income are set out in the table in **schedule 8, table 1**.

	<i>What may be included in information</i>	
(2)	The information may include information on the items set out in schedule 8, table 2 .	
22L	Setting electronic and non-electronic requirements	
	<i>Prescribing forms for, and means and modes of, delivery</i>	5
(1)	For the delivery of information on an individual’s income other than reportable income, the Commissioner must prescribe—	
	(a) an electronic form and means of electronic communication:	
	(b) a form or mode of delivery other than by electronic means.	
	<i>Particular requirements and conditions</i>	10
(2)	The requirements relating to a form, means, or mode of communication may relate to an individual, a class of individuals, or all individuals, and may be subject to the conditions specified by the Commissioner, whether generally or in a specific case.	
(2)	Subsection (1) applies for the 2018–19 and later income years.	15
22	Section 23 amended (Keeping of returns where information transmitted electronically)	
	Renumber section 23 as section 22AAC.	
23	Subparts 3C and 3D amended	
	Subparts 3C and 3D are amended as described in schedule 5, tables 1 and 2 , for the sections listed in column 1, by inserting the subsection headings in column 4 before the subsections listed in column 3.	20
24	Section 23C amended (Meaning of employment income information)	
	In section 23C(1)(a), replace “sections 23E to 23H and 23K to 23M” with “sections 23E to 23M”.	25
25	Section 23D amended (Employers’ groups for delivery of information)	
	In section 23D(4), replace “sections 23E to 23H” with “sections 23E to 23H, 23J, and 23K”.	
26	Section 24B amended (PAYE tax codes)	
	In section 24B(3)(bb), (c), (d), and (e), replace “annual income is” with “total PAYE income payments are” in each place where it appears.	30
27	Section 24D amended (Tax codes provided by the Commissioner)	
(1)	In section 24D, replace the section heading with “ Tax codes provided by Commissioner ”.	

- (2) In section 24D, in the words before paragraph (a), replace “for” with “for, or the Commissioner may recommend for the employee,”.
- (3) In section 24D(1)(a), replace “special tax code” with “tailored tax code”.

28 New section 24DB inserted (Use of unsuitable tax codes)

After section 24D, insert:

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24DB Use of unsuitable tax codes

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

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- (a) may recommend a change of tax code to the employee; and
- (b) with the consent of the employee, notify the employer of the change.

29 Section 24Q amended (Transfer of payroll donations by employers)

- (1) Repeal the cross-heading before section 24Q.
- (2) Renumber section 24Q as section 169B, and insert the cross-heading “*Payroll donations*” before it.

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30 Section 25A replaced (Use of inconsistent RWT rates)

Replace section 25A with:

25A Use of unsuitable RWT rates

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

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- (a) may recommend a change of RWT rate to the payee; and
- (b) notify the payer of the change—
 - (i) if the payee consents; or
 - (ii) if no objection is raised by the payee, on the expiry of 20 working days after the date of making the recommendation.

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31 Subpart 3E amended (Subpart 3E—Investment income information)

Subpart 3E is amended as described in **schedule 5, table 3**, for the sections listed in column 1, by inserting the subsection headings in column 4 before the subsections listed in column 3.

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32 Section 31C amended (Notification requirements for multi-rate PIEs)

In section 31C(5), replace “sections HM 56 to HM 59” with “sections HM 56 to HM 58”.

- 33 Section 32E amended (Applications for RWT exemption certificates)**
In section 32E(2)(k), replace “CW 38(2),” with “CW 38(2), **CW 38B(2)**.”
- 34 Section 33 amended (Returns of income)**
- (1) Replace section 33(1) with:
- (1) In each tax year, a person must file a return of income for a tax year in the form and with the particulars prescribed by the Commissioner. 5
- (2) After section 33(1C), insert:
- (1D) An individual must provide information to the Commissioner on their assessable income for a tax year under **Part 3, subpart 3B**. The individual is treated as having made a return of income in their final account for the tax year under **section 22I(1)**. 10
- (3) **Subsections (1) and (2)** apply for the 2018–19 and later income years.
- 35 Sections 33AA, 33C, and 33D repealed**
- (1) Repeal sections 33AA, 33C, and 33D.
- (2) **Subsection (1)** applies for the 2018–19 and later income years. 15
- 36 Section 34B repealed (Commissioner to list tax agents)**
Repeal section 34B.
- 37 Section 36BB amended (Electronic format for details required for tax pooling intermediaries)**
In section 36BB, replace “sections 15N to 15S” with “**sections 124O to 124S and 124ZB**”. 20
- 38 Section 36BD amended (Electronic filing requirements for registered persons)**
In section 36BD(5), replace “employer” with “registered person”.
- 39 Section 37 amended (Dates by which annual returns to be furnished)** 25
After section 37(1), insert:
- (1B) For the purposes of this section, an annual return of income for an individual to whom **Part 3, subpart 3B** applies, means a final account described in **section 22D(6)** containing the full income information of the individual for the tax year. 30
- 40 Section 38 amended (Returns to annual balance date)**
- (1) In section 38(1), replace “(other than a person who meets the requirements of section 33AA(1), or is issued an income statement or required to request or be issued an income statement,)” with “(other than an individual referred to in **subsection (1C)**)”.
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- (2) After section 38(1B), insert:
- (1C) The person is an individual whose final account for the tax year is treated under **section 22I(1)(b)** as an assessment under **section 92**.
- (3) **Subsection (1)** applies for the 2018–19 and later income years.
- 41 Section 41 amended (Annual returns by persons who receive family assistance credit)** 5
- (1) After section 41(3), insert:
- (3B) For the purposes of subsections (3) and (4), a person who is not required to furnish a return of income for a tax year includes a person to whom **Part 3, subpart 3B** applies whose only income for the tax year is— 10
- (a) reportable income; or
- (b) an amount that consists of—
- (i) reportable income; and
- (ii) other income that is less than the de minimis amount under **section 22J(1)**; or 15
- (c) other income that is less than the de minimis amount under **section 22J(1)**.
- (2) **Subsection (1)** applies for the 2018–19 and later income years.
- 42 Section 41A amended (Returns by persons with tax credits for charitable or other public benefit gifts)** 20
- (1) In the heading to section 41A replace “**by persons with tax credits**” with “**in relation to**”.
- (2) Replace section 41A(1) with:
- (1) A person who has a tax credit under sections LD 1 to LD 3 of the Income Tax Act 2007 may apply for a refund by— 25
- (a) providing the information on the total amount of the charitable or other public benefit gifts they have made for a tax year with the information provided under **Part 3, subpart 3B**:
- (b) notifying the Commissioner by electronic means in relation to an amount of charitable or other public benefit gift that they have made during the tax year to which the application relates: 30
- (c) completing the form prescribed by the Commissioner.
- (3) In section 41A(5), delete “be signed by the person,”.
- (4) After section 41A(6), insert:
- (6B) For the purposes of section 108(1),— 35
- (a) the payment of a refund under this section is treated as an assessment; and

- (b) the 4-year period starts at the end of the tax year in which the person applies for the refund.
- (5) After section 41A(15), insert:
- (16) The Commissioner must publish, from time to time, in a publication chosen by the Commissioner a list of the names of entities that— 5
- (a) have provided the information required under **subsection (18)**;
- (b) the Commissioner considers appropriate to include on the list (for example: an entity registered under the Charities Act 2005).
- (17) Despite **subsection (16)**, the name of an entity must not be published on the list if the Commissioner determines that the entity is not described in section LD 3(2)(a), (ab), (b), (c), or (d) of the Income Tax Act 2007. 10
- (18) An entity may request that their name is included on the list by providing information to the Commissioner in the form prescribed by the Commissioner.
- (6) **Subsections (2) to (5)** apply for the 2018–19 and later income years.
- 43 Section 42C amended (Income tax returns by undischarged bankrupt)** 15
- (1) In section 42C, replace “if not relieved of the requirement by section 33AA” with “unless the person is an individual whose final account for the tax year is treated under **section 221(1)(b)** as an assessment under **section 92**”.
- (2) **Subsection (1)** applies for the 2018–19 and later income years.
- 44 Section 43 amended (Income tax returns and assessments by executors or administrators)** 20
- (1) Repeal section 43(4) and (5).
- (2) **Subsection (1)** applies for the 2018–19 and later income years.
- 45 Section 47 amended (ESCT statements provided by employers and others)**
- In section 47(2), replace “sections 23E to 23H” with “sections 23E to 23H, 23J, and 23K”. 25
- 46 Section 55B amended (Information relating to offshore persons and tax file numbers)**
- (1) Replace section 55B(1) with:
- (1) The Commissioner must not allocate a tax file number requested by an offshore person until the Commissioner— 30
- (a) receives a current bank account number for the offshore person;
- (b) is satisfied that the information available to the Commissioner relating to the offshore person provides the Commissioner with an assurance of the identity and background of the offshore person. 35

(2)	Subsection (1) applies for applications for tax file numbers made on or after 1 October 2015 to which former section 24BA(1) applied or section 55B applies.	
47	Part 3A repealed (Part 3A—Income statements)	
(1)	Repeal Part 3A.	5
(2)	Subsection (1) applies for the 2018–19 and later income years.	
48	Section 80KM amended (Summary of instalments paid)	
	In section 80KM(3)(b), replace “on the same date that the Commissioner issues the person with an income statement” with “on the date that the Commissioner provides a pre-populated account for the person under section 22E ”.	10
49	Heading and sections 81 to 88 repealed	
	Repeal the Part heading before section 81 and sections 81 to 88.	
50	Section 89 amended (Commissioner to notify Minister where funds of gift-exempt body applied for non-charitable purpose, etc)	
	Re-number section 89 as section 18K .	15
51	Section 89C amended (Notices of proposed adjustment required to be issued by Commissioner)	
	Replace section 89C(1) with:	
	(1) the assessment results from an amendment made under section 22H ; or	
52	Section 89D amended (Taxpayers and others with standing may issue notices of proposed adjustment)	20
	Replace section 89D(2B) with:	
(2B)	For a taxpayer who is an individual, when an assessment for a tax year is made as described in section 22I(2)(c) , the taxpayer may dispute the assessment only by making an adjustment to their final account for the tax year.	25
53	New heading and new section 91AAZB inserted	
	After section 91AAZ, insert:	
	<i>Determinations relating to legislative anomalies</i>	
91AAZB	Determination on Commissioner’s approach to interpretation of certain provisions or application of administrative practices	30
(1)	The Commissioner may determine that a legislative anomaly in 1 or more provisions of an Inland Revenue Acts, or in relation to an administrative practice for a provision, has arisen and specify the modification to remedy the anomaly.	

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

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

- (1) In section 91C(1)(ec)(i), replace “arrangement; or” with “arrangement, other than as permitted by section 91CC; or”.
- (2) After section 91C(1A), insert: 20
- (1B) The Commissioner may make a binding ruling on how the record-keeping requirements of this Act apply. The provisions are—
 - (a) section 15M:
 - (b) section 21BA:
 - (c) section 22: 25
 - (d) section 22AA:
 - (e) section 22AAB:
 - (f) section 22A:
 - (g) section 22B:
 - (h) section 24: 30
 - (i) section 26:
 - (j) section 32:
 - (k) section 87:
 - (l) section 152.
- (3) In **section 91C(1B)**, replace paragraph (b) with: 35
 - (b) **section 17G**:
- (4) Replace **section 91C(1B)** with:

- (1B) The Commissioner may make a binding ruling on how the record-keeping requirements of this Act apply. The provisions are—
- (a) section 15M:
 - (b) section 17G:
 - (c) section 22: 5
 - (d) section 22AA:
 - (e) section 22AAB:
 - (f) section 22A:
 - (g) section 22B:
 - (h) section 26: 10
 - (i) section 32:
 - (j) section 87:
 - (k) section 152.

- (5) Repeal **section 91C(1B)(a) and (h)**.

- 55 New sections 91CB and 91CC inserted** 15
After section 91C, insert:

91CB Binding rulings on certain matters

- (1) The Commissioner may make a private ruling or a short-process ruling on whether a person meets the requirements of the Income Tax Act 2007 to be—
- (a) a petroleum miner under section CT 6: 20
 - (b) a Maori authority under section CV 11:
 - (c) a local or regional promotional body under section CW 40:
 - (d) a person who derives income as a trustee in trust for charitable purposes under section CW 41(1)(a) or CW 42(1):
 - (e) a society or institution established and maintained exclusively for charitable purposes and not carried on for the private pecuniary profit of any individual under section CW 41(1)(b) or CW 42(1): 25
 - (f) a community housing trust or company under section CW 42B:
 - (g) a promoter under section CW 46:
 - (h) a scientific research body under section CW 49: 30
 - (i) a controlled foreign company under section EX 1:
 - (j) a foreign investment fund under section EX 28:
 - (k) a mutual association under subpart HE:
 - (l) a person who carries on business through a fixed establishment as defined in section YA 1: 35

(m)	a life insurer as defined in section YA 1:	
(n)	a look-through company as defined in section YA 1:	
(o)	a New Zealand resident or a non-resident as defined in section YA 1:	
(p)	a non-resident contractor as defined in section YA 1:	
(q)	a portfolio investment entity as defined in section YA 1:	5
(r)	a public authority as defined in section YA 1:	
(s)	a unit trust as defined in section YA 1:	
(t)	an associated person under subpart YB:	
(u)	for the purposes of a double tax treaty,—	
	(i) a resident or a non-resident:	10
	(ii) a person who has a permanent establishment in New Zealand.	
(2)	The Commissioner may make a binding ruling on whether an item of property is—	
	(a) trading stock as that term is defined in section YA 1 of that Act:	
	(b) revenue account property as that term is defined in section YA 1 of that Act.	15
(3)	The Commissioner may make a binding ruling as to whether—	
	(a) an amount that a person derives from disposing of personal property is income of the person under section CB 4 of that Act:	
	(b) an amount that a person derives from disposing of land is income of the person under section CB 6 or CB 7 of that Act:	20
	(c) despite paragraph (b) of the definition of proscribed question , the test of principal purpose of making taxable supplies in sections 5(13A), 10(3A), 20A(4), and 21HB(1) of the Goods and Services Tax Act 1985 is met.	25
(4)	Despite sections 91E to 91EJ, and 91F to 91FK, a binding ruling made under this section does not require a reference to an arrangement in order for the application of the ruling to be effective.	
91CC Binding rulings on certain determination matters		
(1)	For the purposes of the financial arrangements rules in subpart EW of the Income Tax Act 2007, the Commissioner may make a binding ruling on how a taxation law applies, or would apply, to a person and an arrangement in relation to the following matters:	30
	(a) whether an amount is solely attributable to an excepted financial arrangement under section EW 6:	35
	(b) the use of a spreading method described in section EW 14(2)(aa) to (e) for the purposes of sections EW 15E and EW 15I:	

- (c) the value of property or services referred to in section EW 32(6).
- (2) For the purposes of **subsection (1)**, it does not matter whether the arrangement is a single or recurring arrangement.
- 56 Section 91E amended (Commissioner to make private rulings on application)** 5
- (1) After section 91E(1), insert:
- (1B) The Commissioner may make a private ruling on the status of a person, item, or matter under **section 91CB** otherwise than in relation to an arrangement.
- (2) In section 91E(3)(a), replace “assumptions were made” with “conditions were stipulated”. 10
- (3) In section 91E(4)(a), replace “a proscribed question; or” with “a proscribed question, other than a matter referred to in **section 91CB(3)**; or”.
- (4) After section 91E(4A), insert:
- (4B) In this section and sections 91EA to 91ED, 91EH, and 91EI, a reference to an arrangement is ignored for the purposes of a ruling by the Commissioner under **section 91CB** on the status of a person, item, or matter. 15
- 57 Section 91EA amended (Effect of a private ruling)**
- In section 91EA(1), replace “in accordance with the ruling” with “in accordance with the ruling or, for a ruling under **section 91CB**, in relation to the status of the person”. 20
- 58 Section 91EB amended (Application of a private ruling)**
- After section 91EB(2), insert:
- (3) For the purposes of subsection (2), a private ruling ceases to apply to the person in relation to an arrangement and a tax type for the arrangement, from the date on which the relevant event described in subsection (2)(a), (b), and (d) occurs unless the ruling expressly provides otherwise. 25
- 59 Section 91EF amended (Assumptions in making a private ruling)**
- (1) In section 91EF, replace the section heading with “**Conditions on which private ruling based**”.
- (2) In section 91EF(1), replace “assumptions being made” with “conditions being stipulated”. 30
- (3) Replace section 91EF(1)(a) with:
- (a) stipulate the conditions on which the Commissioner bases the ruling; or
- (4) Repeal section 91EF(2).
- (5) In section 91EF(3),— 35
- (a) replace “make assumptions” with “stipulate conditions”:

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

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

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

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

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After section 91EJ, insert:

Short-process rulings

91EK Commissioner may make short-process rulings

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

91EL Applying for short-process ruling

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- (1) A person who meets the requirements of **subsection (3)** may apply to the Commissioner for a short-process ruling on how a taxation law applies, or would apply, to the person in relation to a particular set of circumstances and a tax type to which the circumstances relate.
- (2) Two or more persons may apply jointly for a short-process ruling under **subsection (1)**. 30
- (3) The requirements are—
- (a) the person’s annual gross income for the tax year before that in which the application is made is \$5,000,000 or less; and

- (b) the person is seeking the ruling on a matter concerning a tax (other than provisional tax), duty, or levy that is expected to amount to less than \$1,000,000.
- (4) For the purposes of **subsection (3)(b)**, if the expected amount is unknown, the person must state this fact in the application, and the Commissioner may then consider under **section 91EK(2)** whether a short-process ruling is appropriate in the circumstances. 5
- (5) The application must meet the requirements of **section 91EO**.
- (6) The person may withdraw the application at any time by notifying the Commissioner. 10
- (7) The amounts specified in **subsection (3)(a) and (b)** may be varied from time to time by the Governor-General by Order in Council.

91EM Effect of short-process ruling

- (1) This section applies, despite anything in another Act, when—
 - (a) a short-process ruling on a taxation law applies to a person in relation to a particular set of circumstances and a tax type to which the circumstances relate; and 15
 - (b) the person applies the taxation law for the tax type in the way stated in the ruling.
- (2) The Commissioner must apply the taxation law in relation to the person, the particular circumstances, and the tax type as provided in the ruling. 20
- (3) **Subsection (2)** does not apply if a person has issued the Commissioner with a notice of proposed adjustment to change the effect of a ruling that the person has previously applied.

91EN Application of short-process ruling

- (1) A short-process ruling on a taxation law applies to a person in relation to a particular set of circumstances and a tax type to which the circumstances relate only for—
 - (a) the taxation law expressly referred to in the ruling; and
 - (b) the period or the tax year for which the ruling applies. 30
- (2) A short-process ruling does not apply to a person in relation to the particular circumstances and the related tax type to the extent to which—
 - (a) the circumstances are materially different to the circumstances described in the ruling; or
 - (b) a material omission or misrepresentation was made in connection with the application for the ruling; or 35

<ul style="list-style-type: none"> (c) the ruling is based on an express understanding about a future event or other matter, and the understanding subsequently proves to be materially incorrect; or (d) the Commissioner stipulates a condition that is not met. 	5
91EO Disclosure requirements	
An application for a short-process ruling must—	
<ul style="list-style-type: none"> (a) identify the person applying for the ruling; and (b) describe the circumstances on which the ruling is sought; and (c) disclose all relevant facts and documents relating to the circumstances described; and (d) state the general tax outcome in relation to which the ruling is sought. 	10
91EP Commissioner may request further information	
The Commissioner may at any time request further relevant information from a person applying for a short-process ruling.	
91EQ Conditions on which short-process ruling based	
<ul style="list-style-type: none"> (1) If the Commissioner considers that the correctness of a short-process ruling would depend on conditions stipulated about a future event or other matter, the Commissioner may— <ul style="list-style-type: none"> (a) state the conditions on which the Commissioner bases the ruling; or (b) decline to make the ruling. (2) The Commissioner may stipulate conditions about the answer to a proscribed question, and stipulating those conditions is treated as not determining the proscribed question for the purposes of section 91E(4)(a). 	15
91ER Right to consultation	
Before the Commissioner makes a short-process ruling, the Commissioner must give the person applying for the ruling a reasonable opportunity to be consulted if the content of the proposed ruling differs from that for which the application is made.	
91ES Content and notification of short-process ruling	
<ul style="list-style-type: none"> (1) A short-process ruling must state— <ul style="list-style-type: none"> (a) that it is a short-process ruling made under section 91EK; and (b) the identity of the person, the taxation law, and the particular set of circumstances to which the ruling applies; and (c) how the taxation law applies to the person, the circumstances, and the related tax type; and (d) the period or tax year for which the ruling applies; and 	30
<ul style="list-style-type: none"> (2) The Commissioner must give the person applying for the ruling a reasonable opportunity to be consulted if the content of the proposed ruling differs from that for which the application is made. 	35

<p>(e) any conditions stipulated by the Commissioner.</p> <p>(2) The Commissioner must notify the person who applied for the ruling of the content of the ruling by sending a copy of the ruling to the person.</p> <p>91ET Treatment of information</p> <p>(1) Information supplied to the Commissioner by the applicant for a short-process ruling is the factual basis on which the Commissioner makes the ruling.</p> <p>(2) Despite subsection (1), the Commissioner—</p> <p style="padding-left: 20px;">(a) may, as part of the process of making the ruling, inquire into the correctness or existence of the facts contained in the information supplied before making the ruling:</p> <p style="padding-left: 20px;">(b) is not stopped by the process of making the ruling or by the use of the information as the basis of the ruling from denying, outside the process of making the ruling or after making the ruling, the correctness or existence of the facts contained in the information supplied.</p> <p>62 Section 91F amended (Commissioner may make product rulings)</p> <p>(1) After section 91F(1), insert:</p> <p>(1B) The Commissioner may make a product ruling on the status of a person, item, or matter under section 91CB(2) or (3), whether in relation to an arrangement or not.</p> <p>(2) In section 91F(3)(a), replace “assumptions were made” with “conditions were stipulated”.</p> <p>(3) In section 91F(4)(a), replace “a proscribed question; or” with “a proscribed question, other than a matter referred to in section 91CB(3); or”.</p> <p>63 Section 91FB amended (Application of a product ruling)</p> <p>(1) In section 91FB(1), replace “applies to an arrangement” with “applies, whether in relation to an arrangement or otherwise,”.</p> <p>(2) In section 91FB(2), replace “tax type for an arrangement” with “tax type, whether in relation to an arrangement or otherwise”.</p> <p>(3) After section 91FB(2), insert:</p> <p>(3) For the purposes of subsection (2), a product ruling ceases to apply to the person in relation to an arrangement and a tax type for the arrangement, from the date on which the relevant event described in subsection (2)(a), (b), and (d) occurs unless the ruling expressly provides otherwise.</p> <p>64 Section 91FC amended (Applying for a product ruling)</p> <p>In section 91FC(1)(b), replace “and to the arrangement.” with “and to the arrangement; or”, and insert:</p> <p style="padding-left: 20px;">(c) to the person.</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p>
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- 65 Section 91FF amended (Assumptions in making a product ruling)**
- (1) In section 91FF, replace the section heading with “**Conditions on which product ruling based**”.
- (2) In section 91FF(1), replace “assumptions being made” with “conditions being stipulated”.
- (3) Replace section 91FF(1)(a) with:
- (a) stipulate the conditions on which the Commissioner bases the ruling; or
- (4) Repeal section 91FF(2).
- (5) Replace section 91FF(3) with:
- (3) The Commissioner may stipulate conditions about the answer to a proscribed question other than a matter referred to in **section 91CB(3)**, and stipulating those conditions is treated as not determining the proscribed question for the purposes of section 91F(4)(a).
- 66 Section 91FH amended (Content and notification of a product ruling)**
- (1) Repeal section 91FH(1)(f).
- (2) Repeal section 91FH(1B).
- 67 Section 91GB amended (Commissioner to make status rulings on application)**
- Replace section 91GB(3)(b) with:
- (b) the Commissioner considers that the correctness of a private or product ruling would depend on an understanding about a future event or other matter; or
- 68 Section 92 amended (Taxpayer assessment of income tax)**
- (1) After section 92(2), insert:
- (2B) For the purposes of subsections (1) and (2), an assessment of a taxpayer who is an individual to whom **Part 3, subpart 3B** applies is treated as made under **section 22I(1)(b)** on the relevant date set out in **section 22I(2)**.
- (2) **Subsection (1)** applies for the 2018–19 and later income years.
- 69 Section 106 amended (Assessment where default made in furnishing returns)**
- (1) Replace section 106(1A), (1B), and (1C) with:
- (1A) If the Commissioner considers that the information provided in an individual’s final account for a tax year is not likely to be correct, the Commissioner may make an assessment of the amount on which the Commissioner considers tax ought to be imposed and of the amount of that tax.

