

Reprint
as at 30 March 2021



Taxation (Income Tax Rate and Other Amendments) Act 2020

Public Act 2020 No 65
Date of assent 7 December 2020
Commencement see section 2

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Note

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This Act is administered by the Inland Revenue Department.

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Taxation (Income Tax Rate and Other Amendments) Act 2020.

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 37 comes into force on 1 April 2020.
- (3) Part 1, except sections 19 and 20, comes into force on 1 April 2021.
- (4) Sections 19 and 20 come into force on 1 October 2021.

Part 1

Income tax rate amendments

3 Application

This Part, except sections 19 and 20, applies for the 2021–22 and later income years.

Amendments to Income Tax Act 2007

4 Income Tax Act 2007

Sections 5 to 25 amend the Income Tax Act 2007.

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

- (1) Replace section RD 10(2), other than the heading, with:

- (2) An employee who notifies their employer of their tax code may choose to have the amount of tax for an extra pay fixed as follows:
- (a) for an employee whose taxable income for the income year is expected to be not more than \$48,000, the rate set out in schedule 2, part B, table 1, row 3; or
 - (b) for an employee whose taxable income for the income year is expected to be not more than \$70,000, the rate set out in schedule 2, part B, table 1, row 4; or
 - (c) for an employee whose taxable income for the income year is expected to be not more than \$180,000, the rate set out in schedule 2, part B, table 1, row 5; or
 - (d) for other employees, the rate set out in schedule 2, part B, table 1, row 6.
- (2) In section RD 10(2C), replace “row 1B” with “row 1”.
- (3) In section RD 10(2D), replace “row 5” with “row 7”.

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

- (1) Replace section RD 17(2), other than the heading, with:
- (2) For the sum of the amounts referred to in subsection (1) listed in the following paragraphs, the amount of tax for the extra pay that must be withheld is the amount determined using the basic amounts of tax for PAYE income payments set out in the relevant row of schedule 2, part B, table 1 (Basic tax rates for PAYE income payments):
- (a) if the sum of the amounts is \$14,000 or less, the amount determined by applying row 2:
 - (b) if the sum of the amounts is more than \$14,000 but not more than \$48,000, the amount determined by applying row 3:
 - (c) if the sum of the amounts is more than \$48,000 but not more than \$70,000, the amount determined by applying row 4:
 - (d) if the sum of the amounts is more than \$70,000 but not more than \$180,000, the amount determined by applying row 5:
 - (e) if the sum of the amounts is more than \$180,000, the amount determined by applying row 6.
- (2) In section RD 17(3), replace “rows 3 to 6” with “rows 3 to 6B”.
- (3) In section RD 17(4)(c)(iv), replace “\$70,001.” with “\$70,001.”.
- (4) After section RD 17(4)(c)(iv), insert:
- (v) for secondary code SA, \$180,001.

7 Section RD 50 amended (Employer’s liability for attributed benefits)

- (1) In section RD 50(4), replace “42.86” with “49.25”.

- (2) In section RD 50(5), replace “49.25” with “63.93”.

8 Section RD 52 amended (Calculation for certain employees when information lacking)

- (1) In section RD 52(3)(a), replace “42.86” with “49.25”.
(2) In section RD 52(3)(b), replace “49.25” with “63.93”.

9 Section RD 53 amended (Pooling non-attributed benefits)

- (1) In section RD 53(4)(a), replace “49.25” with “63.93”.
(2) In section RD 53(4)(b), replace “42.86” with “49.25”.

10 Section RD 58 amended (Single rate option)

In section RD 58(1), replace “49.25” with “63.93”.

11 Section RD 59 amended (Alternate rate option)

- (1) In section RD 59(2), replace “43” with “49.25”.
(2) In section RD 59(3),—
(a) replace “49.25” with “63.93”;
(b) replace “43” with “49.25”.

12 Section RD 60 amended (Close company option)

In section RD 60(3)(a), replace “49.25” with “63.93”.