- (1B) Tax assessed under **subsection (1A)** in relation to an individual is payable by the individual unless the individual disputes the assessment and complies with the requirements of **section 89D**.
- (1C) **Subsection (1A)** applies if the individual to whom **Part 3, subpart 3B** applies considers an error has arisen in a pre-populated, adjusted, or final account but does not notify the Commissioner of the reasons why the individual does not consider the account correct or provide the information necessary to correct the account. 5
- (2) **Subsection (1)** applies for the 2018–19 and later income years.
- 70 Section 108 amended (Time bar for amendment of income tax assessment)** 10
- (1) Repeal section 108(1A).
- (2) In section 108(1C)—
- (a) in paragraph (a), replace “a taxpayer furnishes” with “a taxpayer”:
- (b) in paragraph (a)(i), replace “a return” with “provides a return”:
- (c) in paragraph (a)(ii),— 15
- (i) replace “a statement” with “provides a statement”:
- (ii) replace “by the taxpayer; and” with “by the taxpayer.”:
- (d) after paragraph (a)(ii), insert:
- (iii) makes an application for a refund made under **section 41A** in relation to a tax credit for a charitable or other public benefit gift; and 20
- (e) in paragraph (b), replace “furnished the return or statement” with “provided the return or statement, or made the application”.
- (3) **Subsections (1) and (2)** apply for the 2018–19 and later income years.
- 71 Section 110 amended (Evidence of returns and assessments)** 25
- (1) In section 110(1), delete “, income statement.”.
- (2) After section 110(1), insert:
- (1B) For the purposes of **subsection (1)**, a return or assessment includes the final account of an individual relating to the information that is held by the Commissioner on their assessable income. 30
- (3) **Subsections (1) and (2)** apply for the 2018–19 and later income years.
- 72 Section 111 amended (Commissioner to give notice of assessment to taxpayer)**
- (1) Replace section 111(1)(ba) with:
- (ba) the assessment is made after a failure by the taxpayer to comply with their obligations under **Part 3, subpart 3B**; or 35

- (2) In section 111(1)(bb), replace “under Part 3A” with “under **Part 3, subpart 3B**”.
- (3) In section 111(7), replace “who accepts under section 80F an income statement as correct” with “who confirms the amount of their income tax liability under **section 22G**”.
- (4) **Subsections (1) to (3)** apply for the 2018–19 and later income years.

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73 Section 113A replaced (Correction of minor errors in subsequent returns)

Replace section 113A with:

113A Correction of certain errors in subsequent returns

- (1) This section applies for the purposes of this Act and the Goods and Services Tax Act 1985 when—
- (a) a person has provided a return in which the assessment of their liability for income tax, fringe benefit tax, or goods and services tax contains 1 or more minor errors; and
- (b) for a single return, the total discrepancy in the assessment that is caused by the error is \$1,000 or less.
- (2) This section also applies for the purposes of this Act and the Goods and Services Tax Act 1985 when a person has provided a return in which the assessment of their liability for income tax, fringe benefit tax, or goods and services tax contains an error that, for the person, is not a material error.
- (3) The person may correct the error in the next return that is due after the discovery of the error.
- (4) For the purposes of **subsection (2)** and in relation to a single return of a person, an error is not material if the total discrepancy in the assessment is equal to or less than the lower of—
- (a) \$10,000 of the person’s taxable income or output tax, as applicable; and
- (b) 2% of the person’s taxable income or output tax, as applicable.
- (5) **Subsection (3)** does not apply to a person who applies the materiality threshold in **subsection (4)** in relation to an assessment of their liability for income tax, fringe benefit tax, or goods and services tax if their main purpose in applying the threshold is to delay the payment of tax.

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74 Section 120C amended (Definitions)

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

- (iii) for a taxpayer whose assessment for a tax year is made under **Part 3, subpart 3B**, the date on which their assessment arises under **section 22I(2)**; and

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

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

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

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(a) apply against interest on the amount of unpaid tax that arises first for the return period (the **earliest unpaid tax**) until that interest is paid; then

(b) apply against the earliest unpaid tax, until that tax is paid; then

(c) apply against the interest on the amount of unpaid tax that arises next for the return period (the **next unpaid tax**) until that interest is paid; then

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(d) apply against the next unpaid tax, until that tax is paid; then

(e) apply to each later arising interest and unpaid tax amount, interest first, in time order that relevant unpaid tax amount arises for the return period, until they are paid.

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

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Example for section 120F(1)

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

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

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

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

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

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

After section 120VC, insert:

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

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

78 Section 124A renumbered (Application of Part 8) 5

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

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

Before new **section 125A** insert:

Part 7B
Third-party providers

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124B What this Part does

What this subpart does

- (1) This Part sets out the classes of persons who—
- (a) may apply to the Commissioner to be listed or approved, or may notify or inform the Commissioner of their status as, a provider of services to other persons in relation to— 15
 - (i) their tax affairs:
 - (ii) their social policy entitlements and obligations:
 - (b) may be nominated by a person to act on their behalf in relation to— 20
 - (i) their tax affairs:
 - (ii) their social policy entitlements and obligations:
 - (c) may notify the Commissioner of their intermediary status in relation to certain tax types.

Classes

- (2) The classes are— 25
- (a) tax agents, *see* **section 124C**:
 - (b) representatives, *see* **section 124D**:
 - (c) nominated persons, *see* **section 124F**:
 - (d) PAYE intermediaries, *see* **sections 124H to 124R**:
 - (e) tax pooling intermediaries, *see* **sections 124S to 124X**: 30
 - (f) approved AIM providers, *see* **sections 124Y to 124ZE**:
 - (g) RWT proxies, *see* **section 124ZF**.

Tax agents, representatives, and nominated persons

124C Tax agents

Listing

- (1) The Commissioner must compile and maintain a list of persons who are tax agents. 5

Applying for listing as tax agent

- (2) A person may apply to the Commissioner to be listed as a tax agent if they—
- (a) meet the requirements of **subsection (3)**; and
 - (b) for a person who is not a natural person, provide the information required under **section 124E**. 10

Eligibility requirements

- (3) A person is eligible to be listed as a tax agent if they—
- (a) prepare the returns of income required to be filed for 10 or more other persons; and
 - (b) are— 15
 - (i) a person carrying on a professional public practice;
 - (ii) a person carrying on a business, occupation, or employment in which returns of income are prepared and filed;
 - (iii) a person employed by a company that is a member of a group of companies, and returns of income are prepared and filed by the company for the group: 20
 - (iv) the Maori Trustee.

Requirement to list

- (4) The Commissioner must list the person as a tax agent if the Commissioner is satisfied by the available information that— 25
- (a) the person meets the requirements of **subsection (3)**; and
 - (b) listing the person as a tax agent would not adversely affect the integrity of the tax system.

Notification of listing

- (5) The Commissioner must notify the person when they are listed and the listing takes effect on a date set out in the notice. 30

Notification of refusal to list

- (6) For the notification requirements applying when a person does not meet the eligibility requirements, or does not provide the required information under **subsection (2)(b)** or meet the requirements of **subsection (4)(b)**, see **section 124G(1) and (5)**. 35

124D Representatives*Requirements for representatives*

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

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Eligibility requirements

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

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Requirement to approve

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

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Notification of approval

- (4) The Commissioner must notify the person when they have been approved as a representative under **subsection (3)**, and the approval takes effect on a date set out in the notice.

Notification of removal of status

- (5) For the notification requirements applying when a person does not meet the eligibility requirements, or does not provide the required information under **subsection (1)(b)** or meet the requirements of **subsection (3)(b)**, see **section 124G(2) and (6)**.

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Examples

For the purposes of **section 124D(2)(b)**, examples of the activities that might be undertaken by a representative are:

- filing and preparing tax returns
- setting up instalment arrangements
- managing a person's correspondence with Inland Revenue.

124E Information requirements for tax agents and representatives

Information requirements for certain entities

- (1) If the person applying to be a tax agent or a representative is not a natural person, they must provide the Commissioner with the names of the following: 10
- (a) for an entity that is a body corporate other than a closely-held company, each person who has the duties of tax manager, chief financial officer, chief executive officer, or director:
 - (b) for a closely-held company, each shareholder:
 - (c) for a partnership, each partner: 15
 - (d) for an unincorporated body, each member.

No previous information or inaccurate information

- (2) **Subsection (1)** also applies when a tax agent or a representative is a person other than a natural person who—
- (a) has not previously provided the information referred to in **subsection (1)** to the Commissioner: 20
 - (b) has previously provided the information referred to in **subsection (1)** but the information is no longer accurate.

Further information

- (3) In relation to both natural persons and persons other than natural persons, before deciding whether to list a person as a tax agent or to approve a person as a representative, the Commissioner may ask them for further information and may obtain information relating to them from other persons. The information must be provided by the end of the 12-month period that starts on the first day on which the information most recently provided to the Commissioner under **subsection (1)** is no longer accurate. 25 30

124F Nominated persons

Requirements for nominated persons

- (1) A person may nominate another person (a **nominated person**) to act for them in relation to their tax affairs or social policy entitlements and obligations, or both, by— 35
- (a) informing the Commissioner of the nomination; and

<ul style="list-style-type: none"> (b) providing the following information— <ul style="list-style-type: none"> (i) their name, contact address, and tax file number; and (ii) the name, contact address, tax file number, and date of birth of the nominated person; and (iii) the relevant tax types or social policy entitlements and obligations in relation to which the nominated person intends to act for them; and (iv) the relevant start and end dates, as applicable, applying in relation to the tax types and social policy entitlements and obligations. 	5
<i>When person making nomination is not natural person</i>	
<ul style="list-style-type: none"> (2) For the purposes of subsection (1), if the person making the nomination is not a natural person, additional information is required on the name and position of a natural person for the person who is making the nomination. 	10
124G Refusal, removal, or disallowance of status of tax agents, representatives, and nominated persons	
<i>Refusal to list persons as tax agents</i>	
<ul style="list-style-type: none"> (1) The Commissioner must refuse to list a person on the list of tax agents if the Commissioner is satisfied that— <ul style="list-style-type: none"> (a) the person does not meet a requirement of section 124C(3): (b) listing the person would adversely affect the integrity of the tax system. 	20
<i>Discretion to remove or to disallow persons' as tax agents or representatives</i>	
<ul style="list-style-type: none"> (2) The Commissioner may remove a person from the list of tax agents, or may disallow a person's approval as a representative, if the Commissioner considers that— <ul style="list-style-type: none"> (a) the person does not meet the relevant eligibility requirements: (b) continuing to allow the person to act on behalf of another person in relation to their tax affairs or their social policy entitlements and obligations, or both, would adversely affect the integrity of the tax system. 	25
<i>Discretion to disallow persons as nominated persons</i>	
<ul style="list-style-type: none"> (3) The Commissioner may disallow a person's status as a nominated person if the Commissioner considers that— <ul style="list-style-type: none"> (a) the person is a person other than a person referred to in subsection (4) who is acting— <ul style="list-style-type: none"> (i) in a fee-earning or other professional capacity for another person: (ii) for multiple persons, whether in a fee-earning or other capacity; 	30
<ul style="list-style-type: none"> <li style="padding-left: 40px;">and 	35

<p>(b) continuing to allow the person to act on behalf of another person in relation to their tax affairs or their social policy entitlements and obligations, or both, would adversely affect the integrity of the tax system.</p> <p><i>Certain family members excluded</i></p> <p>(4) For the purposes of subsection (3)(a), the persons excluded are—</p> <p style="padding-left: 20px;">(a) a spouse, civil union partner, or de facto partner:</p> <p style="padding-left: 20px;">(b) a relative, that is, another person connected with the person within 2 degrees of a relationship, whether by blood relationship or by adoption.</p> <p><i>Notification of refusal to list</i></p> <p>(5) For the purposes of subsection (1), the Commissioner must—</p> <p style="padding-left: 20px;">(a) notify the person of the refusal:</p> <p style="padding-left: 20px;">(b) consider any arguments that are provided within 30 days from the date of the notice or, if appropriate in the circumstances, a later date set by the Commissioner.</p> <p><i>Notification of exercise of discretion to remove or disallow</i></p> <p>(6) For the purposes of subsection (2) or (3), the Commissioner must—</p> <p style="padding-left: 20px;">(a) notify the person of the reasons for the exercise of the discretion:</p> <p style="padding-left: 20px;">(b) consider any arguments against the exercise of the discretion that are provided within 30 days from the date of the notice or, if appropriate in the circumstances, a later date set by the Commissioner.</p> <p><i>Notification exceptions</i></p> <p>(7) The requirement to notify a person under subsection (5)(a) or (6)(a) may be disregarded if the Commissioner considers it necessary in the circumstances to protect the integrity of the tax system.</p> <p><i>Effective date</i></p> <p>(8) The Commissioner must notify a person on taking an action described in subsection (5) or (6). The removal, refusal, or disallowance, as applicable, takes effect on the date of the notice.</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p>
<p>80 Section 124H amended (PAYE intermediaries and listed PAYE intermediaries)</p> <p>(1) In section 124H, replace the section heading with “PAYE intermediaries”.</p> <p>(2) In section 124H(1), replace “section 15F may apply under section 15D” with “section 124K may apply under section 124I”.</p> <p>(3) Repeal section 124H(2).</p>	<p>30</p>
<p>81 Sections 124L, 124M, and 124N repealed</p> <p>Repeal sections 124L, 124M, and 124N.</p>	<p>35</p>

- 82 Section 124O amended (Employers’ arrangements with PAYE intermediaries)**
- (1) After section 124O(1), insert:
- (1B) The notification requirements in subsection (1) are met if the PAYE intermediary provides the information set out in paragraphs (a) to (d). 5
- (2) Repeal section 124O(4).
- 83 Section 124R repealed (Subsidy claim forms)**
- Repeal section 124R.
- 84 Section 125 amended (Certain rights of objection not conferred)**
- (1) In section 125(j)(iii), replace “sections 33, 89” with “sections 18K, 33”. 10
- (2) In section 125(j)(iv),—
- (a) replace “21 to 23” with “**17F, 17G, 18I**, 21B to 23”:
- (b) delete “88.”.
- 85 Section 135 amended (Powers of Taxation Review Authority on determination of objection or case stated)** 15
- In section 135(2),—
- (a) replace “a determination” with “a determination or binding ruling” in each place where it appears:
- (b) replace “alter the determination” with “alter the determination or ruling” in each place where it appears: 20
- (c) replace “fresh determination” with “fresh determination or ruling”.
- 86 Section 136 amended (When objection may be referred directly to High Court)**
- In section 136(18),—
- (a) replace “a determination” with “a determination or binding ruling” in each place where it appears: 25
- (b) replace “alter the determination” with “alter the determination or ruling” in each place where it appears:
- (c) replace “fresh determination” with “fresh determination or ruling”.
- 87 Section 138A amended (Application of this Part)** 30
- (1) In section 138A(1)(b), replace “section 124A(2)(a)” with “section 125A(2)(a)”.
- (2) In section 138A(2), replace “section 124A” with “section 125A”.
- 88 Section 138E amended (Certain rights of challenge not conferred)**
- (1) In section 138E(1)(e)(iii), replace “sections 33, 89” with “sections 18K, 33”.

- (2) In section 138E(1)(e)(iv),—
- (a) replace “21 to 23” with “**17F, 17G, 18I**, 21B to 23”;
 - (b) delete “88,”.
- 89 Section 139A amended (Late filing penalty for certain returns)** 5
- After section 139A(9), insert:
- (10) Despite subsection (2)(a)(i), a taxpayer is not liable to pay a late filing penalty if the Commissioner considers that, in a particular case or class of cases, a penalty should not be imposed. However the Commissioner’s discretion may be exercised only if—
- (a) it is necessary because of resource constraints imposed on the Commissioner during the period of co-existence of 2 Inland Revenue software platforms; and 10
 - (b) the taxpayer’s non-compliance is not serious or unreasonable.
- 90 Section 141B amended (Unacceptable tax position)**
- In section 141B(1F)(a), replace “section 45D” with “**section 15Z**”. 15
- 91 Section 141B amended (Unacceptable tax position)**
- In section 141B(1F)(a), replace “**section 15Z**” with “**section 124ZE**”.
- 92 Section 141JA amended (Application of Part 9 to non-filing taxpayers)**
- Replace section 141JA(b) with:
- (b) is required to provide information under **Part 3, subpart 3B** on their other income, and the Commissioner considers that the information is likely to be correct. 20
- 93 Section 143 amended (Absolute liability offences)**
- In section 143(4), replace “an income statement” with “an individual’s final account under **Part 3, subpart 3B**”. 25
- 94 Section 143A amended (Knowledge offences)**
- After section 143A(1)(b), insert:
- (bb) knowingly takes no action in relation to an incorrectly pre-populated account referred to in **section 22E** with the result that the information about an individual’s taxable income for a tax year is incorrect or incomplete; or 30
- 95 Section 143C amended (Offence for failure of officers of department to maintain secrecy)**
- (1) In section 143C, replace the section heading with “**Offences related to disclosure of sensitive revenue information by revenue officers**”. 35

- (2) In section 143C(1), replace “section 81” with “**section 18(1)**”.

96 Sections 143D and 143E replaced

Replace sections 143D and 143E with:

- 143D Offences related to disclosure of certain information by persons other than revenue officers** 5
- (1) This section applies in relation to a disclosure of information that the Commissioner has obtained under the Inland Revenue Acts or information that is obtained through a function lawfully conferred on the Commissioner to a person who is—
- (a) a person who acquires, has access to, or is given the information through— 10
- (i) the agency of the Commissioner under **schedule 7, part A, clauses 7, 10, 11, and 12, and part C, clauses 22, 23, 35, 42, 44, and 47**; or
- (ii) their access to the digital storage systems of the department; or 15
- (iii) their access to the information under an approved information-sharing agreement referred to in **section 18E(2)**; or
- (b) a person, other than a revenue officer, who is employed by or provides services to a government agency and is required by the agency to perform their duties, and with facilities, shared with revenue officers who are expected by the Commissioner to perform their duties in the place and with the facilities; or 20
- (c) a person who, by the nature of their physical access to the premises or digital storage systems of the department, may have, or is likely to have access to the information, and has been required by the Commissioner to sign a certificate under **section 18B(2)**; or 25
- (d) a person who accompanies the Commissioner as described in **section 16B(6)(b)** to a place where the person may or is likely to have access to the information; or
- (e) a person employed in the department responsible for the administration of the Public Records Act 2005 or a person employed by or in a repository approved under section 26 of that Act has access to public records in relation to which a confidentiality obligation exists under **section 18(1)**. 30
- (2) The person commits an offence if they— 35
- (a) knowingly fail to comply with **section 18B(2)** before they acquire, obtain, or have access to the information; or
- (b) despite complying with **section 18B(2)**, knowingly discloses the information.

- (3) A person who is convicted of an offence under this section is liable to—
- (a) imprisonment for a term not exceeding 6 months; or
 - (b) a fine not exceeding \$15,000; or
 - (c) both.
- 143E Offences related to disclosure of certain information to employees** 5
- (1) For the purposes of **section 18(2)**, a person described in **subsection (4)** commits an offence if they—
- (a) are a person who has access to, acquires, or obtains, information on a matter relating to a revenue law described in **section 16C(1)(a) to (c)**; and 10
 - (b) are an employer or principal of an agent (the **employer**); and
 - (c) knowingly or negligently allow an employee to acquire, have access to, or be given the information before the employee has signed a certificate of confidentiality referred to in **section 18B(2)**.
- (2) For the purposes of **section 18(2)** a person commits an offence if they— 15
- (a) are a person who has access to, acquires, or obtains, information on a matter relating to a revenue law described in **section 16C(1)(a) to (c)**; and
 - (b) are a director, manager, secretary, member, or principal officer of the employer (the **director**), or is a person purporting to act in 1 or more of those capacities; and 20
 - (c) knowingly allow an employee to acquire, have access to, or be given revenue information before the employee has signed a certificate of confidentiality referred to in **section 18B(2)**.
- (3) A person who is convicted of an offence under **subsection (1) or (2)** is liable to a fine not exceeding \$15,000. 25
- (4) The person is—
- (a) a person who is or has been a member of, or who is appointed or employed by, the Accident Compensation Corporation; or
 - (b) a person who is or has been appointed or employed by the Regulator under the Accident Insurance Act 1998; or 30
 - (c) a person, association, company, firm, body, or institution to which powers and functions have been delegated or sub-delegated under accident compensation legislation; or
 - (d) an officer, employee, or agent of the person or other entity referred to in **paragraph (c)**; or 35
 - (e) a person who is or has been a member of or who is or has been appointed or employed by the New Zealand Superannuation Corporation; or

(f)	a person or entity referred to in paragraph (c) to which powers and functions have been delegated or sub-delegated under the New Zealand Superannuation Act 1974.	
(5)	For the purposes of this section,—	
(a)	an employee includes an officer or agent of the employer:	5
(b)	accident compensation legislation means the Accident Compensation Act 1982, the Accident Rehabilitation and Compensation Insurance Act 1992, the Accident Insurance Act 1998, the Accident Compensation Act 2001.	
	143EB Offences related to disclosure of certain information by employers and directors	10
(1)	A person referred to in section 143E(1) or (2) as the employer or the director commits an offence if they disclose information on matters relating to a revenue law described in section 16C(1)(a) to (c) that comes to their knowledge through the agency of the Commissioner unless the disclosure is for the purpose of carrying into effect the relevant revenue law.	15
(2)	A person who is convicted of an offence under this section is liable to—	
(a)	imprisonment for a term not exceeding 6 months; or	
(b)	a fine not exceeding \$15,000; or	
(c)	both.	20
	97 Section 174AA amended (Power of Commissioner in respect of small amounts of refunds or tax payable)	
(1)	Replace section 174AA, section heading, with “ Power of Commissioner in relation to refunds or tax payable ”.	
(2)	Replace section 174AA(b) with:	25
(b)	for an individual, the amount of tax payable arises—	
(i)	despite the correct application of a withholding liability:	
(ii)	despite the application of a rate of tax that corresponds to the individual’s correct marginal rate:	
(iii)	in relation to income of less than \$200 when tax was withheld from the income incorrectly:	30
(iv)	in relation to an additional payment for an underpaid amount when the individual is entitled to receive a benefit, grant, or other social assistance payment from the Ministry of Social Development:	35
(v)	in relation to a payment to a provider of standard-cost household services who derives exempt income under section CW 61(1) of the Income Tax Act 2007:	

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

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

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

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

(ab) an amount of income tax:

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

After section 227E, insert:

227F Transitional provisions related to information disclosures

(1) **Subpart 3A, sections 16 to 17K** are sections 16 to 19, 21 and 21BA of the Tax Administration Act 1994 in rewritten form and are intended to have the same effect. **Subsection (3)** overrides this subsection.

(2) Unless a limit in **subsection (3)** applies, in circumstances where the meaning of a taxation law that comes into force at the commencement of this Act (the **new law**) is unclear or gives rise to absurdity—

(a) the wording of a taxation law that is replaced in part by **section 15** of this Act and that corresponds to a new law (the **old law**) must be used to determine the correct meaning of the new law; and

(b) it can be assumed that a corresponding old law provision exists for each new law provision.

(3) **Subsections (1) and (2)** do not apply in the case of a new law that is amended after the commencement of this Act, with effect from the date on which the amendment comes into force.

100 Schedule 4 amended (Reporting of employment income information)

In schedule 4, table 1, row 4, item g, replace “earner premium” with “earner levy”.

101 Schedule 5 amended (Certain tax codes and rates)

(1) In schedule 5, part A, clause 1(2), replace “special tax code” with “tailored tax code”.

(2) In schedule 5, part A, clause 4, rows 3, 4, 5, and 6 of the table, replace “annual income is” with “total PAYE income payments” are in each place where it appears.

(3) In schedule 5, part B, clause 1,—

(a) replace the heading with “**Tailored tax codes**”:

- (b) in subclauses (1), (2), (4), (5), and (6), replace “special tax code” with “tailored tax code” in each place where it appears.
- (4) In schedule 5, part B, clause 1(6),—
 - (a) replace “notifying the employee or responsible department, as applicable.” with “notifying the employee, the employer, or responsible department, as applicable.”: 5
 - (b) replace “Once notified, the employee” with “If the employee is notified, they”.
- 102 New schedules inserted**

After schedule 5, insert, as set out in **schedule 1** of this Act, the following 10
schedules:

 - (a) **schedule 7** (Disclosure rules):
 - (b) **schedule 8** (Reporting of income information by individuals).
- 103 Consequential amendments**

The consequential amendments to provisions of the Tax Administration Act 1994 that are listed in **schedule 3** apply as set out in that schedule. 15

Part 3 Amendments to Income Tax Act 2007

- 104 Income Tax Act 2007**

Part 3 amends the Income Tax Act 2007. 20
- 105 Section CB 9 amended (Disposal within 10 years: land dealing business)**

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

 - (3) Subsection (2) is overridden by the exclusions in sections CB 15C and **CB 15D**, for bodies linked or associated with a local authority and for companies in the same wholly-owned group as Housing New Zealand Corporation, and subsections (1) and (2) are overridden by the exclusions in sections CB 16 and CB 19, for residential land and for business premises. 25
- 106 Section CB 10 amended (Disposal within 10 years: land development or subdivision business)**

Replace section CB 10(3), except for the heading, with: 30

 - (3) Subsection (2) is overridden by the exclusions in sections CB 15C and **CB 15D**, for bodies linked or associated with a local authority and for companies in the same wholly-owned group as Housing New Zealand Corporation, and subsections (1) and (2) are overridden by the exclusions in sections CB 16 and CB 19, for residential land and for business premises. 35

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

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

Income

- (1) An amount that a person derives from disposing of land is income of the person if they dispose of the land and—
- (a) within 10 years before the disposal, the person or an associate of the person completed improvements to the land; and
 - (b) at the time the improvements were begun, the person or an associate of the person carried on a business of erecting buildings.

Person or associate

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

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

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

- (3) **Subsection (1)** applies for the 2008–09 and later income years. However it does not apply to a person to the extent to which, before the introduction of the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Bill, the person takes a tax position in a return of income that is consistent with section CB 11(1) and (2) ignoring the amendment in **subsection (1)**.

108 Section CB 15 amended (Transactions between associated persons)

- (1) In section CB 15(1), in the words before paragraph (a), delete “under whichever is applicable of sections CB 6 to CB 14”.

- (2) After section CB 15(1), insert:

Exclusion for Housing New Zealand Corporation and wholly-owned group

- (1B) **Subsection (1)** is overridden by **section CB 15D**.

- (3) Replace section CB 15(2), other than the heading, with:

- (2) For the purposes of sections CB 7 to CB 12 and CB 14, if a person (the **transferor**) transfers land to a person (the **transferee**) who is an associated person at the time of the transfer, the transferee is treated as acquiring the land on the date, other than under this subsection, on which the transferor acquired the land.

- (4) **Subsections (1) and (3)** apply for the 2008–09 and later income years.

109 New heading and new section CB 15D inserted

After section CB 15C, insert:

Exclusions for Housing New Zealand Corporation and wholly-owned group

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

Exclusion from application of some land provisions 5

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

Exclusion for group members and members of consolidated group

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

Defined in this Act: amount, company, consolidated group, income, wholly-owned group of companies 15

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

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

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

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

112 Section CB 17 amended (Residential exclusion from sections CB 12 and CB 13) 35

- (1) Replace section CB 17(1)(b) with:

- (b) the development, division, or improvement is for use in, and for the purposes of, the residing on the land of,—
- (i) the person:
 - (ii) if members of the person’s family live with them, the person and members of the person’s family living with them. 5
- (2) Replace section CB 17(2)(b) with:
- (b) the larger area of land was 4,500 square metres or less immediately before it was divided and was occupied mainly as residential land for,—
- (i) the person:
 - (ii) if members of the person’s family live with them, the person and members of their family living with them. 10
- (3) **Subsections (1) and (2)** apply for the 2008–09 and later income years.
- 113 Section CB 18 amended (Residential exclusion from section CB 14)**
- (1) Replace section CB 18(3)(a) with:
- (a) means a purpose that the person has of using the land or intending to use the land mainly as a residence for,—
- (i) the person:
 - (ii) if members of the person’s family live with them, the person and members of the person’s family living with them; and 15
- (2) **Subsection (1)** applies for the 2008–09 and later income years. 20
- 114 Section CB 27 amended (Income equalisation schemes)**
- (1) Repeal section CB 27(b).
- (2) In section CB 27, in the list of defined terms, delete “adverse event income equalisation scheme”.
- (3) **Subsection (1)** applies for income years beginning after the date on which this Act receives the Royal assent. 25
- 115 Section CB 28 amended (Environmental restoration accounts)**
- In section CB 28(7),—
- (a) in the words before paragraph (a), after “contaminant”, insert “or making of noise”: 30
 - (b) in paragraph (a), after “contaminant”, insert “or making of noise”.
- 116 Section CD 3 amended (Meaning of dividend)**
- In section CD 3, replace “CD 21” with “CD 20”.

117 Section CD 5 amended (What is a transfer of value)

- (1) In section CD 5(2)(a), replace “section EW 46C(3)” with “section EW 46C(4)”.
- (2) **Subsection (1)** applies for a person for the 2008–09 and later income years, except for an income year before the 2015–16 income year for which the person takes a tax position in a return of income that is inconsistent with the amendment made by **subsection (1)**. 5

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

- (1) In section CD 6(3), replace “subpart HE (Mutual associations)” with “section DV 19 (Association rebates)”. 10
- (2) In section CD 6(4), replace “subpart HE” with “section DV 19”.
- (3) In section CD 6(5),—
- (a) in the subsection heading, replace “*section DV 18 and subpart HE*” with “*sections DV 18 and DV 19*”: 15
- (b) replace “subpart HE” with “section DV 19”.

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

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

Unrepaid overpayments

- (1C) A person who receives an amount that is an unrepaid PAYE income overpayment is treated as deriving the amount in connection with their employment or service for the income year in which they receive the amount. 20

Repaid overpayments

- (1D) An amount received by a person that is a PAYE-related overpayment is not income of the person to the extent to which the amount has been repaid to the employer. 25

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

120 Section CV 1 amended (Group companies)

- (1) In section CV 1, after the heading, insert as a subsection heading “*Income*”. 30
- (2) In section CV 1, insert as subsection (2):

Relationship with section CB 15D

- (2) Subsection (1) is overridden by section **CB 15D** (Housing New Zealand Corporation and wholly-owned group).

121	Section CV 2 amended (Consolidated groups: income of company in group)	
	Replace section CV 2(3) with:	
	<i>Relationship with sections CB 15C and CB 15D</i>	
(3)	Subsection (2) is overridden by sections CB 15C and CB 15D (which apply to bodies linked or associated with a local authority or companies in the same wholly-owned group as Housing New Zealand Corporation).	5
122	Section CW 9 amended (Dividend derived from foreign company)	
	Repeal section CW 9(2)(a)(vi).	
123	Section CW 19 amended (Amounts derived during short-term visits)	10
	In section CW 19(1), in the words before the paragraphs, delete “in a tax year”.	
124	New section CW 38B inserted (Public purpose Crown-controlled companies)	
	After section CW 38, insert:	
CW 38B	Public purpose Crown-controlled companies	15
	<i>Exempt income</i>	
(1)	An amount of income derived from sinking funds relating to the debt of a public purpose Crown-controlled company is exempt income.	
	<i>Exempt income</i>	
(2)	Any other amount of income derived by a public purpose Crown-controlled company is exempt income.	20
	<i>Exclusion: amounts received in trust</i>	
(3)	Subsection (2) does not apply to an amount of income that a public purpose Crown-controlled company derives as a trustee, other than an amount distributed as beneficiary income to a beneficiary who derives the amount as exempt income.	25
	<i>Orders in Council</i>	
(4)	The Governor-General may, by Order in Council made on the recommendation of the Minister of Revenue, amend schedule 35 —	
(a)	to add the name of a company that meets the following criteria:	30
(i)	the company is listed in schedule 4A of the Public Finance Act 1989 or 100% of the voting interests in the company are held by the group of persons that holds 100% of the voting interests in a company listed in schedule 4A of that Act; and	
(ii)	Ministers of the Crown hold, on behalf of the Crown, more than 50% of the voting interests in the company; and	35

<ul style="list-style-type: none"> (iii) all other voting interests, if any, in the company are held by local authorities; and (iv) the company’s primary purpose is the carrying out of a public policy objective of the Government of New Zealand: 	5
<ul style="list-style-type: none"> (b) to substitute the name of a company in recognition of a change in its name: (c) to remove the name of a company. 	5
<i>When Minister of Revenue must recommend Order in Council under subsection (4)(c)</i>	
<ul style="list-style-type: none"> (5) The Minister of Revenue must recommend that an Order in Council be made to remove the name of a company from schedule 35 if the Minister is satisfied that— 	10
<ul style="list-style-type: none"> (a) the company has been removed from the register of companies kept under the Companies Act 1993; or (b) the company no longer meets the criteria set out in subsection (4)(a). 	15
Defined in this Act: amount, company, exempt income, group of persons, income, income tax, local authority, public purpose Crown-controlled company, trustee, voting interest	
125 Section CW 42 amended (Charities: business income)	
<ul style="list-style-type: none"> (1) Before section CW 42(1)(a), insert: 	20
<ul style="list-style-type: none"> (aa) the entity carrying on the business is, at the time that the income is derived, registered as a charitable entity under the Charities Act 2005; and 	20
<ul style="list-style-type: none"> (2) Subsection (1) applies for the 2019–20 and later income years. 	20
126 Section CX 10 amended (Employment-related loans)	
<ul style="list-style-type: none"> (1) After section CX 10(2)(b), insert: 	25
<ul style="list-style-type: none"> (bb) as an amount that is a PAYE-related overpayment: 	25
<ul style="list-style-type: none"> (2) In section CX 10, in the list of defined terms, insert “PAYE-related overpayment”. 	25
<ul style="list-style-type: none"> (3) Subsections (1) and (2) apply for the 2019–20 and later income years. 	25
127 Section CX 27 amended (Assistance with tax returns)	
<ul style="list-style-type: none"> (1) In section CX 27, after the heading, insert as a subsection heading “<i>Not fringe benefit</i>”. 	30
<ul style="list-style-type: none"> (2) In section CX 27, replace “an employee’s income statement or return of income” with “an employee’s return of income”. 	30
<ul style="list-style-type: none"> (3) In section CX 27, insert as subsection (2): 	35
<i>Employees’ returns of income</i>	
<ul style="list-style-type: none"> (2) For the purposes of this section, an employee’s return of income includes the income information held by the Commissioner and set out in the employee’s 	35

	pre-populated account referred to in section 22D(4) of the Tax Administration Act 1994.	
(4)	In section CX 27, in the list of defined terms, delete “income statement”.	
128	Section CX 51 amended (Income equalisation schemes)	
(1)	In section CX 51, delete “, EH 42 (Refund of excess deposit),”.	5
(2)	Subsection (1) applies for income years beginning after the date on which this Act receives the Royal assent.	
129	Section DB 41 amended (Charitable or other public benefit gifts by company)	
	After section DB 41(2), insert:	10
	<i>No deduction</i>	
(2B)	Despite subsection (2), a company is not allowed a deduction for the amount of a charitable or other public benefit gift it makes, to the extent to which the amount is, for the company, an asset ignored for the purposes of section HR 12 (Non-exempt charities: treatment of tax-exempt accumulations) and described in section HR 12(3)(a) .	15
130	Section DB 46 amended (Avoiding, remedying, or mitigating effects of discharge of contaminant)	
(1)	In section DB 46, heading, after “contaminant”, insert “or making of noise”.	
(2)	In section DB 46(1)(b)(i), after “contaminant”, insert “or making of noise”.	20
131	Section DQ 2 repealed (Adverse event income equalisation scheme)	
(1)	Repeal section DQ 2.	
(2)	Subsection (1) applies for income years beginning after the date on which this Act receives the Royal assent.	
132	Section DV 12 amended (Maori authorities: donations)	25
	After section DV 12(1), insert:	
	<i>No deduction</i>	
(1B)	Despite subsection (1), a Maori authority is not allowed a deduction for the amount of a donation it makes or for the amount of a charitable or other public benefit gift it makes, to the extent to which the amount is, for the Maori authority, an asset ignored for the purposes of section HR 12 (Non-exempt charities: treatment of tax-exempt accumulations) and described in section HR 12(3)(a) .	30
133	Section DV 19 amended (Association rebates)	
(1)	In section DV 19(2)(a), replace “or” with “and”.	35
(2)	Subsection (1) applies for the 2008–09 and later income years.	

134 Section EE 47 amended (Events for purposes of section EE 44)

After section EE 47(2), insert:

Event timing for person’s becoming tax exempt

- (2B) Despite subsection (2), if the event is connected to a person’s income becoming exempt income, the event is treated as occurring immediately before the person’s income becomes exempt. 5

135 Section EH 1 amended (Income equalisation schemes)

- (1) In section EH 1(2), heading, replace “*Three*” with “*Two*”.
- (2) Repeal section EH 1(2)(b).
- (3) In section EH 1(3), in the words before paragraph (a), replace “3” with “2”. 10
- (4) Repeal section EH 1(3)(b).
- (5) **Subsections (2) and (4)** apply for income years beginning after the date on which this Act receives the Royal assent.

136 Section EH 4 amended (Main deposit)

- (1) In section EH 4(5), after “is a forester”, insert “, or has been used for the purpose stated in section EH 15(3)(a) for which the refund was made”. 15
- (2) **Subsection (1)** applies for income years beginning after the date on which this Act receives the Royal assent.

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

- (1) Repeal section EH 35(3)(b)(ii). 20
- (2) **Subsection (1)** applies for income years beginning after the date on which this Act receives the Royal assent.

138 Headings and sections EH 37 to EH 62 repealed

- (1) Repeal the headings after section EH 36.
- (2) Repeal section EH 37 and the next heading. 25
- (3) Repeal sections EH 38 and EH 39 and the next heading.
- (4) Repeal section EH 40 and the next heading.
- (5) Repeal section EH 41 and the next heading.
- (6) Repeal sections EH 42 and EH 43 and the next heading.
- (7) Repeal sections EH 44 to EH 56 and the next heading. 30
- (8) Repeal section EH 57 to EH 59 and the next heading.
- (9) Repeal section EH 60 and the next heading.
- (10) Repeal sections EH 61 and EH 62.
- (11) **Subsections (1) to (10)** apply for income years beginning after the date on which this Act receives the Royal assent. 35

- 139 Section EK 2 amended (Persons who may make payment to environmental restoration account)**
 In section EK 2(b)(ii), after “contaminant”, insert “or making of noise”.
- 140 Section EK 11 amended (Application for refund)**
 In section EK 11(1)(a), after “contaminant”, insert “or making of noise”. 5
- 141 Section EK 12 amended (Refund if application or excess balance)**
 In section EK 12(2)(a)(i), after “contaminant”, insert “or making of noise”.
- 142 Section EK 20 amended (Environmental restoration account of consolidated group company)**
 In section EK 20(4), after “contaminant”, insert “or making of noise”. 10
- 143 Section EK 23 amended (Other definitions)**
 In section EK 23(2)(a)(i), after “contaminant”, insert “or making of noise”.
- 144 Section EW 6 amended (Relationship between financial arrangements and excepted financial arrangements)**
- (1) After section EW 6(3), insert: 15
Binding rulings
- (4) The Commissioner may make a binding ruling under **section 91CC(1)(a)** of the Tax Administration Act 1994 on how a taxation law applies, or would apply, to a person and an arrangement on whether an amount is solely attributable to an excepted financial arrangement. 20
- (2) In section EW 6, in the list of defined terms, insert “binding ruling”.
- 145 Section EW 14 amended (What spreading methods do)**
- (1) After section EW 14(3), insert:
Binding rulings
- (4) The Commissioner may make a binding ruling under **section 91CC(1)(b)** of the Tax Administration Act 1994 on the use of a spreading method described in subsection (2)(aa) to (e) for the purposes of **sections EW 15E and EW 15I**. 25
- (2) In section EW 14, in the list of defined terms, insert “binding ruling”.
- 146 Section EW 15E amended (Determination alternatives)**
- (1) Replace section EW 15E(2)(d) with: 30
 (d) a determination made by the Commissioner under section 90AC(1)(bb) of the Tax Administration Act 1994 or a binding ruling made under **section 91CC(1)(b)** of that Act:
- (2) In section EW 15E, in the list of defined terms, insert “binding ruling”.

147	Section EW 15I amended (Mandatory use of yield to maturity method for some arrangements)	
(1)	Replace section EW 15I(2)(c) with:	
	(c) a determination made by the Commissioner under section 90AC(1)(bb) of the Tax Administration Act 1994 or a binding ruling made under section 91CC(1)(b) of that Act:	5
(2)	In section EW 15I, in the list of defined terms, insert “binding ruling”.	
148	Section EW 32 amended (Consideration for agreement for sale and purchase (ASAP) of property or services, hire purchase agreement, specified option, or finance lease)	10
(1)	In section EW 32(2), replace “EW 33C” with “EW 33C, EW 33D”.	
(2)	In section EW 32(2B), replace “EW 33B.” with “EW 33B. Section EW 33D applies.”.	
(3)	In section EW 32(2C), replace “section EW 33C applies” with “sections EW 33C and EW 33D apply”.	15
(4)	In section EW 32(2D), replace “section EW 33C applies” with “sections EW 33C and EW 33D apply”.	
(5)	In section EW 32(2E), replace “section EW 33C applies” with “sections EW 33C and EW 33D apply”.	
(6)	In section EW 32(6), replace “specific determination” with “specific determination or binding ruling under section 91CC(1)(c) of the Tax Administration Act 1994”.	20
(7)	In section EW 32, in the list of defined terms, insert “binding ruling”.	
149	New section EW 33D inserted (Foreign ASAPs: contingencies)	
	After section EW 33C, insert:	25
	EW 33D Foreign ASAPs: contingencies	
	<i>Assets and liabilities</i>	
(1)	For a foreign ASAP, in relation to the sale and purchase of a business combine by way of sale and purchase of the combine’s assets and liabilities, an amount of contingent consideration under the ASAP is credited or debited, as applicable, against goodwill if—	30
	(a) the component of contingent consideration is realised and has not been accounted for initially:	
	(b) the component of contingent consideration is never realised and the initial accounting is reversed.	35

Shares

- (2) For a foreign ASAP, in relation to the sale and purchase of a business combine by way of sale and purchase of the combine’s shares, a amount of contingent consideration under the ASAP is credited or debited, as applicable, against the shares if— 5
- (a) the amount of contingent consideration is realised and has not been accounted for initially:
 - (b) the amount of contingent consideration is never realised and the initial accounting is reversed. 10
- Defined in this Act: foreign ASAP, share 10

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

- (1) In section EW 46C(4),—
- (a) in the words before the paragraphs, delete “if”; and
 - (b) in paragraph (a), replace “the relevant debt” with “if the relevant debt”; 15 and
 - (c) in paragraph (b), replace “the proportional debt ratio” with “to the extent to which the proportional debt ratio”.
- (2) In section EW 46C(5),— 20
- (a) in the words before the paragraphs, delete “if”; and
 - (b) in paragraph (a), replace “the relevant debt” with “if the relevant debt”; and
 - (c) in paragraph (b), replace “the proportional debt ratio” with “to the extent to which the proportional debt ratio”.
- (3) **Subsections (1) and (2)** apply for a person for the 2008–09 and later income years, except for an income year before the 2015–16 income year for which the person takes a tax position in a return of income that is inconsistent with the amendments made by **subsections (1) and (2)**. 25

151 Section EX 56 amended (Cost method)

- Replace section EX 56(3)(b)(ii) with: 30
- (ii) the person chooses to use the amount of the independent valuation and there is a period of at least 4 income years between the start of the relevant income year and their last application of this paragraph to the interest, during which period they used the cost method for the interest for all income years. 35

152 New heading and new section EZ 80 inserted

After section EZ 79, insert:

Adverse event income equalisation accounts

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

When this section applies

- (1) This section applies when a person has an adverse event income equalisation account (the **adverse event account**) at the end of the income year (the **repeal year**) in which the repeal of section EH 39 (Adverse event income equalisation account) comes into force. 5

Main income equalisation account

- (2) If the person does not have a main income equalisation account (the **main account**) at the end of the repeal year, the Commissioner must open such an account in the name of the person at the beginning of the following year. 10

Balance in adverse event account credited to person’s main account

- (3) An amount equal to the balance in the person’s adverse event account is debited to the person’s adverse event account at the end of the repeal year and credited to the person’s main account at the beginning of the following year. 15

Relationship with sections DQ 1 and EH 4

- (4) A credit to the person’s main account under **subsection (3)** is a deposit that is not subject to section EH 4 (Main deposit) and the person is not allowed a deduction under section DQ 1 (Main income equalisation scheme) for the deposit. 20

Defined in this Act: adverse event income equalisation account, Commissioner, deduction, income year, main income equalisation account

153 Section FC 2 amended (Transfer at market value)

- (1) After section FC 2(3), insert:

Relationship with section HC 14 25

- (4) Subsection (1) does not apply for the purposes of determining whether a transfer of property is a distribution as defined in section HC 14 (Distributions from trusts).

- (2) In section FC 2, in the list of defined terms, insert “distribution”.

154 Section FM 9 amended (Amounts that are company’s income) 30

Replace section FM 9(3) with:

Relationship with sections CB 15C and CB 15D

- (3) This section is overridden by sections CB 15C(2) and **CB 15D(2)** (which apply to bodies linked or associated with a local authority or companies in the same wholly-owned group as Housing New Zealand Corporation). 35

- 155 Section FM 15 amended (Amortising property and revenue account property)**
After section FM 15(7), insert:
Exception for Housing New Zealand Corporation and consolidated group
(8) Subsections (1) to (7) do not apply to Housing New Zealand Corporation or a company in the same consolidated group as Housing New Zealand Corporation. 5
- 156 Section FM 40 amended (Losing eligibility to be part of consolidated group)**
In section FM 40(4), replace “its eligibility or its entitlement” with “its eligibility”. 10
- 157 New heading and new section GB 54 inserted**
After section GB 53, insert:
Arrangements involving tax credits for charitable or other public benefit gifts 15
GB 54 Arrangements involving tax credits for charitable or other public benefit gifts
When this section applies
(1) This section applies when— 20
(a) a person enters into an arrangement; and
(b) a purpose of the arrangement is that section LD 1 (Tax credits for charitable or other public benefit gifts) has a more favourable effect than would otherwise have occurred.
Credit reduced
(2) A tax credit under section LD 1 is reduced to the amount that the Commissioner considers would have arisen had the arrangement not occurred. 25
Defined in this Act: amount, arrangement, Commissioner, tax credit
- 158 Section HC 10 amended (Complying trusts)**
Replace section HC 10(2)(a)(ii) with:
(ii) by the election expiry date given by section HC 30(5) for section HC 30(2); and 30
- 159 Section HC 15 amended (Taxable distributions from non-complying and foreign trusts)**
(1) Replace section HC 15(5)(a) with:
(a) the profit or other capital gain does not include a gain that must be taken into account for the purposes of determining an income tax liability: 35

- (ab) if the trustee is not a trustee of a trust referred to in **paragraph (ac)**, the profit or other capital gain does not include an amount of capital gain (the **gain amount**) that is derived by the trustee through a transaction or a series of transactions if—
- (i) the transaction or series of transactions is between the trustee and an associated person who is not a natural person or corporate trustee; and 5
- (ii) the gain amount is greater than the capital gain that the trustee would derive from a transaction at market value: 10
- (ac) if the trustee is a trustee of a trust, for which a CFC is a settlor and no person is treated as a settlor under section HC 28(3) or (4), the profit or other capital gain does not include an amount of capital gain that is derived by the trustee through a transaction or a series of transactions between the trustee and an associated person: 10
- (2) After section HC 15(5), insert: 15
- Certain capital gains for trustee of foreign trust*
- (5B) For a foreign trust, profit described in **subsection (5)(ab) or (ac)** is income of the trustee for the purposes of section HC 16.
- (3) **Subsection (1)** applies for a person and a distribution made—
- (a) on or after the date on which this Act receives the Royal assent: 20
- (b) before the date on which this Act receives the Royal assent, if the person takes a tax position in relation to the distribution—
- (i) before the date on which this Act receives the Royal assent; and
- (ii) that is consistent with the amendment made by **subsection (1)**.
- 160 Section HC 16 amended (Ordering rule for distributions from non-complying and foreign trusts)** 25
- (1) Replace section HC 16(2)(c) with:
- (c) third, an amount that the trustee derives in the income year from the realisation of a capital asset of the trust or another capital gain and that is not income under **section HC 15(5B)** for the purposes of this section: 30
- (2) Replace section HC 16(6)(c) with:
- (c) a distribution from a trust, other than a non-complying trust, that is settled by a natural person and for which an election is made under section HC 30(2).
- 161 Section HC 27 amended (Who is a settlor?)** 35
- (1) After section HC 27(2)(a), insert:
- (ab) provides, for less than market value, services to the trust or for the benefit of the trust:

- (2) In **section HC 27(2)(ab)**, after “benefit of the trust”, insert “that are more than incidental to the operation of the trust”.
- (3) After section HC 27(3C), insert:
- Resettlements*
- (3D) Despite subsection (2), a trustee of a trust (the **head trust**) who is resident in New Zealand and settles an amount on a second trust (the **sub-trust**), or makes a distribution to, or on terms of, the sub-trust, is not a settlor of the sub-trust if the settlor of the head trust is a non-resident. 5
- (4) In section HC 27, in the list of defined terms, insert “distribution” and “non-resident”. 10
- (5) **Subsection (1)** applies for a person and the 2008–09 and later income years, except if the person takes a tax position, in relation to the income year,—
- (a) before the date on which this Act receives the Royal assent; and
- (b) that is inconsistent with the amendment made by **subsection (1)**.
- (6) **Subsection (3)** applies for a person and a settlement or distribution made— 15
- (a) on or after the date on which this Act receives the Royal assent:
- (b) before the date on which this Act receives the Royal assent, if the person takes a tax position in relation to the settlement or distribution—
- (i) before the date on which this Act receives the Royal assent; and
- (ii) that is consistent with the amendment made by **subsection (3)**. 20
- 162 Section HC 30 amended (Treatment of foreign trusts when settlor becomes resident)**
- (1) In section HC 30(3)(a), after “election”, insert “and which does not give rise after the transition date to an income tax liability that is paid before the distribution is made”. 25
- (2) Replace section HC 30(3)(b) and (c) with:
- (b) as a complying trust to the extent to which the distribution consists of an amount that is derived by the trustee—
- (i) before the date of the election and gives rise on or after the transition date to an income tax liability that is paid before the distribution is made; or 30
- (ii) on or after the date of the election, if the requirements of section HC 10(1)(a) are met for the trustee income derived on or after the date of the election:
- (c) as a non-complying trust to the extent to which the distribution consists of an amount that would not be included in a distribution described in paragraphs (a) and **(b)**. 35
- (3) Replace section HC 30(4)(a) and (b) with:

(a)	as a foreign trust to the extent to which the distribution consists of an amount that is derived by the trustee before the election expiry date and does not give rise on or after the transition date to an income tax liability:	
(b)	as a non-complying trust to the extent to which the distribution consists of an amount that is derived by the trustee—	5
(i)	before the election expiry date and gives rise on or after the transition date to an income tax liability; or	
(ii)	on or after the election expiry date:	
163	Section HC 36 amended (Trusts and minor beneficiary rule)	10
	In section HC 36(1), in the words before paragraph (a), after “all settlements on the trust”, insert “meet the requirements of section HC 37(1) or”.	
164	Section HC 37 amended (Testamentary trusts and minor beneficiary rule)	
	In section HC 37(1), in the words before paragraph (a), after “all settlements on the trust”, insert “meet the requirements of section HC 36(1) or”.	15
165	Section HE 3 amended (Association rebates)	
	In section HE 3(1)(a), replace “:” with “; and”.	
166	Section HM 2 amended (What is a portfolio investment entity?)	
	In section HM 2(3), replace “HM 30” with “HM 20”.	
167	Section HM 28 replaced (When listed PIE no longer meets crediting requirement)	20
	Replace section HM 28 with:	
	HM 28 When listed PIE no longer meets requirements	
	<i>Loss of PIE status</i>	
(1)	A listed PIE loses PIE status immediately if—	25
(a)	it fails to meet the requirements of section HM 19:	
(b)	it does not make an election under section HM 29 to cancel PIE status and ceases to be listed by a recognised exchange:	
(c)	it makes an election under section HM 29 to cancel PIE status and, after the entity ceases to be listed by a recognised exchange, a period of 2 years from the delisting, or a longer period allowed by the Commissioner under subsection (2) , expires:	30
(d)	when the entity is not listed by a recognised exchange, the number of shareholders in the entity is less than 100.	

Commissioner may grant extension of time

- (2) The Commissioner may grant an extension of the 2-year period referred to in **subsection (1)(c)** if the extension is reasonable in the circumstances.

Defined in this Act: listed PIE, PIE, recognised exchange, shareholder

168 Section HR 8 inserted (Transitional residents) 5

- (1) In section HR 8(7)(b), replace “the person or their tax agent” with “the person, their tax agent, or their representative”.
- (2) In section HR 8, in the list of defined terms, insert “representative”.

169 Cross-heading amended (Financial institution special purposes vehicles)
 In the cross-heading after section HR 8, replace “*Financial institution*” with “*Debt funding*”. 10

170 Section HR 9 replaced (Financial institution special purpose vehicles are transparent)

Replace section HR 9 with:

HR 9 Debt funding special purpose vehicles are transparent if election made under section HR 9BA 15

For the purposes of the liabilities and obligations under an Inland Revenue Act of a person, who is the originator or another company in the same wholly-owned group of companies as the originator, as applicable, that has all of the assets of a debt funding special purpose vehicle treated as their assets for financial reporting purposes, as described in the definition of **debt funding special purpose vehicle, paragraph (b)**, and the relevant debt funding special purpose vehicle, if an election has been made under **section HR 9BA**,— 20

- (a) the person is treated as carrying on an activity carried on by the debt funding special purpose vehicle, and having a status, intention, and purpose of the debt funding special purpose vehicle, and the debt funding special purpose vehicle is treated as not carrying on that activity or having that status, intention, or purpose: 25
- (b) the person is treated as holding property that the debt funding special purpose vehicle holds, and the debt funding special purpose vehicle is treated as not holding that property: 30
- (c) the person is treated as being party to any arrangement to which the debt funding special purpose vehicle is a party, and the debt funding special purpose vehicle is treated as not being that party to that arrangement:
- (d) the person is treated as doing a thing and being entitled to a thing that the debt funding special purpose vehicle does or is entitled to, and the 35

debt funding special purpose vehicle is treated as not doing that thing or being entitled to that thing.

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

171 New section HR 9BA inserted (Elections to treat debt funding special purpose vehicles as transparent) 5

After section HR 9, insert:

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

How elections made

- (1) A person, who is the originator or another company in the same wholly-owned group of companies as the originator, as applicable, that has all of the assets of a debt funding special purpose vehicle treated as their assets for financial reporting purposes, as described in the definition of **debt funding special purpose vehicle, paragraph (b)**, makes an election referred to in **section HR 9** by returning income derived and expenditure incurred by the debt funding special purpose vehicle in their first return of income filed after the originator transferred their assets to the debt funding special purpose vehicle. 10 15

Effect of election

- (2) An election under this section— 20
- (a) cannot be revoked; and
 - (b) has effect from the date on which the originator first transferred any of their assets to the debt funding special purpose vehicle; and
 - (c) remains in effect until the relevant company or trustee of a trust stops being a debt funding special purpose vehicle. 25

Defined in this Act: company, debt funding special purpose vehicle, income, originator, return of income, trustee, wholly-owned group of companies

172 Section HR 9B replaced (Bankruptcy-remote property during application of section HR 9)

Replace section HR 9B with:

HR 9B Bankruptcy-remote property during application of section HR 9 30

Despite **section HR 9**, property that a person holds because of the application of **section HR 9** cannot be attached, charged, disposed of, or otherwise used in the payment of the person’s tax debt, except to the extent to which—

- (a) the tax debt— 35
- (i) does not relate to income tax or provisional tax; and
 - (ii) would have been the relevant debt funding special purpose vehicle’s tax debt in the absence of **section HR 9**:

- (b) the property could have been attached, charged, disposed of, or otherwise used in payment of the tax debt in the absence of **section HR 9**.

Defined in this Act: debt funding special purpose vehicle, dispose, income tax, pay, provisional tax, tax

173 Section HR 10 replaced (What happens when vehicle stops being financial institution special purpose vehicle?) 5

Replace section HR 10 with:

HR 10 What happens when vehicle stops being transparent debt funding special purpose vehicle?

Property transferred and parties reconstituted 10

- (1) When a company or a trustee of a trust (the **vehicle**) stops being a debt funding special purpose vehicle for any reason, other than on unwind, and an election has been made under **section HR 9BA** that relates to the debt funding special purpose vehicle, the following apply:

- (a) the relevant person is treated as disposing of its property (the **property**) that has been subject to **section HR 9(b)** in relation to the vehicle immediately before the vehicle stops being a debt funding special purpose vehicle: 15

- (b) the vehicle is treated as acquiring the property immediately after the vehicle stops being a debt funding special purpose vehicle: 20

- (c) the relevant person is treated as not being a party to an arrangement (the **arrangement**) that the person was treated as being a party to under **section HR 9(c)** in relation to the vehicle immediately before the vehicle stops being a debt funding special purpose vehicle:

- (d) the vehicle is treated as being a party to the arrangement immediately after the vehicle stops being a debt funding special purpose vehicle. 25

Property transferred: market value

- (2) The disposition of property in **subsection (1)(a)** and the acquisition of property in **subsection (1)(b)** are treated as occurring with a single third party for payments equal to the property's market value. 30

Parties reconstituted: consideration

- (3) At the time the person or the vehicle becomes a party to an arrangement under **subsection (1)(c) or (d)**, the market value, at that time, of consideration that has been paid, or is or will be payable, to or by the person or vehicle, as applicable, for or under the arrangement, ignoring **section HR 9(c)**, is treated as consideration that has been paid, or is or will be payable, to or by the person or vehicle for or under the arrangement. 35

Definition

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

<p>(a) guarantees and securities, as applicable, described in the definition of debt funding special purpose vehicle, paragraph (d), are cancelled; and</p> <p>(b) interests described in the definition of debt funding special purpose vehicle, paragraph (b) are transferred to the person; and</p> <p>(c) the vehicle is terminated, by liquidation or otherwise.</p> <p>Defined in this Act: arrangement, company, consideration, debt funding special purpose vehicle, dispose, liquidation, market value, pay, trustee, unwind</p>	<p>5</p>
<p>174 Section HR 12 amended (Non-exempt charities: treatment of tax-exempt accumulations)</p>	
<p>(1) In section HR 12(1)(a), delete “(person A)”.</p> <p>(2) Repeal section HR 12(1)(b).</p> <p>(3) Replace section HR 12(2) with:</p>	<p>10</p>
<p style="padding-left: 40px;"><i>When this section does not apply</i></p>	
<p>(2) This section does not apply if—</p> <p>(a) the person is re-registered on the register of charitable entities within 1 year of the end date:</p> <p>(b) the person’s end date arises because they are a company and shares in them are disposed of, and the disposal is for market value consideration:</p> <p>(c) the person would, but for this paragraph, have \$5,000 or less income under this section on their end date.</p>	<p>15</p> <p>20</p>
<p>(4) In section HR 12(3), replace the words before the paragraphs with:</p> <p style="padding-left: 40px;">The person has an amount of income derived on the day that is 1 year after the end date that is equal to the current market value, on the end date, of assets that the person has on the end date less the current market value, on the end date, of liabilities that the person has on the end date, but ignoring:</p>	<p>25</p>
<p>(5) Replace section HR 12(3)(a)(ii) with:</p> <p style="padding-left: 40px;">(ii) in accordance with the person’s rules set out in the register of charitable entities immediately before the person’s removal from the register:</p>	<p>30</p>
<p>(6) In section HR 12(3)(c), replace “assets other than money gifted or left” with “assets that are not money and are gifted or bequeathed”.</p>	
<p>(7) After section HR 12(3)(c), insert:</p> <p style="padding-left: 40px;">(d) assets that are land set apart in a Maori reservation for the purposes of a marae or meeting place under Part 17 of the Te Ture Whenua Maori Act 1993.</p>	<p>35</p>
<p>(8) After section HR 12(3)(d), as inserted by subsection (7), insert:</p> <p style="padding-left: 40px;">(e) assets that are shares in companies, if this section applies to the companies and their end dates are the same as the person’s end date.</p>	

- (9) Repeal section HR 12(4).
- (10) Replace section HR 12(7) with:
- Definitions*
- (7) In this section,—
- end date** means, for a person, the day of final decision: 5
- current market value** means—
- (a) for an asset or liability for which section HR 11 gives a value for the purposes of this Act, that value:
- (b) for an asset or liability for which section HR 11 does not give a value for the purposes of this Act,— 10
- (i) the market value of the asset or liability; but
- (ii) if the person uses the Public Benefit Entity International Not-for-Profit Accounting Standard 17 (the **standard**), the fair value of the asset or liability under the standard.
- (11) In section HR 12, in the list of defined terms, insert “current market value”. 15
- 175 Section LD 1 amended (Tax credits for charitable or other public benefit gifts)**
- (1) In section LD 1(4), replace “tax agent” with “tax agent or representative” in each place where it appears.
- (2) In section LD 1, in the list of defined terms, insert “representative”. 20
- 176 Section LD 3 amended (Meaning of charitable or other public benefit gift)**
- (1) Replace section LD 3(1)(a) with:
- (a) means a monetary gift of \$5 or more that is paid to a society, institution, association, organisation, trust, or fund (the **entity**), if—
- (i) the entity is described in subsection (2)(a), (ab), (b), (c), or (d), and the name of the entity is on the list published by the Commissioner under **section 41A(16) to (18)** of the Tax Administration Act 1994: 25
- (ii) the entity is described in subsection (2)(ac), (bb), or (bc):
- (iii) the name of the entity is listed in schedule 32 (Recipients of charitable or other public benefit gifts): 30
- (2) After section LD 3(2), insert:
- Exception for certain entities*
- (3) Despite subsection (2)(a), (b), (c), and (d), a society, institution, association, organisation, trust, or fund is not a relevant entity for the purposes of **subsection (1)**, if the society, institution, association, organisation, trust, or fund,— 35

- (a) is not a tax charity, because it is not registered as a charitable entity under the Charities Act 2005; and
- (b) in the opinion of the Commissioner, is eligible to be registered as a charitable entity under that Act.
- (3) In section LD 3, in the list of defined terms, insert “tax charity”. 5
- 177 Section LD 4 amended (Tax credits for payroll donations)**
In section LD 4(7), replace “**24Q**” with “169B”.
- 178 Section MC 6 amended (When person does not qualify)**
- (1) Replace section MC 6(c) with:
- (c) a Best Start tax credit for a dependent child and a period, if they receive— 10
- (i) a parental tax credit, in relation to the dependent child:
- (ii) a parent’s allowance or a children’s pension, in relation to the dependent child:
- (iii) a parental leave payment or preterm baby payment, under Part 7A of the Parental Leave and Employment Protection Act 1987, in relation to the dependent child and the period. 15
- (2) In section MC 6, in the list of defined terms, insert “dependent child”.
- 179 Section MD 3 amended (Calculation of family tax credit)**
- (1) Replace section MD 3(4)(a) and (b) with: 20
- (a) for the eldest dependent child for whom the person is a principal caregiver during the entitlement period, \$5,878; and
- (b) for each dependent child for whom the person is a principal caregiver during the entitlement period, other than the eldest dependent child, \$4,745. 25
- (2) In section MD 3(6), replace “subsection (4)(a)(i) and (ii), and (b)(i) to (iii)” with “subsection (4)(a) and (b)”.
- 180 Section MD 11 amended (Entitlement to parental tax credit)**
Replace section MD 11(1)(b) with:
- (b) a person or their spouse, civil union partner, or de facto partner does not receive or have, for 1 or more days during the first 56 days after the date of the dependent child’s birth (the **parental entitlement period**), a social assistance payment or a suspended entitlement to an income tested benefit; and 30
- (c) a person or their spouse, civil union partner, or de facto partner does not receive, at any time in the parental entitlement period, a parental leave 35

payment under Part 7A of the Parental Leave and Employment Protection Act 1987.

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

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

- (b) a person or their spouse, civil union partner, or de facto partner does not receive or have, for 1 or more days during the first 70 days after the date of the dependent child’s birth (the **parental entitlement period**), a social assistance payment or a suspended entitlement to an income tested benefit; and 5

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

10

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

- (c) a person or their spouse, civil union partner, or de facto partner does not receive, at any time in the parental entitlement period, a parental leave payment or preterm baby payment under Part 7A of the Parental Leave and Employment Protection Act 1987. 15

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

- (1) In section MD 13(3)(a)(i), replace “\$36,350, 22.5 cents” with “\$42,700, 25 cents”.
 (2) In section MD 13(3)(a)(ii), replace “\$36,350, 22.5 cents” with “\$42,700, 25 cents”. 20

184 Section MF 7 amended (Orders in Council)

- (1) In section MF 7(1)(a), in the words before the subparagraphs, replace “section MD 3(4)(a)(i) and (b)(i) and (ii)” with “section MD 3(4)(a) and (b)”.
 (2) Repeal section MF 7(1)(ab).
 (3) Repeal section MF 7(2C). 25

185 Section MZ 3 amended (Exclusions from determination of family scheme income)

- (1) Repeal section MZ 3(3).
 (2) **Subsection (1)** applies for income years beginning after the date on which this Act receives the Royal assent. 30

186 Section OP 22 amended (Consolidated ICA group company’s credit)

- (1) Replace section OP 22(1)(d) with:
 (d) to the extent to which a debit referred to in paragraph (b) is not offset under paragraph (c), a debit balance immediately arises in the imputation credit account of the group. 35
 (2) Replace section OP 22(1B) with:

- Limit*
- (1B) The amount of the credit referred to in subsection (1) that is transferred to the imputation credit account of the group is limited to the lesser of—
- (a) the amount of the debit balance in the imputation credit account of the group referred to in **subsection (1)(d)**; and 5
 - (b) the amount of the credit balance of the imputation credit account of the group company referred to in subsection (1)(a), determined at the time of the debit to the imputation credit account of the group referred to in subsection (1)(b).
- (3) **Subsections (1) and (2)** apply for a person for the 2008–09 and later income years, except in relation to a tax position taken by the person in a return for an imputation credit account— 10
- (a) for a period beginning on or after 1 April 2008 and ending before 1 April 2018; and
 - (b) relating to the transfer, after a company becomes a member of a consolidated imputation group, of imputation credits arising in the imputation credit account of the company, before the company becomes a member of the consolidated imputation group, to the imputation credit account of the consolidated imputation group; and 15
 - (c) relying on section OP 22 as it was before the date on which the amendments made by **subsections (1) and (2)** came into force; and 20
 - (d) to the extent to which the amount of the imputation credits referred to in **paragraph (b)** that are transferred to the imputation credit account of the consolidated imputation group does not exceed the amount of the debit referred to in section OP 22(1)(b) arising in the imputation credit account of the consolidated imputation group immediately before the transfer. 25
- (4) To the extent to which the amendments made by **subsections (1) and (2)**, together with the effect of **subsection (3)**, give rise to a debit balance in a imputation credit account at the end of— 30
- (a) a tax year before the 2017–18 tax year, a company is not liable for further income tax arising under section OB 65, or imputation additional tax arising under section OB 72, or imputation penalty tax arising under section 140B of the Tax Administration Act 1994, for the debit balance:
 - (b) the 2017–18 tax year, a company is— 35
 - (i) liable for further income tax arising under section OB 65 for the debit balance with a due date for payment that is 60 days after the date on which this Act receives the Royal assent, despite section OB 65(3):

- (ii) not liable for imputation additional tax arising under section OB 72, or imputation penalty tax arising under section 140B of the Tax Administration Act 1994, for the debit balance.

187 Section RA 13 amended (Payment dates for terminal tax)

- (1) Repeal section RA 13(2)(a)(ii). 5
- (2) In section RA 13, in the list of defined terms, delete “income statement”.

188 Section RB 3 amended (Schedular income tax liability for filing taxpayers for non-resident passive income)

In section RB 3, in the list of defined terms, delete “non-filing taxpayer”.

189 Section RC 3 amended (Who is required to pay provisional tax?) 10

Repeal section RC 3(2)(b).

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

Replace section RC 5(5B)(a) with:

- (a) has chosen to either—
 - (i) use the AIM method for the current tax year on or before their first instalment date under the AIM method; or 15
 - (ii) change part-year to use the AIM method for their remaining instalment dates under the AIM method for the current tax year, and they use either the standard method or GST ratio method at the beginning of the current tax year and, before changing to use the AIM method, they met all of their provisional tax obligations under the relevant method, from the beginning of the current tax year; and 20

191 Section RC 9 amended (Provisional tax payable in instalments)

After section RC 9(4B), insert: 25

Part-year change into AIM

- (4C) A person who chooses to change to the AIM method under **section RC 5(5B)(a)(ii)**, must use the relevant remaining instalment dates for them under the AIM method. The amount of each relevant instalment is calculated under **section RC 10B**. 30

192 Section RC 10B amended (Calculating amount of instalment for periods using AIM method)

- (1) In section RC 10B, insert as a subsection heading, “*Calculating amount for full-year AIM method*”.
- (2) In section RC 10B, insert as new subsections (2) and (3),— 35

	<i>Calculating amount when part-year change into AIM method</i>	
(2)	For a person who chooses to change to the AIM method under section RC 5(5B)(a)(ii) , the amount of provisional tax payable on a remaining instalment date for a tax year is given by subsection (1), except for the first remaining instalment date. Subsection (3) provides the calculation for the first remaining instalment date.	5
	<i>Calculating when part-year change into AIM method: first remaining instalment</i>	
(3)	For the purposes of subsection (2) , the amount of provisional tax payable for the first remaining instalment date is the total amount, year to date including the first remaining instalment date, that would have been payable if the person had used the AIM method from the beginning of the tax year, less the amount of provisional tax the person has paid, before the change, under the relevant non-AIM method for the tax year.	10
193	Section RD 2 amended (PAYE rules and their application)	15
(1)	Replace section RD 2(1)(e) with:	
	(e) sections 24, 24B to 24P, 48, 124H to 124R , 133, Part 9, and sections 167 to 169 of the Tax Administration Act 1994.	
(2)	Replace section RD 2(1)(e) with:	
	(e) subparts 3C and 3D, sections 22AA, 124H to 124R , 133, Part 9, sections 167 to 169, and schedules 4 and 5 of the Tax Administration Act 1994.	20
(3)	In section RD 2(1)(e), replace “ 124H to 124R ” with “ 124H to 124K, 124O to 124Q ”.	
194	Section RD 3 amended (PAYE income payments)	25
(1)	In section RD 3(1)(a)(iii), replace “section RD 8:” with “section RD 8; or”.	
(2)	After section RD 3(1)(a)(iii), insert:	
	(iv) an unrepaid PAYE income overpayment, <i>see</i> section RD 8B :	
(3)	In section RD 3, in the list of defined terms, insert “unrepaid PAYE income overpayment”.	30
195	Section RD 5 amended (Salary or wages)	
(1)	In section RD 5(1)(b)(ii), replace “subsections (2) to (8)” with “subsections (2) to (10)”.	
(2)	After section RD 5(9), insert:	
	<i>Unrepaid PAYE income overpayments</i>	35
(10)	An unrepaid PAYE income overpayment that is treated as salary or wages under section RD 8B(2)(a) is included in salary or wages.	

- (3) In section RD 5, in the list of defined terms, insert “unrepaid PAYE income overpayment”.

196 Section RD 7 amended (Extra pay)

- (1) After section RD 7(1)(c), insert:
- (cb) includes an unrepaid PAYE income overpayment that is treated as all or part of an amount of extra pay under **section RD 8B(2)(b)**; and 5
- (2) In section RD 7, in the list of defined terms, insert “unrepaid PAYE income overpayment”.

197 Section RD 8 amended (Schedular payments)

- (1) After section RD 8(1)(a), insert: 10
- (ab) includes an unrepaid PAYE income overpayment that is treated as all or part of a schedular payment under **section RD 8B(2)(c)**; and
- (2) In section RD 8, in the list of defined terms, insert “unrepaid PAYE income overpayment”.

198 New section RD 8B inserted (Treatment of PAYE-related overpayments) 15

After section RD 8, insert:

RD 8B Treatment of PAYE-related overpayments

When this section applies

- (1) This section applies when an employer pays an amount (a **PAYE-related overpayment**) to an employee and— 20
- (a) the amount is paid—
- (i) in error, to the extent to which the employee is not beneficially entitled to the amount; or
- (ii) as an advance payment, to the extent to which the employee does not become beneficially entitled to the amount; and 25
- (b) the amount is, at the time of payment, treated by the employer as all or part of—
- (i) a payment of salary or wages; or
- (ii) an extra pay; or
- (iii) a schedular payment. 30

Treatment of amount

- (2) To the extent to which the amount is an unrepaid PAYE income overpayment, the amount is treated as follows:
- (a) as salary or wages, if the amount is treated as described in **subsection (1)(b)(i)**: 35

<p>(b) as all or part of an amount of extra pay, as applicable, if the amount is treated as described in subsection (1)(b)(ii);</p> <p>(c) as all or part of a schedular payment, as applicable, if the amount is treated as described in subsection (1)(b)(iii).</p> <p><i>Meaning of unrepaid PAYE income overpayment</i></p> <p>(3) An unrepaid PAYE income overpayment—</p> <p>(a) means an amount that—</p> <p style="padding-left: 20px;">(i) is a PAYE-related overpayment; and</p> <p style="padding-left: 20px;">(ii) has not been repaid to the employer; and</p> <p>(b) does not include an amount of exempt income.</p> <p><i>Exclusions</i></p> <p>(4) An amount referred to in subsection (1) does not include—</p> <p>(a) an amount that is income of the employee under section CB 32 (Property obtained by theft); or</p> <p>(b) an employer’s superannuation contribution other than an overpayment of an amount of an employer’s superannuation cash contribution that an employee chooses to have treated as salary or wages under section RD 68 (Choosing to have amount treated as salary or wages).</p> <p><i>Employers who use PAYE intermediaries</i></p> <p>(5) In this section, employer includes a PAYE intermediary.</p> <p>Defined in this Act: amount, employee, employer, exempt income, extra pay, pay, PAYE intermediary, PAYE-related overpayment, salary or wages, schedular payment, unrepaid PAYE income overpayment</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p>
<p>199 Section RD 17 amended (Payment of extra pay with other PAYE income payments)</p> <p>(1) In section RD 17(1B), after “subsection (1)(a)”, insert “and of extra pays paid to the employee in the period referred to in subsection (1)(b)”.</p> <p>(2) Subsection (1) applies for the 2008–09 and later income years.</p>	<p>25</p>
<p>200 Section RD 22 amended (Providing employment income information to Commissioner)</p> <p>(1) In section RD 22(1), replace “sections 23E to 23H” with “sections 23E to 23H and 23J”.</p> <p>(2) In section RD 22(2), in the subsection heading, replace “<i>Special tax code</i>” with “<i>Tailored tax code</i>”.</p> <p>(3) In section RD 22(2)(a), replace “special tax code” with “tailored tax code”.</p>	<p>30</p> <p>35</p>

- 201 Section RD 35 amended (Employment-related loans: value using market interest rates)**
- (1) In section RD 35(4), after “an income year”, insert “, other than from a method given by a paragraph of **subsection (5)** to the method given by the other paragraph of **subsection (5)**,”. 5
- (2) Replace section RD 35(5), other than the heading, with:
- (5) In this section, **market interest** means the amount of interest calculated at the rate of interest that—
- (a) would apply to a borrower belonging to a group of persons to whom a loan of the kind provided to the employee is offered when— 10
- (i) the group has a comparable credit risk to the group to which the employee belongs; and
- (ii) membership of the group arises from a factor or factors that do not include a connection between a member and the employer; and
- (iii) the group is sufficient in number to ensure a transaction on an arm’s length basis; or 15
- (b) is the lowest rate of interest for a loan, of the kind provided to the employee, that is provided by the lender—
- (i) to customers for which the characteristics that are treated by the lender as relevant to the rate of interest for a loan are similar to those of the employee; and 20
- (ii) in the ordinary course of business; and
- (iii) during the quarter (the **loan quarter**) in which the loan is provided to the employee, or during the preceding quarter if the rate for the loan quarter is not able to be calculated. 25
- (3) **Subsection (2)** applies for fringe benefit tax payment periods beginning on or after 1 April 2019.
- 202 Section RD 64 amended (ESCT rules and their application)**
- (1) Replace section RD 64(1)(c) with:
- (c) sections 24J to 24P, 47, 48, **124H to 124R**, and Part 9 of the Tax Administration Act 1994. 30
- (2) Replace section RD 64(1)(c) with:
- (c) subparts 3C and 3D, sections 22AA, 47, **124H to 124R**, Part 9, and schedules 4 and 5 of the Tax Administration Act 1994.
- (3) In section RD 64(1)(c), replace “**124H to 124R**” with “**124H to 124K, 124O to 124Q**”. 35

- 203 Section RE 1 amended (RWT rules and their application)**
- (1) In section RE 1(1)(c), replace “sections 15N, 25 to 28, 32E to 32L, 50 to 55, 78D, and 99” with “sections 25 to 28, 32E to 32L, 50 to 55, 78D, 99, and **124ZF**”.
- (2) In section RE 1(1)(c), replace “sections 25 to 28, 32E to 32L, 50 to 55” with “subpart 3E, sections 26B, 26C, 27, 28, 28B, 54B to 54E, 55, 55B”.
- 204 Section RF 2B amended (Non-residential financial arrangement income: outline and concepts)**
- In section RF 2B, in the list of defined terms, delete “approved issuer”.
- 205 Section RF 2C amended (Meaning of non-residential financial arrangement income)** 10
- In section RF 2C, in the list of defined terms, delete “approved issuer”.
- 206 Section RM 5 repealed (Overpayments on income statements)**
- Repeal section RM 5.
- 207 Section RM 16 amended (Treatment of amounts not refunded)** 15
- In section RM 16(3), delete “section 120K of”.
- 208 Section RM 22 amended (Limits on refunds for Maori authorities)**
- In section RM 22(5), delete “section 120K of”.
- 209 Section RM 25 amended (Treatment of amounts not refunded)**
- In section RM 25(3), delete “section 120K of”.
- 210 Section RM 31 amended (Treatment of amounts not refunded)**
- In section RM 31(3), delete “section 120K of”.
- 211 Section RP 14 amended (Collection, payment, and information requirements)**
- In section RP 14(ab), replace “**section 24Q**” with “**section 169B**”.
- 212 Section RZ 14 amended (Listed PAYE intermediaries: transitional provision)**
- In section RZ 14, replace “sections 15H, 15G, 15I, 15M” with “**sections 124L, 124M, 124N, 124R**”.
- 213 Section YA 1 amended (Definitions)** 30
- (1) This section amends section YA 1.
- (2) Repeal the definition of **adverse event deposit**.
- (3) Repeal the definition of **adverse event income equalisation account**.

- (4) Repeal the definition of **adverse event income equalisation scheme**.
- (5) Repeal the definition of **adverse event maximum deposit**.
- (6) In the definition of **cost of timber**, paragraph (c)(ii), after “contaminant”, insert “or making of noise”.
- (7) Insert, in appropriate alphabetical order: 5
current market value is defined in **section HR 12** (Non-exempt charities: treatment of tax-exempt accumulations) for the purposes of that section
- (8) In the definition of **date the deposit ends**, repeal paragraph (b).
- (9) Insert, in appropriate alphabetical order: 10
debt funding special purpose vehicle means a company or a trustee of a trust that, ignoring **section HR 9** (Debt funding special purpose vehicles are transparent if election made under **section HR 9BA**),—
- (a) derives no exempt income; and
- (b) has all of its assets treated as the assets of the originator, or another company in the same wholly-owned group of companies as the originator, for financial reporting purposes, but ignoring any current account balance that is incidental to the company’s or trustee’s sole purpose described in **paragraph (e)**; and 15
- (c) receives only funds that— 20
- (i) relate to assets described in **paragraph (b)**;
- (ii) are incidental to the company’s or trustee’s sole purpose described in **paragraph (e)**; and
- (d) operates to— 25
- (i) guarantee liabilities of the originator, being a financial institution, or of a company, incorporated in and resident in New Zealand, that is a member of a wholly-owned group of companies that includes the financial institution that is the originator;
- (ii) raise funds by issuing securities backed by its assets; and
- (e) has interests in assets only for the sole purpose of carrying out the company’s or trustee’s operations described in **paragraph (d)**; and 30
- (f) has financial statements that are prepared using IFRSs and are audited
- (10) In the definition of **deposit**, repeal paragraph (b).
- (11) In the definition of **employer monthly schedule**, paragraph (e)(iv), replace “earner premium” with “earner levy”.
- (12) In the definition of **financial institution**, replace “Deposit Takers (Credit Ratings) Regulations 2009” with “Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010”. 35
- (13) Repeal the definition of **financial institution special purpose vehicle**.

- (14) Repeal the definition of **income statement**.
- (15) In the definition of **large budget film grant**, after paragraph (b), insert:
(bb) is sourced from funds provided by the Ministry of Business, Innovation and Employment; and
- (16) In the definition of **large business AIM-capable system**, replace “**section 15Y**” with “**section 124ZD**”. 5
- (17) In the definition of **listed PIE**,—
(a) in paragraph (a), after “companies”, insert “or is unlisted but has not lost PIE status under section HM 28 (When listed PIE no longer meets requirements), is delisted without notice of election, or has exit period expire”: 10
(b) repeal paragraphs (c) and (d).
- (18) In the definition of **multi-rate PIE**, paragraph (d), delete “; and”.
- (19) Replace the definition of **non-filing taxpayer** with:
non-filing taxpayer, for a person and a tax year, means— 15
(a) a person who derives assessable income for the tax year that consists solely of—
(i) reportable income:
(ii) a de minimis amount under **section 22J(1)** of the Tax Administration Act 1994; or 20
(b) a person whose only income having a source in New Zealand for the tax year is a schedular payment derived in their capacity as a non-resident entertainer and who chooses not to file a return of income for the tax year; or
(c) a person who, for the tax year, derives only non-resident passive income referred to in section RF 2(3) (Non-resident passive income) 25
- (20) Insert, in appropriate alphabetical order:
originator, for a debt funding special purpose vehicle, means the person who transferred their assets to the debt funding special purpose vehicle
- (21) In the definition of **overtime**, replace “section CW 17C(4)” with “section CW 17C(6)”. 30
- (22) In the definition of **pay**, in paragraph (bb), replace “**section 24Q**” with “**section 169B**”.
- (23) In the definition of **PAYE intermediary**,—
(a) in paragraph (a)(i), replace “section 15D or 15G” with “**section 124I**”: 35
(b) in paragraphs (a)(ii) and (iii), replace “section 15J” with “**section 124O**” in each place where it appears.
- (24) Insert, in appropriate alphabetical order:

- PAYE-related overpayment** means an amount described in **section RD 8B(1)** (Treatment of PAYE-related overpayments)
- (25) In the definition of **public authority**, after paragraph (b), insert:
- (bb) includes the New Zealand Lottery Grants Board, the Office of the Clerk of the House of Representatives, the Ombudsman, the Parliamentary Commissioner for the Environment, and the Parliamentary Service; and 5
- (bc) includes the Official Assignee, other than in their capacity as a trustee; and
- (26) Insert, in appropriate alphabetical order:
- public purpose Crown-controlled company** means a company listed in **schedule 35** (Public purpose Crown-controlled companies) 10
- (27) Insert, in appropriate alphabetical order:
- representative** means a person approved by the Commissioner under **section 124D** of the Tax Administration Act 1994 as a person who acts on behalf of another person in relation to their tax affairs or social policy entitlements and obligations 15
- (28) Repeal the definition of **residential mortgage backed security**.
- (29) In the definition of **RWT proxy**, replace “section 15N” with “**section 124ZB**”.
- (30) In the definition of **specified period**, repeal paragraph (b). 20
- (31) Replace the definition of **tax agent** with:
- tax agent** means a person who is listed as a tax agent under **section 124C** of the Tax Administration Act 1994
- (32) Replace the definition of **tax charity** with:
- tax charity** is defined in section CW 41(5) 25
- (33) Insert, in appropriate alphabetical order:
- unrepaid PAYE income overpayment** is defined in **section RD 8B(3)** (Treatment of PAYE-related overpayments)
- (34) In the definition of **unwind**, replace “financial institution” with “transparent debt funding”. 30
- (35) **Subsection (6)** applies for the 2018–19 and later income years.
- 214 Section YC 12 amended (Public unit trusts)**
- (1) Replace section YC 12(1) with:
- Application by public unit trust*
- (1) Subsections (2) to (4) apply in relation to a public unit trust if the public unit trust chooses to apply them. 35
- (2) After **section YC 12(1)**, insert:

<i>Application by subsidiaries</i>	
(1B)	A person in which a public unit trust holds an ownership interest, or equivalent interest, may choose to treat the unit holders' shares in the public unit trust as being held in the way described in subsection (2). 5
(3)	Subsections (1) and (2) applies for the 2008–09 and later income years. 5
215	Schedule 19 amended (Expenditure in avoiding, remedying, or mitigating detrimental effects of discharge of contaminant)
(1)	In schedule 19, heading, after “contaminant”, insert “or making of noise”. 10
(2)	In schedule 19, part A, item 1, after “contaminant”, insert “or on people or animals from the making of noise”. 10
(3)	In schedule 19, part A, item 2, after “contaminant”, insert “or on people or animals from the making of noise”. 15
(4)	In schedule 19, part A, item 3, after “contaminant”, insert “or on people or animals from the making of noise”. 15
(5)	In schedule 19, part A, item 4, after “contaminant”, insert “or on people or animals from the making of noise”. 15
(6)	In schedule 19, part A, item 5, after “contaminant”, insert “or the future making of noise”. 20
(7)	In schedule 19, part B, item 1, after “contaminant”, insert “or the making of noise”. 20
(8)	In schedule 19, part B, item 2, after “contaminant”, insert “or on people or animals from the making of noise”. 20
(9)	Subsections (1) to (8) apply for the 2018–19 and later income years.
216	Schedule 28 amended (Requirements for complying fund rules)
	Repeal schedule 28, clause 6. 25
217	Schedule 29 amended (Portfolio investment entities: listed investors)
	In schedule 29, part A, after item 10, insert:
11	Northland Regional Council.
218	Schedule 32 amended (Recipients of charitable or other public benefit gifts) 30
(1)	In schedule 32, insert, in appropriate alphabetical order, “Books for Cambodia Trust”, “Children of the Light”, “Effective Altruism NZ Charitable Trust”, “Flame Cambodia”, “Forgotten Sherpas of Nepal”, “Global Development Group Limited”, “Good Trust”, “INF Humanitarian Aid Trust”, “NVADER”, “Nyingje Trust”, “Rwenzori Special Needs Foundation (NZ)”, “St Columban’s Mission Society Trust Board”, and “Talkingtech Foundation Trust”. 35
(2)	Subsection (1) applies for the 2018–19 and later income years.

219 New schedule 35 inserted (Public purpose Crown-controlled companies)

After schedule 34, insert new **schedule 35** set out in **schedule 2**.

220 Consequential amendments

The consequential amendments to provisions of the Income Tax Act 2007 that are listed in **schedule 3** apply as set out in that schedule.

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Part 4

Amendments to other enactments

Goods and Services Tax Act 1985

221 Goods and Services Tax Act 1985

Sections 222 to 228 amend the Goods and Services Tax Act 1985.

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222 Section 2 amended (Interpretation)

(1) This section amends section 2(1).

(2) In the definition of **public authority**, replace “and the Office of the Clerk of the House of Representatives” with “the Office of the Clerk of the House of Representatives, and the New Zealand Lottery Grants Board”.

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(3) Insert, in appropriate alphabetical order:

public purpose Crown-controlled company has the same meaning as in section YA 1 of the Income Tax Act 2007

223 Section 2A amended (Meaning of associated persons)

In section 2A(4), replace “subsection (1)(c)” with “subsection (1)(bb)”.

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224 Section 6 amended (Meaning of term taxable activity)

In section 6(1)(b), replace “local authority” with “local authority or public purpose Crown-controlled company”.

225 Section 10 amended (Value of supply of goods and services)

(1) In section 10(3C), in the words before paragraph (a), after “New Zealand”, insert “, or that is a supply of remote services for which the recipient is required to account for output tax under section 20(3JC),”.

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(2) In section 10(3D), in the words before paragraph (a), after “New Zealand”, insert “, or that is a supply of remote services for which the recipient is required to account for output tax under section 20(3JC),”.

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226 Section 21 amended (Adjustments for apportioned supplies)

In section 21(2), in the words before paragraph (a), replace “required” with “permitted”.

- 227 Section 53 amended (Registered person to notify change of status)**
In section 53(1)(a), delete “constitution,”.
- 228 Section 55 amended (Group of companies)**
Replace section 55(7)(db) and (dc) with:
- (db) if goods and services are acquired, or produced or applied, for a taxable use by a member of a group (the **new member**) before becoming a member of the group, and there is a difference between whichever is relevant, for an adjustment period and the representative member, of the percentage intended use and percentage actual use of the goods and services by the new member for making taxable supplies and whichever is relevant of the percentage intended use and percentage actual use of the goods and services by the representative member of the group for making taxable supplies, the representative member of the group is deemed, for the purposes of section 21(1), to have made—
- (i) the acquisition, or production or application, of the goods and services by the new member; and
- (ii) the claims for input tax and adjustments of output tax, relating to the goods and services, made by the new member before becoming a member of the group; and
- KiwiSaver Act 2006* 20
- 229 KiwiSaver Act 2006**
Sections 230 to 237 amend the KiwiSaver Act 2006.
- 230 Section 4 amended (Interpretation)**
In section 4(1), in the definition of **salary or wages**, after paragraph (a)(i), insert:
- (iaa) salary or wages described in **section RD 5(10)** of the Income Tax Act 2007 if they are an overpayment of an amount of an employer’s superannuation cash contribution that an employee chooses to have treated as salary or wages under section RD 68 of that Act; and
- 231 Section 33 amended (Certain persons may opt in)**
Repeal section 33(a).
- 232 Section 59A amended (When this subpart applies)**
Repeal section 59A(c).

233 Section 59B amended (Initial back-dated validation)

- (1) In section 59B(2), in the words before the paragraphs, replace “the age requirement for the application of the opt-in rule in section 34, or the requirement of section 33(a)” with “or the age requirement for the application of the opt-in rule in section 34”.
- (2) In section 59B(2)(b), in the words before the subparagraphs, delete “(c),”.

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234 Section 64 amended (Contribution rate)

In section 64(2), replace “3%, 4%, or 8%” with “3%, 4%, 6%, 8%, or 10%”.

235 Section 104 amended (Granting of contributions holiday)

Replace section 104(3)(b)(i) with:

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- (i) 1 year; or

236 Schedule 1 amended (KiwiSaver scheme rules)

Replace schedule 1, clause 4 with:

4 Withdrawal age

- (1) Subject to other permitted withdrawals, a member is not permitted to withdraw amounts from their KiwiSaver scheme before the date on which the member reaches the New Zealand superannuation qualification age.
- (2) Subject to **subclauses (4) to (6)**, a member is permitted to withdraw amounts, not totalling more than the member’s accumulation, from their KiwiSaver scheme on and after date on which the member reaches the New Zealand superannuation qualification age.
- (3) A person ceases, at the option of the provider of the KiwiSaver scheme, to be a member of the KiwiSaver scheme if—
- (a) the balance in all of the member’s accounts reaches zero; and
- (b) the provider gives notice to the member that the person’s membership is terminated.
- (4) Despite **subclause (2)** and subject to other permitted withdrawals (other than under **subclause (2)**), a person is not permitted to make a withdrawal from their KiwiSaver scheme before the grandparented end payment date, if the person is a grandparented member.
- (5) A grandparented member is permitted to withdraw an amount not more than the member’s accumulation on the grandparented end payment date.
- (6) For the purposes of these rules,—
- 5 year grandparenting date** means the earliest of—
- (a) the date that is 5 years after the day on which the member first became a member of a KiwiSaver scheme; or

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<p>(b) the date that is 5 years after the day, under section 85, on which the Commissioner first received a contribution for a KiwiSaver scheme in relation to the member; or</p> <p>(c) the date that is 5 years after the day on which the member first became a member of a complying superannuation fund, if the member has become a member of the KiwiSaver scheme as a result of a transfer from a complying superannuation fund</p> <p>grandparented end payment date means the later of—</p> <p>(a) the date on which the member reaches the New Zealand superannuation qualification age:</p> <p>(b) the 5 year grandparenting date</p> <p>grandparented member means a member for whom 1 of the following dates is before 1 July 2019:</p> <p>(a) the date on which the member first became a member of a KiwiSaver scheme:</p> <p>(b) the date, under section 85, on which the Commissioner first received a contribution for a KiwiSaver scheme in relation to the member:</p> <p>(c) the date on which the member first became a member of a complying superannuation fund, if the member has become a member of the KiwiSaver scheme as a result of a transfer from a complying superannuation fund.</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p>
<p>237 Amendments to KiwiSaver Act 2006 related to nomenclature changes</p> <p>The KiwiSaver Act 2006 is amended as set out in schedule 6.</p> <p style="text-align: center;"><i>Child Support Act 1991</i></p>	
<p>238 Child Support Act 1991</p> <p>Sections 239 to 242 amend the Child Support Act 1991.</p>	<p>25</p>
<p>239 Section 35 amended (Adjusted taxable income)</p> <p>Replace section 35(6) with:</p> <p>(6) If a person’s taxable income for a tax year has not been assessed, the Commissioner must determine the person’s taxable income on the basis of the income and any other particulars known to the Commissioner.</p>	<p>30</p>
<p>240 Section 81 amended (Notification requirement of parents)</p> <p>In section 81(1)(b), replace “who meets the requirements of section 33AA(1)” with “who derives no income other than reportable income described in section 22D(2)”.</p>	<p>35</p>

- 241 Section 163 amended (Payment of deductions to Commissioner)**
In section 163(1)(b), replace “sections 23E to 23H” with “sections 23E to 23H and 23J”.
- 242 Consequential amendments**
The consequential amendments to provisions of the Child Support Act 1991 that are listed in **schedule 3** apply as set out in that schedule. 5
- Student Loan Scheme Act 2011*
- 243 Student Loan Scheme Act 2011**
Sections 244 to 249 amend the Student Loan Scheme Act 2011.
- 244 Section 34 amended (Repayment codes for New Zealand-based borrowers who derive salary or wages)** 10
- (1) In section 34(1)(b), replace “STC” with “TTC”.
(2) In section 34(2)(a), replace “special tax code” with “tailored tax code”.
(3) In section 34(3)(b), replace “STC” with “TTC”.
- 245 Section 35 amended (Borrowers with “SL” repayment code must notify employers)** 15
In section 35(2)(b), replace “STC” with “TTC”.
- 246 Section 36 amended (Employer or PAYE intermediary must make standard deductions from salary or wages)**
In section 36(1)(c), replace “STC” with “TTC”. 20
- 247 Section 57 amended (Consequences of exemption from standard deductions)**
In section 57(1)(a), replace “STC” with “TTC”.
- 248 Section 60 amended (When exemption from standard deductions ceases to apply)** 25
In section 60(2)(a), replace “STC” with “TTC”.
- 249 Schedule 2 amended (Application of PAYE rules for purposes of section 70)**
- (1) In schedule 2, in clause 1(d), replace “STC” with “TTC”.
(2) In schedule 2, clause 2(a)(i), replace “RD 10B, RD 13B” with “RD 10B, RD 13, RD 13B”. 30

*Taxation (Annual Rates for 2017–18, Employment and Investment Income,
and Remedial Matters) Act 2018*

- 250 Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018**
Sections 251 to 258 amend the Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018. 5
- 251 Section 158 amended**
Repeal section 158(2).
- 252 Sections 186, 215, 263, 265, 266, 268, 271, and 283 repealed**
Repeal sections 186, 215, 263, 265, 266, 268, 271, and 283. 10
- 253 Section 240 amended**
Repeal section 240(1).
- 254 Section 243 amended**
Repeal section 243(52).
- 255 Section 261 amended** 15
In section 261(5), replace “sections 15L, 23, 36, 47, 80D, 139A” with “sections 23, 36, 47, 80D, **124Q**, 139A.”
- 256 Section 267 amended**
In section 267, replace “section 15L” with “**section 124Q**” in each place where it appears. 20
- 257 Section 285 amended**
Repeal section 285(2).
- 258 Schedule 2 amended**
In schedule 2,—
- (a) in the entry for the Companies Act 1993, replace “section 15ZB” with “section 169B”: 25
 - (b) in the entry for the Insolvency Act 2006, replace “section 15ZB” with “section 169B”.

Families Package (Income Tax and Benefits) Act 2017

- 259 Families Package (Income Tax and Benefits) Act 2017** 30
Sections 260 and 261 amend the Families Package (Income Tax and Benefits) Act 2017.

260 Section 2 amended (Commencement)

- (1) In section 2(4), delete “48, 50,”.
- (2) Repeal section 2(5).

261 Sections 48 to 51 and 57 repealed

Repeal sections 48 to 51 and 57. 5

Income Tax Act 2004

262 Income Tax Act 2004

Sections 263 and 264 amend the Income Tax Act 2004.

263 Section KD 2AB amended (Parental tax credit)

Replace section KD 2AB(1)(a) and (b) with: 10

- (a) a person or their spouse does not receive or have, for 1 or more days during the first 56 days after the date of the dependent child’s birth (in this subpart, the **entitlement period**), a specified payment or a suspended entitlement to an income tested benefit; and
- (b) a person or their spouse does not receive, at any time in the parental entitlement period, a parental leave payment under Part 7A of the Parental Leave and Employment Protection Act 1987. 15

264 Section KD 2AB amended (Parental tax credit)

Replace section KD 2AB(1)(a) and (b) with: 20

- (a) a person, their spouse, civil union partner, or de facto partner does not receive or have, for 1 or more days during the first 56 days after the date of the dependent child’s birth (in this subpart, the **entitlement period**), a specified payment or a suspended entitlement to an income tested benefit; and
- (b) a person, their spouse, civil union partner, or de facto partner does not receive, at any time in the parental entitlement period, a parental leave payment under Part 7A of the Parental Leave and Employment Protection Act 1987. 25

Other enactments

Accident Compensation Act 2001 30

265 Schedule 4 amended (Deductions on account of earner levies)

- (1) In the Accident Compensation Act 2001, schedule 4, clause 16,—
 - (a) replace “as it relates to income statements” with “as it relates to information provided or required to be provided on the person’s assessable income under **subpart 3B** of that Act”: 35

- (b) replace paragraph (a) with:
- (a) confirm that their pre-populated account for the tax year is correct and complete; and
- (ab) to the extent to which the amount not included in their pre-populated account for the tax year, provide information to the Commissioner in an adjusted account to include the amount of their earnings as an employee within the time required under **section 22F** of that Act; and 5
- (ac) for a person to whom **paragraph (a) or (ab)** does not apply, provide a return of income within the applicable time under that Act; and
- (2) In the Accident Compensation Act 2001, schedule 4, clause 19, replace “is not required to furnish a return of income or an income statement under the Tax Administration Act 1994 and does not in fact do so,” with “is an individual to whom **Part 3, subpart 3B** of the Tax Administration Act 1994 applies and who derives only reportable income for the corresponding income year.” 10
- (3) **Subsections (1) and (2)** apply for the 2018–19 and later income years. 15

Intelligence and Security Act 2017

266 Section 135 amended (Meaning of restricted information)

Replace section 135(a) of the Intelligence and Security Act 2017 with:

- (a) information that a revenue officer must keep confidential under **section 18(1)** of the Tax Administration Act 1994: 20

Financial Advisers Act 2008

267 Section 5 amended (Interpretation)

In section 5 of the Financial Advisers Act 2008, in the definition of **tax agent**, replace “Act 1994” with “Act 1994 and, for the purposes of this Act, includes a representative and nominated person as those terms are defined in section 3(1) of the Tax Administration Act 1994”. 25

Financial Service Providers (Registration and Dispute Resolution) Act 2008

268 Section 4 amended (Interpretation)

In section 4 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008, in the definition of **tax agent**, replace “Act 1994” with “Act 1994 and, for the purposes of this Act, includes a representative and nominated person as those terms are defined in section 3(1) of the Tax Administration Act 1994”. 30

Income Tax Act 1994

269 Section KD 2AB amended (Parental tax credit)

Replace section KD 2AB(1)(a) and (b) of the Income Tax Act 1994 with:

- (a) a person or their spouse does not receive or have, for 1 or more days during the first 56 days after the date of the dependent child’s birth (the **parental entitlement period**), a specified payment or a suspended entitlement to an income tested benefit; and 5
- (b) a person does not receive, at any time in the parental entitlement period, a parental leave payment under Part 7A of the Parental Leave and Employment Protection Act 1987. 10

Taxation Review Authorities Act 1994

270 Section 12 amended (Officers to maintain secrecy)

In section 12 of the Taxation Review Authorities Act 1994, replace “section 81” with “**section 18(1)**”.

Taxation Review Authorities Regulations 1998 15

271 Regulation 36 amended (Reports of decisions)

In regulation 36(5) of the Taxation Review Authorities Regulations 1998, replace “section 81” with “**section 18(1)**”.

Tax Administration (Binding Rulings) Regulations 1999

272 Tax Administration (Binding Rulings) Regulations 1999 20

Sections 273 to 276 amend the Tax Administration (Binding Rulings) Regulations 1999.

273 Regulation 2 amended (Interpretation)

In regulation 2 of the Tax Administration (Binding Rulings) Regulations 1991, insert, in appropriate alphabetical order: 25

short-process ruling means a ruling of the Commissioner under **section 91EK** of the Act

274 Regulation 3 amended (Fees)

After regulation 3(1A), insert:

- (1B) For a short-process ruling, an application fee and further fees are payable at rates that are lower than those set out in subclause (1)(a) and (b), as determined and published by the Commissioner. 30

275 Regulation 5 amended (Indication of time for issue of ruling in certain cases)

In regulation 5(1), replace “product ruling,” with “product ruling, a short-process ruling.”

276 Regulation 6 amended (Waiver of fees)

5

In regulation 6(2), replace “the day on which the Taxation (Annual Rates, Trans-Tasman Savings Portability, KiwiSaver, and Remedial Matters) Act 2010 receives the Royal assent” with “7 September 2010”.

Schedule 1
New schedules 7 and 8 inserted

s 102

Schedule 7
Disclosure rules

5

ss 18–18J

1 Parts A to D

This schedule contains the following parts:

- (a) **part A**: Disclosures for carrying into effect revenue laws:
- (b) **part B**: Disclosures to persons or their representatives:
- (c) **part C**: Disclosures to certain agencies for certain purposes:
- (d) **part D**: Disclosures for purposes of international arrangements.

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Part A

Disclosures for carrying into effect revenue laws

2 Disclosures for purpose of carrying into effect revenue laws

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Section 18 does not prevent the disclosure of revenue information—

- (a) for the purpose of carrying into effect a revenue law, or performing or supporting a function lawfully conferred on the Commissioner under a revenue law; and
- (b) to a person or entity specified in **clauses 3 to 13** about the matter described in the provision; and
- (c) subject to any conditions set out in the provision.

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3 Tax advisors or persons acting as tax agents

(1) Despite **section 18**, the Commissioner may supply information to an approved advisor group about an action or omission—

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- (a) by a person who is, or purports to be, a member of the approved advisor group; and
- (b) that the Commissioner considers to be a breach of a member’s responsibilities under sections 20 to 20G.

(2) Despite **section 18**, the Commissioner may supply information about a person to an association or group if—

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- (a) the person is, or purports to be, a member of the association or group as a person who is in a business of preparing tax returns for other people; and

	(b) the members of the association or group are subject to—	
	(i) a professional code of conduct; and	
	(ii) a disciplinary process that enforces compliance with the code of conduct; and	
	(c) the information—	5
	(i) is relevant to a decision of the Commissioner removing the person from the list of tax agents or refusing to list the person as a tax agent:	
	(ii) in the Commissioner’s opinion, is or would be relevant to a decision referred to in subparagraph (i) .	10
4	Misappropriation of money	
	Section 18 does not prevent the Commissioner communicating such information as is necessary for the purpose of any prosecution under any Act of the Parliament of New Zealand or under the law of any country or territory outside New Zealand, or such information as the Commissioner considers desirable for the purpose of any investigation into any suspected offence, being a prosecution or an investigation in relation to any misappropriation or attempted misappropriation by any person in respect of money payable by the department to another person or by any person in respect of money entrusted to that person by, or on behalf of, another person for payment to the department: provided that no communication under this clause shall be made in respect of any person to whom such money was payable, or by, or for, or on behalf of, whom any such money was entrusted, unless that person or that person’s legal personal representative, or, where that person is a company, the authorised officer of that company, consents to the communication.	15 20 25
5	Offences under Crimes Act 1961	
	Section 18 does not prevent the Commissioner divulging or communicating any matter or thing or producing in any court any document, that the Commissioner considers desirable for the purposes of any investigation into any suspected offence or prosecution under the Crimes Act 1961, where the investigation or prosecution is in relation to any tax imposed or payable or any refund made or claimed under the Goods and Services Tax Act 1985, and any such matter or thing shall be deemed to be divulged or communicated and any such document shall be deemed to be produced for the purpose of carrying into effect the Goods and Services Tax Act 1985.	30 35
6	Civil recovery action	
	Section 18 does not prevent communicating to any authorised person (as defined in section 98(1) of the Criminal Proceeds (Recovery) Act 2009) any information required for the purpose specified in subsection (2)(b) of that section.	40

7	Offences under revenue laws	
	Section 18 does not prevent the Commissioner divulging or communicating any matter or thing to the Director of the Serious Fraud Office, or producing in any court any document, that the Commissioner considers desirable for the purposes of any investigation or prosecution in relation to any suspected Inland Revenue offence, and any such matter or thing shall be deemed to be divulged or communicated, and any such document shall be deemed to be produced, for the purpose of carrying into effect the revenue laws or any other enactment imposing taxes or duties payable to the Crown.	5
8	Child support: arrival and departure information	10
	Section 18 does not prevent the Commissioner communicating to a person who is a member, employee, or agent, of the New Zealand Customs Service, information that—	
	(a) the person is authorised by the New Zealand Customs Service to receive; and	15
	(b) relates to a person who is liable to pay financial support under the Child Support Act 1991; and	
	(c) the Commissioner considers is not undesirable to disclose and is reasonably necessary for the purposes specified in sections 280K and 280L of the Customs and Excise Act 1996.	20
9	Student loans	
	Section 18 does not prevent the Commissioner—	
	(a) communicating to an authorised person under section 207 of the Student Loan Scheme Act 2011 any information specified in subsection (1) of that section in accordance with subsection (1) of that section:	25
	(b) communicating to the chief executive of the New Zealand Customs Service under section 208 of the Student Loan Scheme Act 2011 any information specified in subsection (2) of that section for the purpose set out in subsection (1) of that section:	
	(c) communicating to a contact person (within the meaning of section 193A of the Student Loan Scheme Act 2011), for the purposes of a request under that section, any information required to be communicated by that section:	30
	(d) communicating to a person referred to in section 209A(2) of the Student Loan Scheme Act 2011 any information specified in subsection (3) of that section for the purposes set out in subsection (1) of that section.	35
10	Data processing	
	Section 18 does not prevent the Commissioner communicating to any officer or employee or agent of any of the State Services any information in relation to	

	the processing of information, data, documents, or any other matter necessary for the effective administration of the Inland Revenue Acts (including all Acts at any time administered by or in the department) or any other function that may from time to time be lawfully conferred on the Commissioner.	
11	Services necessary for effective administration of revenue laws	5
	Section 18 does not prevent the Commissioner communicating to any person, or employee of that person, being a person engaged by the Commissioner for the performance of services necessary for the effective administration of the Inland Revenue Acts (including all Acts at any time administered by or in the department) or any other function that may from time to time be lawfully conferred on the Commissioner, such information as the Commissioner considers necessary for the performance of those services.	10
12	Residential land withholding tax	
	Section 18 does not prevent the Commissioner communicating to a relevant professional body appropriate details of a failure by 1 of its members to satisfy, as agent, a person’s liability to pay RLWT in accordance with the RLWT rules.	15
13	Publishing certain items	
	Section 18 does not prevent the Commissioner—	
	(a) publishing a product ruling issued under Part 5A:	
	(b) publishing a list of organisations that are approved organisations:	20
	(c) publishing the name of a company that has given the Commissioner a notice under section EX 33B(1)(b) or (2)(b) of the Income Tax Act 2004.	
Part B		
Disclosures to persons or their representatives		
14	Disclosures to persons or their representatives	25
	Section 18 does not prevent the disclosure of revenue information to a person specified in clauses 15 to 19 about the matter described in the provision, subject to any conditions set out in the provision.	
15	Persons in relation to whom information held and their representatives	
(1)	Section 18 does not prevent the Commissioner permitting a copy of, or details of and from, any document or information (including details of taxes and duties paid and payable), in the possession of, or obtained by, or on behalf of, the Commissioner for the purposes of any of the Inland Revenue Acts, including all Acts (whether or not repealed) at any time administered by or in the department, or for the purpose of any other function lawfully conferred on the Commissioner, to be given to the person from whom, or on behalf of whom, or in relation to whom such document or information is held or was obtained, or	30 35

to the legal personal representative of that person or to the agent of that person or of that legal personal representative authorised in a manner as the Commissioner prescribes in that behalf: provided that no information shall be given under this clause unless the Commissioner—

- (a) is satisfied that such information is readily available in the department; and 5
- (b) considers it reasonable and practicable to give that information.
- (2) In this clause, unless the context otherwise requires, **legal personal representative**, in relation to any person, means— 10
 - (a) the executor, original or by representation, or an administrator for the time being of a deceased person: 10
 - (b) any person who by order of court has been appointed as guardian or manager of the estate of any person:
 - (c) any other person who by order of court administers the estate of any person. 15

16 Third-party providers

Section 18 does not prevent the Commissioner communicating to—

- (a) a taxpayer whose return of income is being or has been prepared by another person as a tax agent of the taxpayer— 20
 - (i) whether the person is listed as a tax agent: 20
 - (ii) a decision of the Commissioner refusing to list the person as a tax agent or removing the person from the list of tax agents:
- (b) a person who is named under section RP 18 of the Income Tax Act 2007 by an intermediary as being connected with a deposit to a tax pooling account, the details of the deposit that are connected with the person in the Commissioner’s records: 25
- (c) a person when another person is acting on their behalf in relation to their tax affairs or social policy entitlements and obligations, or both, as either a representative or a nominated person— 30
 - (i) whether approval of the person’s status, or their continued status, as a representative is disallowed: 30
 - (ii) whether the person’s status as a nominated person is disallowed:
 - (iii) a decision of the Commissioner refusing to approve the person’s status or disallowing the person’s status:
- (d) an employer for whom a PAYE intermediary is acting, a revocation of approval under **section 124J**: 35
- (e) a person who uses the software provided by an approved AIM provider, a revocation of their approval under **section 124V**:

- (f) a person for whom an RWT proxy is acting, a breach of the requirements set out in **section 124ZB(2)**.

17 Software clients

Section 18 does not prevent the Commissioner communicating information relating to a person (the **software client**), who uses an accepted software package to communicate information to, and receive information from, the Commissioner,— 5

- (a) to a person, or an employee or agent of a person, who maintains the accepted software package for the software client; and
(b) as a consequence of communicating the information to the software client using the accepted software package. 10

18 Digital services providers

Section 18 does not prevent the Commissioner communicating information about a person (**person A**) to another person who is listed by the Commissioner in a publication chosen by the Commissioner as an accepted provider of digital services when person A uses the digital services to communicate with the Commissioner and the disclosure is a consequence of that communication. 15

19 Statistical and general information

Section 18 does not prevent the Commissioner communicating to a person information requested by the person if— 20

- (a) the information is statistical or other general information that is in the public interest to communicate; and
(b) the information does not reveal the identity of a taxpayer; and
(c) the Commissioner considers that it is reasonable to communicate the information with regard to the considerations described in **section 18D(2)(b)**. 25

Part C

Disclosures to certain agencies for certain purposes

Subpart 1—Disclosures to certain agencies

20 Disclosures to certain agencies and exchanges of information 30

Section 18 does not prevent the disclosure of revenue information to a person or entity specified in **clauses 21 to 40** about the matter described in the provision, subject to any conditions set out in the provision.

21	Statistics New Zealand	
	Section 18 does not prevent the Commissioner communicating to any officer, being an employee of Statistics New Zealand, any information, being information that—	
	(a) the officer is authorised by that department to receive; and	5
	(b) the disclosure of which is made for the purposes of the Statistics Act 1975; and	
	(c) the Commissioner considers is not undesirable to disclose.	
22	The Treasury	
(1)	Section 18 does not prevent the Commissioner communicating to any officer, being an employee of the Treasury (as defined in section 2 of the Public Finance Act 1989), any information, being information that—	10
	(a) the officer is authorised by the Secretary (as defined in section 2 of that Act) to receive; and	
	(b) the Commissioner considers is not undesirable to disclose and is essential to enable that officer to carry out any duty lawfully conferred on that officer relating to the preparation of taxation revenue forecasts.	15
(2)	Section 18 does not prevent the Commissioner communicating to any officer, being an employee of the Treasury (as defined in section 2 of the Public Finance Act 1989), any information communicated to that person for the purposes of section LH 15 of the Income Tax Act 2007.	20
23	Intelligence and security agencies	
	Section 18 does not prevent the Commissioner allowing the Director-General of an intelligence and security agency (as defined in section 4 of the Intelligence and Security Act 2017), or an employee of that intelligence and security agency authorised by the Director-General for that purpose, access to information specified in a permission given under section 137 or 138 of that Act.	25
24	Government agencies: AML/CFT purposes	
	Section 18 does not prevent the Commissioner disclosing to a government agency or an AML/CFT supervisor (as defined in section 5 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009) information supplied or obtained under an enactment referred to in section 140(2)(k), (l), and (v) of that Act that is necessary or desirable for the purpose of ensuring compliance with AML/CFT legislation.	30
25	New Zealand Customs Service: value of imported goods	35
	Section 18 does not prevent the Commissioner disclosing to the chief executive of the New Zealand Customs Service information for the purpose of assessing the suitability of an arrangement relating to the use of provisional	

	values under the Customs and Excise Act 2018, including the determination of an application to use provisional values.	
26	Business, Innovation, and Employment: New Zealand business number	
(1)	Section 18 does not prevent the Commissioner communicating to a person who is an authorised officer of the department for the time being responsible for the New Zealand Business Number Act 2016 any information that—	5
	(a) is primary business data (as defined in section 20(2) of that Act) for inclusion in the New Zealand Business Number Register; or	
	(b) is communicated for the purposes of subclauses (2) and (3) .	
(2)	This clause authorises the exchange of information between the Inland Revenue Department and the department for the time being responsible for the administration of the New Zealand Business Number Act 2016 to ensure that the correct primary business data (as defined in section 20(2) of that Act) for businesses and New Zealand Business Numbers is provided for inclusion in the New Zealand Business Number Register.	10 15
(3)	For the purposes of subclause (2) , the Commissioner may supply an authorised officer of the department for the time being responsible for the administration of the New Zealand Business Number Act 2016 information concerning primary business data to verify the correctness of the information to be included in the New Zealand Business Number Register.	20
(4)	In this clause, authorised officer , in relation to the responsible department, means any officer, employee, or agent of that department who is authorised by the chief executive of that department to receive information supplied by the Commissioner under this clause.	
27	Agencies for workplace safety	25
	Section 18 does not prevent the Commissioner communicating to a person who is an officer or employee of the Ministry of Business, Innovation, and Employment, WorkSafe New Zealand, or an agency designated under section 191 of the Health and Safety at Work Act 2015, information that—	
	(a) the person is authorised by the Ministry, WorkSafe New Zealand, or agency, as applicable, to receive under workplace legislation; and	30
	(b) the Commissioner considers is not undesirable to disclose and is reasonably necessary to enable the person to carry out a function, duty, or power conferred on the person under or in relation to workplace legislation.	35
28	Agencies for charities regulation	
	Section 18 does not prevent the Commissioner communicating to any person, being a member, an employee, or an agent of the Board established by section	

8 of the Charities Act 2005 or the chief executive defined in section 4(1) of that Act, any information, being information that—

- (a) the person is authorised by that Board or chief executive to receive; and
- (b) the Commissioner considers is not undesirable to disclose and is reasonably necessary to enable that person to carry out any duty lawfully conferred on that person relating to the exercise of the powers of that Board or chief executive or the performance of their functions and duties under that Act.

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29 Agencies for foreign trusts regulation

Section 18 does not prevent the Commissioner communicating to a person who is a member of the New Zealand Police or an officer, employee, or agent of the Department of Internal Affairs any information relating to a registration, or absence of registration, for a foreign trust that the person is authorised by the Commissioner of Police or the chief executive of the Department of Internal Affairs to receive.

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30 Government agencies: voice recognition analysis

Section 18 does not prevent the Commissioner communicating, to a person (the **officer**) who is an officer or employee of a public sector agency, as defined in the Privacy Act 1993, information if—

- (a) the officer is authorised by the public sector agency to receive the information; and
- (b) the information relates to a record of the voice of a person (the **client**), used by the Commissioner to verify the identity of the client, or relates to an analysis of the record; and
- (c) the information is obtained, held, and communicated by the Commissioner for a purpose relating to verifying the identity of the client; and
- (d) the public sector agency is authorised by the client to receive the information; and
- (e) the Minister of Revenue has been notified by the Commissioner that such information will be communicated to the public sector agency.

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31 Financial Markets Authority: KiwiSaver information

Section 18 does not prevent the Commissioner communicating to the Financial Markets Authority the following information, provided that the Commissioner considers it not undesirable to disclose the information and the information is reasonably necessary to enable the FMA to perform its duties or functions or exercise its powers—

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- (a) individual or aggregate information relating to a member of a KiwiSaver scheme or a complying superannuation fund (as those terms are defined in section 6(1) of the Financial Markets Conduct Act 2013):

	(b) individual or aggregate information relating to a KiwiSaver scheme or a complying superannuation fund:	
	(c) information arising from the performance of the Commissioner’s duties or functions, or the exercise of the Commissioner’s powers, in relation to the KiwiSaver Act 2006 or a provision of an Inland Revenue Act that is relevant to the KiwiSaver Act 2006.	5
32	Land Information New Zealand	
	Section 18 does not prevent the Commissioner communicating to the chief executive, or an authorised employee, of Land Information New Zealand under section 156J of the Land Transfer Act 1952 any information specified in subsection (1) of that section for the purpose set out in that subsection.	10
33	Registrars of courts	
	Section 18 does not prevent the Commissioner communicating to any Registrar, in accordance with section 104A of the Summary Proceedings Act 1957, any information required under subsection (1) of that section.	15
34	Credit reporting agencies	
(1)	Section 18 does not prevent the Commissioner communicating information relating to a taxpayer and reportable unpaid tax to an approved credit reporting agency.	
(2)	The purpose of this clause is to facilitate the exchange between the Commissioner and approved credit reporting agencies of information relating to a taxpayer’s reportable unpaid tax.	20
(3)	Subclauses (5), (6), and (7) apply when—	
	(a) a taxpayer has an amount of reportable unpaid tax; and	
	(b) the Commissioner has formally notified the taxpayer that—	25
	(i) the taxpayer has reportable unpaid tax; and	
	(ii) the Commissioner may give an approved credit reporting agency information in relation to the taxpayer and any amount of reportable unpaid tax under this clause; and	
(c)	the Commissioner has made reasonable efforts to recover reportable unpaid tax from the taxpayer before the day on which the taxpayer is formally notified under paragraph (b) ; and	30
(d)	30 days after the formal notification under paragraph (b) ,—	
	(i) the taxpayer has an amount of reportable unpaid tax that is greater than the amount prescribed, from time to time, by the Governor-General by Order in Council:	35
	(ii) the taxpayer has an amount of reportable unpaid tax that has been unpaid for a year, and, in the Commissioner’s judgement, the pro-	

- portion of the unpaid amount to the taxpayer's assessable income for that year is 30% or more.
- (4) **Subclauses (5), (6), and (7)** also apply when—
- (a) a taxpayer has an amount of reportable unpaid tax; and
 - (b) the Commissioner has formally notified the taxpayer that—
 - (i) the taxpayer has reportable unpaid tax; and
 - (ii) the Commissioner may give an approved credit reporting agency information in relation to the taxpayer and any amount of reportable unpaid tax under this clause; and
 - (c) the Commissioner has formally notified the taxpayer under **subclause (3)(b)** twice in the year before the notice in **paragraph (b)** of this subclause, but did not communicate information relating to the taxpayer under **subclause (5) or (6)** in the year, because the taxpayer partially paid the total relevant amount of reportable unpaid tax; and
 - (d) the Commissioner has made reasonable efforts to recover an amount of reportable unpaid tax from the taxpayer before the day on which the taxpayer is formally notified under **paragraph (b)** of this subclause.
- (5) The Commissioner may communicate to an approved credit reporting agency information relating to the taxpayer and any amount of reportable unpaid tax for the purposes of—
- (a) enabling the approved credit reporting agency to include information in the taxpayer's credit report; and
 - (b) evidencing and maintaining the accuracy of the credit report in relation to the information.
- (6) The Commissioner may also communicate to an approved credit reporting agency information for the purposes described in **subclause (5)** if—
- (a) the information relates to the taxpayer and any amount that would be reportable unpaid tax if it was not subject to an instalment arrangement requested by the taxpayer and entered into by the Commissioner (the **instalment arrangement**); and
 - (b) the instalment arrangement was entered into by the Commissioner after the Commissioner has communicated to an approved credit reporting agency information relating to the taxpayer under **subclause (5)**.
- (7) The Commissioner may not communicate to an approved credit reporting agency until the Commissioner has finished considering an application under section 177 or 183H, if the application was made in the 30 days after the day on which the taxpayer is formally notified under **subclause (3)(b) or (4)(b)**.
- (8) The Commissioner must publish annually, in a publication chosen by the Commissioner, the following:

- (a) the number of taxpayers that the Commissioner has formally notified under this clause in the previous tax year; and
- (b) the number of taxpayers that the Commissioner has communicated information in relation to, under **subclause (5) or (6)**, in the previous tax year; and 5
- (c) the number of taxpayers that the Commissioner has formally notified and communicated information in relation to, under **subclause (5) or (6)**, but who paid the total relevant amount of reportable unpaid tax in the previous tax year; and
- (d) any other matter relating to the Commissioner’s use of this clause that the Commissioner decides it is appropriate to publish, including revoking an approval under **subclause (9)**. 10
- (9) The Commissioner may approve, or revoke the approval of, an organisation described in **subclause (10)(a)**, if the approval or revocation positively affects the integrity of the tax system. 15
- (10) For the purposes of this clause, **approved credit reporting agency** means an organisation that—
- (a) carries on a business of reporting to other organisations, for payment, information relevant to the assessment of a person’s creditworthiness; and
- (b) is approved by the Commissioner under **subclause (9)**; and 20
- (c) the Commissioner has published the name of, in a publication chosen by the Commissioner.
- (11) For the purposes of this clause, **credit report** means credit information about a person that is disclosed by an approved credit reporting agency.
- (12) For the purposes of this clause, **reportable unpaid tax**— 25
- (a) means, for a taxpayer, unpaid tax—
- (i) that results from liability for or excess refunds of income tax, excluding refunds under section MF 5 or MF 6 of the Income Tax Act 2007, or is otherwise the overpayment or over-crediting of WFF tax credits; and 30
- (ii) that results from liability for or refunds of GST, amounts required to be deducted under the PAYE rules, amounts required to be deducted under the Student Loan Scheme Act 2011, amounts required to be deducted under the Child Support Act 1991, ESCT, RSCT, or any tax credits under Part L of the Income Tax Act 2007 excluding tax credits under section LB 4 of that Act; and 35
- (iii) that is not subject to a dispute or challenge under Part 4A or 8A of this Act; and
- (iv) that is not subject to an instalment arrangement requested by the taxpayer and entered into by the Commissioner; and 40

- (b) includes, for a taxpayer, unpaid interest under Part 7 and unpaid civil penalties, to the extent to which they relate to an amount of reportable unpaid tax described in **paragraph (a)**.

35 Agencies for gambling levy

Section 18 does not prevent the Commissioner communicating to a person who is an employee of the Department of Internal Affairs or the Ministry of Health information that—

- (a) the person is authorised by the department or Ministry to receive; and
- (b) the Commissioner considers is not undesirable to disclose and is essential to enable the person to carry out any duty lawfully conferred on the person relating to the determination of the problem gambling levy rate.

36 NZ Film Commission: government screen production payments

(1) **Section 18** does not prevent the Commissioner communicating information to a person who is an officer, employee, or agent of the New Zealand Film Commission responsible for the administration of a scheme under which government screen production payments are made and who is authorised to receive the information by the chief executive of the New Zealand Film Commission.

(2) The purpose of this clause is to facilitate the exchange of information between the Commissioner and the Commission for the purpose of providing to the Commission information which the chief executive considers necessary to enable the Commission to determine the entitlement of a company to a government screen production payment.

(3) For the purposes of **subclause (2)**, on request from the chief executive, the Commissioner may, at any time, provide to any authorised officer of the Commission all of the following information that is held by the department:

- (a) particulars relating to the amount of expenditure incurred in relation to a project that is the subject of an application for a government screen production payment;
- (b) particulars relating to the amount of expenditure incurred in New Zealand in relation to a project that is the subject of an application for a government screen production payment;
- (c) the Commissioner’s opinion as to the accuracy of any information provided by an applicant in relation to the application for a government screen production payment.

(4) In this clause—

chief executive means the person appointed under section 13(1) of the New Zealand Film Commission Act 1978

Commission means the New Zealand Film Commission established by section 3 of the New Zealand Film Commission Act 1978

	company means a company to which the definition of government screen production payment in section YA 1 of the Income Tax Act 2007 refers.	
(5)	If any of the information specified in subclause (3) is not held by the department, the Commissioner may use any of the Commissioner’s powers that are contained in Part 3, subpart 3A to obtain information.	5
37	Registrar of Companies: offences under Companies Act 1993	
(1)	Section 18 does not prevent the Commissioner communicating information relating to some offences under the Companies Act 1993 to the Registrar of Companies.	
(2)	The purpose of this clause is to facilitate the exchange between the Commissioner and the Registrar of Companies (the Registrar) of information for the purpose of preventing, detecting, investigating, or providing evidence of, some offences under the Companies Act 1993 that have been, are being, or will be committed.	10
(3)	The Commissioner may communicate the information only if—	15
	(a) the Commissioner or the Registrar reasonably suspects that—	
	(i) an offence under section 138A(1), 377, 382(4), 383(6), 385(9), 385AA(9), or 386A(2) of the Companies Act 1993 has been, is being, or will be committed; and	
	(ii) the information is relevant for the purposes of preventing, detecting, investigating, or providing evidence of, the offence; and	20
	(b) the Commissioner is satisfied that the information is readily available, that it is reasonable and practicable to communicate the information, and that communication of the information is in the public interest.	
38	KiwiSaver providers: KiwiSaver details	25
	Section 18 does not prevent the Commissioner communicating to a person’s fund provider under section 220B of the KiwiSaver Act 2006 any information specified in that section for the purposes set out in the section.	
39	Agencies for research and development	
(1)	Section 18 does not prevent the Commissioner communicating to an officer, employee, or agent of Callaghan Innovation, information for the purpose of administering subpart MX of the Income Tax Act 2007.	30
(2)	Section 18 does not prevent the Commissioner communicating to an officer, employee, or agent of the department that is, with the authority of the Prime Minister, for the time being responsible for the administration of the Research, Science, and Technology Act 2010, information for the purpose of administering subpart MX of the Income Tax Act 2007.	35

40	Agencies for Australian wine producer rebate	
(1)	The purpose of this clause is to facilitate the exchange of information between the Commissioner and the Australian Taxation Office and the New Zealand Customs Service for the purpose of administering the entitlements of New Zealand resident wine producers to Australian wine producer rebates.	5
(2)	Section 18 does not prevent the Commissioner providing all information referred to in subclause (3) to a person who is—	
	(a) an officer, employee, or agent of the Australian Taxation Office or the New Zealand Customs Service; and	
	(b) authorised to receive the information by the chief executive officer of the Australian Taxation Office or the New Zealand Customs Service.	10
(3)	The information that may be provided under subclause (2) is all information relevant to—	
	(a) the claim by a New Zealand resident wine producer for payment of an Australian wine producer rebate in respect of wine produced in New Zealand that is sold in Australia:	15
	(b) the approval or verification of the entitlement of a New Zealand resident wine producer to a payment of an Australian wine producer rebate.	
	Subpart 2—Disclosures in information-matching provisions	
41	Disclosures in exchanges of information	20
	Section 18 does not prevent the Commissioner from disclosing revenue information to a person or entity specified in clauses 42 to 47 about the matter described in the provision in an exchange of information, subject to any conditions set out in the provision.	
42	Accident Compensation Corporation: earnings-related payments	25
(1)	Section 18 does not prevent the Commissioner communicating to any person, being an officer, employee, or agent of the Accident Compensation Corporation or of the Ministry of Justice, any information, being information that—	
	(a) the person is authorised by the Managing Director or chief executive of the Accident Compensation Corporation or the chief executive of the Ministry of Justice to receive; and	30
	(b) is communicated to that person for the purposes of subclauses (2) to (9) .	
(2)	The purpose of this clause is to facilitate the exchange of information between the Inland Revenue Department and the Corporation for the purposes of verifying—	35
	(a) the entitlement or eligibility of any person to or for any earnings-related compensation; or	

- (b) the amount of any earnings-related compensation to which any person is or was entitled or for which any person is or was eligible; or
- (c) whether any premium or levy is payable or the amount of any premium or levy payable by any person.
- (3) For the purpose of this clause, any officer or employee or agent of the Corporation authorised in that behalf by the Managing Director or chief executive of the Corporation may from time to time supply to the Commissioner any beneficiary information held by the Corporation. 5
- (4) Where, in relation to any person, beneficiary information is supplied to the Commissioner under **subclause (3)**, the Commissioner may cause a comparison of that information to be made with any information held by the department and which relates to that person. 10
- (5) Where the result of any comparison carried out under **subclause (4)** indicates that any person who is receiving, or has received, earnings-related compensation is or was, while receiving that compensation, receiving income from employment (including self-employment) the Commissioner may take action under **subclause (6)**. 15
- (6) Where, in relation to any person, the circumstances referred to in **subclause (5)** apply, the Commissioner may, for the purpose of this clause, supply to any authorised officer of the Corporation, all or any of the following information that is held by the department and that relates to the person: 20
- (a) where the person is, or was, in employment while receiving any earnings-related compensation,—
- (i) the date or dates on which that employment commenced:
- (ii) where applicable, the date or dates on which that employment ceased: 25
- (iii) the name and business address of each employer so employing that person:
- (b) where the person is, or was, receiving any residual income during any period in which they are receiving, or have received, any earnings-related compensation, in circumstances where that residual income may be taken into account in determining the person’s entitlement to or eligibility for that compensation, or in determining the amount of that compensation, the amount of that residual income so received during that period. 30
- (7) Where the result of any comparison carried out under **subclause (4)** indicates that any person who is an applicant for earnings-related compensation is receiving any income from any source, and that income may be taken into account in determining the person’s entitlement to or eligibility for that compensation, or in determining the amount of that compensation, the Commissioner may, for the purpose of this clause, supply details of that income to any authorised officer of the Corporation. 40

- (8) The provisions of this clause shall apply notwithstanding any other provision of this Act.
- (9) In this clause, unless the context otherwise requires,—
- authorised officer** means any officer, employee, or agent of the Corporation who is authorised by the Managing Director or chief executive of the Corporation to receive information supplied by the Commissioner under this clause 5
- beneficiary** means—
- (a) a person who is receiving, or has received, earnings-related compensation: 10
- (b) an applicant for earnings-related compensation 10
- beneficiary information**, in relation to a beneficiary, means information that—
- (a) identifies the beneficiary, which may include the beneficiary’s tax file number; and
- (b) identifies any earnings-related compensation that the beneficiary is receiving, or has received, or for which the beneficiary has applied, including, in the case of any earnings-related compensation that the beneficiary is receiving or has received, the dates on which payment of the compensation commenced, and, where applicable, the date on which that payment ceased 15
- Corporation** means the Accident Compensation Corporation or the Accident Rehabilitation and Compensation Insurance Corporation 20
- earnings-related compensation** means—
- (a) compensation payable under the Accident Compensation Act 1982:
- (b) any compensation for loss of earnings payable under sections 38, 39, and 43 of the Accident Rehabilitation and Compensation Insurance Act 1992, and any vocational rehabilitation allowance payable under section 25 of that Act, and any compensation for loss of potential earning capacity payable under section 45 or 46 of that Act, and any weekly compensation payable under section 58, 59, or 60 of that Act, and any payments continued to be paid under section 137, 138, or 145 of that Act (excluding any payments continued under section 143 of that Act in relation to section 68 of the Accident Compensation Act 1982): 25 30
- (c) any weekly compensation payable under the Accident Insurance Act 1998 or the Accident Compensation Act 2001.
- 43 Accident Compensation Corporation: levies** 35
- (1) The purpose of this clause is to facilitate the exchange of information between the Inland Revenue Department and the Accident Compensation Corporation for the purpose of establishing an information matching programme to enable the Corporation to assess levies for employers, self-employed persons, private

<p>domestic workers, and shareholder-employees in accordance with the Accident Compensation Act 2001.</p> <p>(2) For the purposes of subclause (1), for the year commencing on 1 April 2002 and every subsequent year, on application by the chief executive of the Corporation, section 18 does not prevent the Commissioner supplying to any authorised officer of the Corporation all of the following information that is held by the department:</p> <p style="padding-left: 2em;">(a) the names, addresses, and ACC file numbers for employers, self-employed persons, private domestic workers, and shareholder-employees:</p> <p style="padding-left: 2em;">(b) the time at which an employer or a private domestic worker became or ceased to become an employer or a private domestic worker:</p> <p style="padding-left: 2em;">(c) the time at which a self-employed person commenced or ceased business:</p> <p style="padding-left: 2em;">(d) the total amount paid in any year by an employer or a private domestic worker as earnings as an employee:</p> <p style="padding-left: 2em;">(e) in the case of a self-employed person, the earnings as a self-employed person:</p> <p style="padding-left: 2em;">(f) in the case of a shareholder-employee, the earnings as a shareholder-employee:</p> <p style="padding-left: 2em;">(g) whether an employer, self-employed person, private domestic worker, or shareholder-employee has a tax agent and, if so, the tax agent’s name and contact details:</p> <p style="padding-left: 2em;">(h) in the case of an employer, self-employed person, private domestic worker, or shareholder-employee who is an individual, whether the individual is deceased and, if so,—</p> <p style="padding-left: 4em;">(i) the individual’s date of death; and</p> <p style="padding-left: 4em;">(ii) the name and contact details of the administrator or executor of the individual’s estate.</p> <p>(3) In this clause,—</p> <p>earnings as a self-employed person has the meaning given to it by section 6 of the Accident Compensation Act 2001</p> <p>earnings as a shareholder-employee has the meaning given to it by section 15 of the Accident Compensation Act 2001</p> <p>earnings as an employee, employer, private domestic worker, and self-employed person have the meanings given to them by section 6 of the Accident Compensation Act 2001.</p>	<p></p> <p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p>
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44 Justice: fines defaulters

- (1) **Section 18** does not prevent the Commissioner communicating to any person, being an officer, employee, or agent of the Accident Compensation Corporation or of the Ministry of Justice, any information, being information that—
- (a) the person is authorised by the Managing Director or chief executive of the Accident Compensation Corporation or the chief executive of the Ministry of Justice to receive; and
- (b) is communicated to that person for the purposes of **subclauses (2) to (8)**.
- (2) The purpose of this clause is to facilitate the exchange of information between the Inland Revenue Department and the Ministry of Justice for the purpose of establishing an information matching programme to enable the Ministry of Justice to locate any fines defaulter.
- (3) For the purpose of this clause, any authorised officer of the Ministry of Justice may from time to time supply to the Commissioner any fines defaulter information held by that Ministry.
- (4) If, in relation to any fines defaulter, information is supplied by any authorised officer of the Ministry of Justice to the Commissioner, the Commissioner may compare that information with any information held by the Commissioner that relates to the fines defaulter.
- (5) If the Commissioner has information relating to the fines defaulter, the Commissioner may supply to an authorised officer of the Ministry of Justice all or any of the following information that is held by the Commissioner in relation to the fines defaulter:
- (a) the last known address of the fines defaulter; and
- (b) the last known telephone number of the fines defaulter; and
- (c) the name of the last known employer of the fines defaulter; and
- (d) the address of the last known employer of the fines defaulter; and
- (e) the telephone number of the last known employer of the fines defaulter.
- (6) For each item of information to be supplied under **subclause (5)**, the Commissioner must include the date when the information was most recently updated.
- (7) The provisions of this clause apply despite any other provision of this Act.
- (8) In this clause, unless the context otherwise requires,—
- authorised officer**, in relation to the Ministry of Justice, means any officer, employee, or agent of that Ministry who is authorised by the chief executive to supply information to or receive information from the Commissioner under this clause
- chief executive** means the chief executive of the Ministry of Justice

	finer defaulter means any person who is in default in the payment of—	
	(a) a fine within the meaning of section 79 of the Summary Proceedings Act 1957:	
	(b) a fine to which section 19 of the Crimes Act 1961 applies:	
	(c) a fine to which section 43 or 45 of the Misuse of Drugs Amendment Act 1978 applies:	5
	(d) any amount payable under section 138A(1) of the Sentencing Act 2002	
	finer defaulter information —	
	(a) means information that identifies a finer defaulter; and	
	(b) includes—	10
	(i) the name, address, and telephone number of the finer defaulter; and	
	(ii) the name, address, and telephone number of the employer of the finer defaulter.	
45	Justice and Police: child support exemptions	15
(1)	Section 18 does not prevent the Commissioner communicating to any person, being an officer, employee, or agent of the Ministry of Justice or the New Zealand Police of, any information, being information that—	
	(a) the person is authorised by the chief executive of the Ministry of Justice or the Commissioner of Police to receive; and	20
	(b) is communicated to that person for the purposes of subclauses (2) to (8) .	
(2)	The purpose of this clause is to facilitate the exchange of information between the Inland Revenue Department and the New Zealand Police and between the Inland Revenue Department and the Ministry for the purpose of determining whether a person is eligible for an exemption under Part 5A, subpart 4 of the Child Support Act 1991.	25
(3)	For the purposes of this clause,—	
	(a) the Commissioner of Police, or any authorised officer of the Police, must, within 10 working days of a request by the Commissioner, provide the Commissioner with the information specified in subclause (4) that is requested by the Commissioner in connection with the exercise or performance of any of the Commissioner’s duties, powers, or functions under Part 5A, subpart 4 of the Child Support Act 1991; and	30
	(b) the chief executive of the Ministry, or any authorised officer of the Ministry, must, within 10 working days of a request by the Commissioner, provide the Commissioner with the information specified in subclause (4) that is requested by the Commissioner in connection with the exer-	35

	<p>ercise or performance of any of the Commissioner’s duties, powers, or functions under Part 5A, subpart 4 of the Child Support Act 1991.</p>	
(4)	<p>For the purposes of subclause (3), the information that may be provided is—</p> <p>(a) whether a particular person—</p> <p>(i) has been convicted of a sex offence; or</p> <p>(ii) has been proved to have committed a sex offence before the Youth Court; and</p> <p>(b) details of that offence, including the type of offence and the date, or approximate date, when that offence was committed; and</p> <p>(c) whether a particular person is the victim of that offence; and</p> <p>(d) whether a conviction for that offence has been quashed; and</p> <p>(e) whether a finding of the Youth Court that a sex offence has been committed has been reversed or set aside; and</p> <p>(f) whether any court has ordered a new trial in relation to the matter; and</p> <p>(g) any other particulars that the Commissioner considers relevant to the purpose of this clause.</p>	5
(5)	<p>The information specified in subclause (4) must be provided to the best of the knowledge and belief of the person who provides the information if the person does not have certain knowledge of the relevant matters.</p>	
(6)	<p>In this clause, unless the context otherwise requires,—</p> <p>authorised officer of the Ministry means an officer of the Ministry who is authorised by the chief executive of the Ministry to provide information under this clause</p> <p>authorised officer of the Police means a Police employee who is authorised by the Commissioner of Police to provide information under this clause</p> <p>Ministry means the Ministry of Justice</p> <p>sex offence means an offence under any of sections 127 to 144C of the Crimes Act 1961</p> <p>victim means the person against whom an offence is committed by another person.</p>	20
(7)	<p>If information is supplied to the Commissioner under this clause, the Commissioner may use the information in connection with the exercise or performance of any of the Commissioner’s duties, powers, or functions under Part 5A, subpart 4 of the Child Support Act 1991.</p>	25
(8)	<p>This clause applies despite any other provision of this Act.</p>	30
46	<p>Social Development: social security agreements</p>	
(1)	<p>The purpose of this clause is to facilitate the exchange of information between the Inland Revenue Department and the department for the time being respon-</p>	35

- sible for the administration of the Social Security Act 1964 for the purpose of giving assistance to the Government of a country with which New Zealand has a social security agreement.
- (2) For the purpose of this clause, any authorised officer of the department for the time being responsible for the administration of the Social Security Act 1964 may from time to time supply to the Commissioner any personal information supplied to that department by the Government of that country. 5
- (3) Where, in relation to any person, personal information is supplied in accordance with **subclause (2)** to the Commissioner, the Commissioner may compare that information with any information held by the Commissioner which relates to the person. 10
- (4) For the purpose of this clause, where the Commissioner has information relating to the person, the Commissioner may supply to an authorised officer—
- (a) any of the following information held by the Commissioner if that information is of a type specified in the agreement made under section 19C(1)(d) of the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990: 15
- (i) the street address of the person; and
- (ii) the name and street address of the last known employer of the person; and 20
- (iii) where the result of a comparison carried out under **subclause (3)** indicates that the person is receiving, or has, during the previous tax year, received, any income from any source, the details of that income; and
- (iv) where the Commissioner knows the names and dates of birth of any dependent children of the person, those names and dates; and 25
- (b) any other information held by the Commissioner that is of a type specified in the agreement made under section 19C(1)(d) of the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990. 30
- (5) Where the Commissioner has supplied information under **subclause (4)** to an authorised officer of the department for the time being responsible for the administration of the Social Security Act 1964, the department may supply that information to the competent institution of the Government of the other country in accordance with the mutual assistance provision of the social security agreement. 35
- (6) The provisions of this clause apply despite any other provision of this Act.
- (7) In this clause, unless the context otherwise requires,—
- authorised officer** means any officer, employee, or agent of the department for the time being responsible for the administration of the Social Security Act 40

	1964 who is authorised by the chief executive of that department to supply information or receive information from the Commissioner under this clause	
	personal information means information that identifies an individual, which may include the individual’s tax file number	
	social security agreement means an agreement or convention or alteration to an agreement or convention—	5
	(a) in respect of which an Order in Council has been made under section 19 of the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990; and	
	(b) that contains a mutual assistance provision of a kind referred to in section 19A(2)(b) of that Act.	10
(8)	Where information is supplied to the Commissioner under this clause, the Commissioner—	
	(a) may use that information for any of the following purposes:	
	(i) the purposes set out in subclauses (3) and (4) :	15
	(ii) making an assessment of the amount of tax due by any person:	
	(iii) detecting tax fraud or tax evasion:	
	(b) may not supply that information to any other country without the prior notified consent of the chief executive of the department for the time being responsible for the administration of the Social Security Act 1964 and subject to such conditions as that chief executive sets.	20
47	Business, Innovation, and Employment: parental leave payments	
(1)	Section 18 does not prevent the Commissioner communicating information to a person who is an officer, employee, or agent of the department for the time being responsible for the administration of the Parental Leave and Employment Protection Act 1987 and who is authorised to receive the information by the chief executive of that department.	25
(2)	The purpose of this clause is to facilitate the exchange of information between the Commissioner and the responsible department for the purposes of providing to the responsible department, applicant information that the Commissioner considers necessary to enable the responsible department to—	30
	(a) verify an entitlement to parental leave payments or preterm baby payments:	
	(b) investigate possible overpayment of parental leave payments or preterm baby payments.	35
(3)	For the purpose of subclause (1) , an employee or agent of the responsible department who is authorised to do so by the chief executive of the responsible department may from time to time supply to the Commissioner information	

- that is held by the responsible department in relation to an applicant, or the spouse of an applicant, for a parental leave payment or preterm baby payment.
- (4) For the purpose of **subclause (1)**, the Commissioner may compare applicant information contained in an application for payment of paid parental leave or for preterm baby payments made under section 71I of the Parental Leave and Employment Protection Act 1987, or compare applicant information supplied under **subclause (2)**, and information held by the Commissioner that relates to the applicant. 5
- (5) Where the Commissioner has made a comparison under **subclause (4)**, the Commissioner may communicate applicant information to the chief executive of the responsible department if the Commissioner considers the communication to be necessary for the purposes set out in **subclause (1)**. 10
- (6) In this clause,—
- applicant** means a person who has made an application for a parental leave payment or preterm baby payment under section 71I of the Parental Leave and Employment Protection Act 1987 15
- applicant information**, for an applicant, means—
- (a) information that relates to the circumstances of the applicant that are relevant to the eligibility of the applicant for parental leave payments or preterm baby payments under Part 7A of the Parental Leave and Employment Protection Act 1987: 20
- (b) the applicant’s name and tax file number:
- (c) the name and tax file number of the applicant’s employer
- parental leave** has the meaning in section 2 of the Parental Leave and Employment Protection Act 1987 25
- responsible department** means the department for the time being responsible for the administration of the Parental Leave and Employment Protection Act 1987.
- (7) For the purpose of section 71G(1) of the Parental Leave and Employment Protection Act 1987, if the Commissioner as a delegate under section 71ZA of that Act receives an application for parental leave payments or preterm baby payments in relation to a child, the Commissioner may— 30
- (a) compare applicant information and information held by the Commissioner:
- (b) refuse the application for payment of parental leave or for preterm baby payments if a comparison under **paragraph (a)** indicates that the employee or his or her spouse has received a payment of parental tax credit in respect of the child. 35

- (8) The Commissioner may treat information obtained while acting as a delegate of the responsible department under section 71ZA of that Act as information obtained for the purposes of administering the Inland Revenue Acts.
- (9) The Commissioner may refuse or recover a parental tax credit under section MD 11 of the Income Tax Act 2007 in respect of a child if a parental leave payment or preterm baby payment under Part 7A of the Parental Leave and Employment Protection Act 1987 is to be paid or has been paid to the applicant in respect of the child. 5

Part D

Disclosures for purposes of international arrangements 10

48 Disclosures for purposes of international arrangements

Section 18 does not prevent the Commissioner from disclosing revenue information to a person or entity specified in **clauses 49 and 50** about the matter described in the provision for the purposes of international arrangements, subject to any conditions set out in the provision. 15

49 Reciprocal laws or arrangements

Section 18 does not prevent the Commissioner communicating any information to any authorised officer of the Government of any country or territory outside New Zealand where the application of a provision of any of the Inland Revenue Acts affecting the incidence of tax or duty is expressed to be conditional on the existence of a reciprocal law or concession in any such country or territory, or where under a provision in any of the Inland Revenue Acts a reciprocal arrangement has been made with the Government of any such country or territory affecting the incidence of tax or duty: provided that any such communication shall be limited to such information as is necessary to enable that Government to give effect to the reciprocal law or concession or to the reciprocal arrangement. 20 25

50 Arrangements for relief of double taxation

Section 18 does not prevent the Commissioner disclosing such information as is required to be disclosed under a double tax agreement or tax recovery agreement to a person authorised to receive such information under the law of the territory in relation to which the double tax agreement or tax recovery agreement has been made. 30

Schedule 8

Reporting of income information by individuals

s 22D(5), 22K

Table 1—Information on other income that must be included in adjusted account

Row	Items
1	New Zealand estate or trust income
2	Overseas income
3	Partnership income
4	Look-through company income
5	Rental income
6	Self-employment income
7	A benefit under an employee share scheme in relation to an amount that is not reportable or exempt income
8	Other income, including income from a disposal of property that is not otherwise included in reportable income

Table 2—Additional information

Row	Items
1	A deduction
2	A tax credit carried forward under section LE 3 of the Income Tax Act 2007
3	A tax loss balance, or tax loss component, other than a tax loss component under section LE 2 of the Income Tax Act 2007
4	A donations tax credit
5	An amount of income protection insurance

Schedule 2
New schedule 35 inserted

s 219

Schedule 35
Public purpose Crown-controlled companies

5

ss CW 38B, YA 1

City Rail Link Limited

Crown Asset Management Limited

Crown Infrastructure Partners Limited

Education Payroll Limited

10

Ōtākaro Limited

Research and Education Advanced Network New Zealand Limited

Southern Response Earthquake Services Limited

Tāmaki Redevelopment Company Limited

Tāmaki Regeneration Limited

15

THA GP Limited

The Network for Learning Limited

Schedule 3

Consequential amendments in certain Inland Revenue Acts

ss 103, 220, 242

Consequentially updated section numbers in Tax Administration Act 1994,
Income Tax Act 2007, and Child Support Act 1991

5

The provisions listed in column 2 are amended as shown in columns 3 and 4.

Act	Section	Replace	With:
Tax Administration Act 1994			
	7(2)(a)	(sections 16 to 21 of this Act)	(sections 16 to 17L of this Act)
	20(1), (4)	sections 16 to 19	sections 16 to 17E, 17H, and 17I
	20(5)	section 18	section 17J
	20B(1)	sections 16 to 19	sections 16 to 17E, 17H, and 17I
	20D(4)(a)	section 16 or under section 16 and either of sections 16B and 16C	section 17 or under section 17 or 17C
	20D(4)(b)	section 17	section 17B or 17C
	20D(4)(c)	section 17A or section 18	section 17H, 17J, or 17K
	20D(4)(d)	section 19	section 17I
	20F(2)(a)	section 16 or under section 16 and either of sections 16B and 16C	section 17 or under section 17 or 17C
	20F(2)(b)	section 17	section 17B or 17C
	20F(2)(c)	section 17A or section 18	section 17H, 17J, or 17K
	20F(2)(d)	section 19	section 17I
	20G(3)	section 18	section 17J
	46A(4)	section 81	section 18(1)
	80KH(1)(c)	section 81A	section 18E(2)
	80KK(1)	section 81A	section 18E(2)
	89	section 81	section 18(1)
	124I(1)(a)	section 15F	section 124K
	124J(1)	section 15D	section 124I
	124J(1)(c)	section 15F	section 124K
	124K(1)	section 15D	section 124I
	124L(1)(a)	section 15D	section 124I

Act	Section	Replace	With:
	124M(b)	section 15F	section 124K
	124N(1)	section 15H	section 124M
	124S	section 15R	section 124V
	124S	section 15Q	section 124U
	124U(2)	section 15T	section 124X
	124V(1)	section 15Q	section 124U
	124W(1)(b)	section 15Q(1)	section 124U(1)
	(i)		
	124W(1)(d)	section 15R	section 124V
	(iii)		
	124X(2)(e)	section 15Q	section 124U
	124Z(1)	section 15U	section 124Y
	and (1)(a)		
	124ZB(1)	section 15U	section 124Y
	124ZC	sections 15U, 15V, and 15W	sections 124Y, 124Z, and 124ZB
	143(2)(b)	section 17(1C)	section 17E(1)
	143A(2)(b)	section 17(1C)	section 17E(1)
	143F(1)(a),	section 18	section 17J
	(b)		
	143F(1)(c),	section 19	section 17I
	(d)		
	143F(1)(d)(section 19(1)	section 17I(2)
	ii)		
	143G(1)	section 17A	section 17H
	149A(5),	section 17A	section 17H
	(6)		
	150(4)(a)	16 to 20, 35, 40, 81 to 87	16 to 18J, 35, 40,
	150(4)(b)	sections 16 to 19	sections 16 to 17E, 17H, and 17I
	227B(3)(b)	sections 6 and 6A	Part 2, subpart 2B
	(i)		
	227B(3)(b)	sections 16 to 21	sections 16 to 17L
	(ii)		
Income Tax Act 2007			
	EX 32(1)(f)	section 15N	section 124ZF

Act	Section	Replace	With:
	RC 2(1)(c)	sections 15N to 15S	sections 124S to 124W and 124ZF
	RP 2(1)	section 15D or 15G	section 124I or 124L
	RP 3(a)	section 15D	section 124I
	RP 3(c)	section 15F	section 124K
	RP 3(d)	section 15M	section 124R
	RP 4(1)(c)	section 15M	section 124R
	RP 4(6)	section 15J	section 124O
	RP 5(1)	section 15M	section 124R
	RP 5(2), (3)	section 15M(3)	section 124R(3)
	RP 15(b)	section 15J	section 124O
 Child Support Act 1991			
	89X(5)	section 81	section 18(1)
	96P(5)	section 81	section 18(1)
	96ZF(5)	section 81	section 18(1)
	215(3)	section 81	section 18(1)
	240(9)	sections 81 to 87	sections 18 to 18J

Schedule 4

Renumbered provisions of Tax Administration Act 1994

s 14

1 Renumbered provisions

- (1) Renumber sections 15C to 15ZB as set out in columns 1 and 2 with the new number set out in column 3 as follows: 5

Old	New
15C PAYE intermediaries and listed PAYE intermediaries	124H PAYE intermediaries and listed PAYE intermediaries
15D Application for approval as PAYE intermediary	124I Application for approval as PAYE intermediary
15E Revocation of approval	124J Revocation of approval
15F Fitness of applications	124K Fitness of applications
15G Application for approval as listed PAYE intermediary	124L Application for approval as listed PAYE intermediary
15H Grounds for revocation of listing	124M Grounds for revocation of listing
15I Procedure for revocation of listing	124N Procedure for revocation of listing
15J Employers' arrangements with PAYE intermediaries	124O Employers' arrangements with PAYE intermediaries
15K Privacy requirements	124P Privacy requirements
15L Amended employment income information	124Q Amended employment income information
15M Subsidy claim forms	124R Subsidy claim forms
15N RWT proxies	124ZF RWT proxies
15O Establishing tax pooling accounts	124S Establishing tax pooling accounts
15P Role of Commissioner	124T Role of Commissioner
15Q Applications to establish tax pooling accounts	124U Applications to establish tax pooling accounts
15R Fitness of applications	124V Fitness of applications
15S Requirements for applications to establish tax pooling accounts	124W Requirements for applications to establish tax pooling accounts
15T Winding up tax pooling accounts	124X Winding up tax pooling accounts

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

15U	Approval of approved AIM providers	124Y	Approval of approved AIM providers
15V	Revocation of approval of AIM providers: Commissioner	124Z	Revocation of approval of AIM providers: Commissioner
15W	Revocation of approval of AIM providers: provider	124ZB	Revocation of approval of AIM providers: provider
15X	Publication of approval, revocation, etc	124ZC	Publication of approval or revocation
15Y	AIM method: approval of large business AIM-capable system	124ZD	AIM method: approval of large business AIM-capable system
15Z	AIM method: approval of person over \$5,000,000	124ZE	AIM method: approval of person over \$5,000,000

(2) Insert the following headings before the following new sections:

Insert heading	before section	section title
<i>PAYE intermediaries</i>	124H	PAYE intermediaries
<i>Tax pooling intermediaries</i>	124S	Tax pooling intermediaries
<i>Approved AIM providers</i>	124Y	Approved AIM providers
<i>RWT proxies</i>	124ZF	RWT proxies

Schedule 5

Subsection headings for certain subparts of Tax Administration Act 1994

ss 23, 31

1 Subpart 3C—Employment income information 5

For the section listed in column 1, insert the subsection heading in column 4 before the subsection listed in column 3.

Table 1—Subsection headings for subpart 3C (Employment income information)

<i>Section</i>	<i>Title</i>	<i>Subsection</i>	<i>Subsection heading</i>
23B	Employment income information: outline of provision	(1)	<i>What this subpart does</i>
		(2)	<i>PAYE intermediary included</i>
		(3)	<i>Related provisions</i>
23C	Meaning of employment income	(1)	<i>Meaning of employment income information</i>
		(2)	<i>Prescribing forms and means for delivery</i>
		(3)	<i>Requirements</i>
		(4)	<i>Requirements for twice-monthly delivery</i>
23D	Employers' groups for delivery of information	(1)	<i>Groups</i>
		(2)	<i>Inclusions in online group</i>
		(3)	<i>Delivery before specified date</i>
		(4)	<i>Approval to deliver information in other ways</i>
23E	Online group of employers	(1)	<i>Online group</i>
		(2)	<i>Delivery of information</i>
23F	Non-electronic group of employers	(1)	<i>Non-electronic group</i>
		(2)	<i>Delivery of information</i>
		(3)	<i>Elections for other dates</i>
		(4)	<i>Delivery for twice-monthly option</i>
		(5)	<i>Requirements</i>
		(6)	<i>Threshold amount</i>
		(7)	<i>When threshold reached</i>
		(8)	<i>Orders in Council setting amount</i>

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

23G	Exemption for certain employers in online group	(1)	<i>Exemption</i>
		(2)	<i>Statement of reasons</i>
		(3)	<i>Valid until cancellation</i>
		(4)	<i>Time limits</i>
		(5)	<i>Legislative treatment</i>
23H	New group of employers	(1)	<i>New group</i>
		(2)	<i>New-employer period</i>
		(3)	<i>Delivery of information</i>
		(4)	<i>Elections for other dates</i>
		(5)	<i>When information delivered electronically</i>
23J	Delivery of employment income information for certain special payments	(1)	<i>What this section applies to</i>
		(2)	<i>Schedular payments</i>
		(3)	<i>Shadow payrolls</i>
		(4)	<i>Out-of-cycle payments</i>
		(5)	<i>When reporting date falls after end date</i>
		(6)	<i>Treatment of shadow payroll payments</i>
		(7)	<i>Relationship with section 23F</i>
23K	Employment income information requirements relating to employee share schemes	(1)	<i>When information required</i>
		(2)	<i>Inclusions and exclusions</i>
23L	Employment income information for new and departing employees	(1)	<i>Employees starting employment</i>
		(2)	<i>Employees ending employment</i>
		(3)	<i>Delivery for new employees</i>
		(4)	<i>Delivery for departing employees</i>
		(5)	<i>Additional information required</i>
		(6)	<i>Inclusion as employees</i>
23N	Correction of errors	(1)	<i>What this section does</i>
		(2)	<i>Regulations</i>
		(3)	<i>Consultation</i>
23O	Setting electronic and non-electronic filing requirements	(1)	<i>Prescribing means for delivery</i>
		(2)	<i>Processing requirements</i>

2 Subpart 3D—Tax codes and tax rates for certain payments

For the section listed in column 1, insert the subsection heading in column 4 before the subsection listed in column 3.

Table 2—Subsection headings for subpart 3D (Tax codes and tax rates for certain payments)

<i>Section</i>	<i>Title</i>	<i>Subsection</i>	<i>Subsection heading</i>
24B	PAYE tax codes	(1)	<i>Meaning of tax code</i>
		(2)	<i>What tax codes do not apply to</i>
		(3)	<i>Income-tested benefits</i>
		(4)	<i>Basic tax rates</i>
24C	Notified tax codes	(1)	<i>Employees notifying employers</i>
		(2)	<i>What this section does not apply to</i>
24E	Non-notified tax codes	(1)	<i>When employees have non-notified tax codes</i>
		(2)	<i>Full names</i>
24F	Rates of tax for schedular payments: standard, payee, and set rates	(1)	<i>Meaning of payer and payee</i>
		(2)	<i>Standard rates</i>
		(3)	<i>Payee rates</i>
		(4)	<i>Set rates</i>
24H	Exempt schedular payments	(1)	<i>Notifying payee of exempt payment</i>
		(2)	<i>What this section does not apply to</i>
24I	Notification requirements	(1)	<i>Payees to notify payers: names and tax file numbers</i>
		(2)	<i>Payees to notify payers: rates of tax</i>

3 Subpart 3E—Investment income information

For the section listed in column 1, insert the subsection heading in column 4 before the subsection listed in column 3.

Table 3—Subsection headings for subpart 3E (Investment income information)

<i>Section</i>	<i>Title</i>	<i>Subsection</i>	<i>Subsection heading</i>
		<i>n</i>	

25B	Investment income information: outline of provision	(1)	<i>What this subpart does</i>
		(2)	<i>Meaning of payer and payee</i>
		(3)	<i>Related provisions</i>
25D	Investment income information	(1)	<i>Meaning of investment income information</i>
		(2)	<i>Not cumulative</i>
		(3)	<i>Joint ownership</i>
		(4)	<i>When requirements for joint owners do not apply</i>
		(5)	<i>When information obtained before April 2018</i>
25E	Who must provide investment income information to Commissioner	(1)	<i>Persons</i>
		(2)	<i>Circumstances when withholding not required</i>
25F	Information on interest	(1)	<i>Delivery of investment income information</i>
		(2)	<i>Nominees</i>
25P	Non-electronic filing of investment income information	(1)	<i>Exemption</i>
		(2)	<i>Relevant considerations</i>
		(3)	<i>Valid until cancellation</i>
		(4)	<i>Time limits</i>
		(5)	<i>Legislative treatment</i>

Schedule 6
**Amendments to KiwiSaver Act 2006 related to nomenclature
changes**

s 237

- Section 4 amended (Interpretation)** 5
In the definition of **contributions holiday**, replace “**contributions holiday**” with “**savings suspension**”.
- Section 18 amended (Extension of opt-out period)**
In section 18(3), replace “contributions holiday” with “savings suspension”.
- Section 22 amended (Employees giving information to employers)** 10
In section 22(1)(c)(ii), replace “contributions holiday” with “savings suspension”.
- Section 56 amended (Notification of transfers and requirement to transfer funds and information)**
In section 56(3)(c)(iii), replace “contribution holidays” with “savings suspensions”. 15
- Section 62 amended (When subpart does not apply)**
In section 62(b), replace “contributions holiday” with “savings suspension” in each place where it appears.
- Part 3, subpart 4 amended (Contributions holidays)** 20
In the heading to Part 3, subpart 4, replace “Contributions holiday” with “Savings suspension”.
In the first cross-heading following the heading to Part 3, subpart 4, replace “*contributions holiday*” with “*savings suspension*”.
In the second cross-heading following the heading to Part 3, subpart 4, replace “*contributions holiday*” with “*savings suspension*”. 25
In the third cross-heading following the heading to Part 3, subpart 4, replace “*contributions holiday*” with “*savings suspension*”.
- Section 102 amended (Who may apply for contributions holiday)**
In the heading to section 102, replace “**contributions holiday**” with “**savings suspension**”. 30
In section 102, replace “contributions holiday” with “savings suspension”.

Section 103 amended (How to apply for contributions holiday)

In the heading to section 103, replace “**contributions holiday**” with “**savings suspension**”.

In section 103(1), replace “contributions holiday” with “savings suspension”.

In section 103(2)(c), replace “holiday” with “suspension”.

5

In section 103(2)(d), replace “holiday” with “suspension”.

Section 104 amended (Granting of contributions holiday)

In the heading to section 104, replace “**contributions holiday**” with “**savings suspension**”.

In section 104(1), replace “contributions holiday” with “savings suspension” in each place where it appears. 10

In section 104(2), replace “contributions holiday” with “savings suspension”.

In section 104(3), replace “contributions holiday” with “savings suspension”.

Section 105 amended (Commissioner must give notice of granting of contributions holiday)

15

In the heading to section 105, replace “**contributions holiday**” with “**savings suspension**”.

In section 105(1), in the words before the paragraphs, replace “contributions holiday” with “savings suspension”.

In section 105(1)(a), in the words before the subparagraphs, replace “holiday” with “suspension”. 20

In section 105(1)(a)(i), replace “holiday” with “suspension”.

In section 105(1)(a)(ii), replace “holiday” with “suspension”.

In section 105(1)(b)(i), replace “contributions holiday” with “savings suspension”. 25

In section 105(1)(c)(i), replace “contributions holiday” with “savings suspension”.

In section 105(1)(c)(iii), replace “holiday” with “suspension”.

In section 105(2), replace “contributions holiday” with “savings suspension”.

Section 106 amended (When deductions stop at start of contributions holiday)

30

In the heading to section 106, replace “**contributions holiday**” with “**savings suspension**”.

In section 106(a), replace “contributions holiday” with “savings suspension”.

Section 107 amended (Employers to whom contributions holiday applies)

In the heading to section 107, replace “**contributions holiday**” with “**savings suspension**”.

In section 107, in the words before the paragraphs, replace “contributions holiday” with “savings suspension”. 5

In section 107(a), replace “contributions holiday” with “savings suspension” in each place where it appears.

Section 108 amended (Contributions holidays have 3-month minimum life)

In the heading to section 108, replace “**Contributions holidays**” with “**Savings suspensions**”. 10

In section 108(2), replace “contributions holiday” with “savings suspension”.

Heading and section 109 amended (Commissioner must give notice before contributions holiday ends)

In the cross-heading before section 109, replace “*contributions holiday*” with “*savings suspension*”. 15

In the heading to section 109, replace “**contributions holiday**” with “**savings suspensions**”.

In section 109, replace “contributions holiday” with “savings suspension”.

Section 110 amended (Commissioner must give notice to employer of end of contributions holiday) 20

In the heading to section 110, replace “**contributions holiday**” with “**savings suspension**”.

In section 110, in the words before the paragraphs, replace “contributions holiday” with “savings suspension”.

In section 110(a), in the words before the subparagraphs, replace “contributions holiday” with “savings suspension”. 25

Section 111 amended (When deductions start at end of contributions holiday)

In the heading to section 111, replace “**contributions holiday**” with “**savings suspension**”. 30

In section 111(1), replace “contributions holiday” with “savings suspension” in each place where it appears.

In section 111(2), replace “contributions holiday” with “savings suspension”.

Section 112 amended (Revocation and reinstatement of contributions holiday) 35

In the heading to section 112, replace “**contributions holiday**” with “**savings suspension**”.

In section 112(1), replace “contributions holiday” with “savings suspension”.

In section 112(2), replace “contributions holiday” with “savings suspension”.

In section 112(3), replace “contributions holiday” with “savings suspension” in each place where it appears.

Section 114 amended (Refunds if employee loses, etc, contributions holiday notice) 5

In the heading to section 114, replace “**contributions holiday**” with “**savings suspension**”.

In section 114(1)(a), replace “contributions holiday” with “savings suspension”. 10

Schedule 1 amended (KiwiSaver scheme rules)

In schedule 1, clause 3(2), replace “contributions holiday” with “savings suspension”.

In schedule 1, replace the heading to clause 15 with “**Savings suspension**”.

In schedule 1, clause 15, replace “contributions holiday” with “savings suspension”. 15