13 Section RD 61 amended (Small business option)

In section RD 61(3)(a), replace “49.25” with “63.93”.

14 Section RD 67 amended (Calculating amounts of tax for employer’s superannuation cash contributions)

- (1) In section RD 67(b), in the words before the subparagraphs, replace “33” with “39”.
(2) In section RD 67(b)(ii), replace “33” with “39”.

15 Section RL 4 amended (How much RLWT?)

In section RL 4(3)(a), replace “row 4” with “row 5”.

16 Schedule 1, part A, table 1 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)

Replace schedule 1, part A, table 1 with:

Row	Range of dollar in taxable income	Tax rate
1	\$0 – \$14,000	0.105
2	\$14,001 – \$48,000	0.175

Row	Range of dollar in taxable income	Tax rate
3	\$48,001 – \$70,000	0.300
4	\$70,001 – \$180,000	0.330
5	\$180,001 upwards	0.390

How to use this table: Find the range in the second column for each dollar in the person's taxable income, and apply the relevant rate for the dollar in the third column.

17 Schedule 1, part C, table 1 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)

Replace schedule 1, part C, table 1 with:

Table 1

Row	Range of dollar in all-inclusive pay	Tax rate
1	\$0 – \$12,530	0.1173
2	\$12,531 – \$40,580	0.2121
3	\$40,581 – \$55,980	0.4286
4	\$55,981 – \$129,680	0.4925
5	\$129,681 upwards	0.6393

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

18 Schedule 1, part D, table 1 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)

Replace schedule 1, part D, table 1 with:

Table 1

Row	ESCT rate threshold amount	Tax rate
1	\$0 – \$16,800	0.105
2	\$16,801 – \$57,600	0.175
3	\$57,601 – \$84,000	0.300
4	\$84,001 – \$216,000	0.330
5	\$216,001 upwards	0.390

How to use this table: Find the range in the second column for the last dollar of the ESCT rate threshold amount, and apply the relevant rate in the third column.

19 Schedule 1, part D, table 2 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)

Replace schedule 1, part D, table 2 with:

Table 2

Row	Conditions	Payment rate
1	The payer of the interest has not been supplied with the tax file number of a person who is paid the interest.	0.450
2	The payer of the interest—	

Row	Conditions	Payment rate
	(a) has been supplied with the tax file number of a person; and	
	(b) has not received a payment rate election from the recipient of the interest; and	
	(c) is not required to use a rate notified by the Commissioner under section 26B of the Tax Administration Act 1994.	0.330
3	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who is paid the interest; and	
	(b) has received a payment rate election from the recipient of the interest choosing the 0.390 payment rate.	0.390
4	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who is paid the interest; and	
	(b) has received a payment rate election from the recipient of the interest choosing the 0.330 payment rate.	0.330
5	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who is paid the interest; and	
	(b) has received a payment rate election from the recipient of the interest choosing the 0.300 payment rate.	0.300
6	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who is paid the interest; and	
	(b) has received a payment rate election from the recipient of the interest choosing the 0.175 payment rate.	0.175
7	The payer of the interest—	
	(a) has been supplied with the tax file number of a person, other than a trustee, who is paid the interest; and	
	(b) has received a payment rate election from the recipient of the interest choosing the 0.105 payment rate; and	
	(c) the recipient has a reasonable expectation at the time of the election that their income for the income year will be \$14,000 or less.	0.105
8	The payer of the interest—	
	(a) has been supplied with the tax file number of a person who is paid the interest as a trustee of a testamentary trust to which section HC 37 applies; and	
	(b) has received a payment rate election from the recipient of the interest choosing the 0.105 payment rate.	0.105

How to use this table: Find the applicable condition in the second column, in order to find the relevant rate to apply, in the third column.

Section 19: amended, on 30 March 2021, by section 220 of the Taxation (Annual Rates for 2020–21, Feasibility Expenditure, and Remedial Matters) Act 2021 (2021 No 8).

20 Schedule 1, part D, table 3 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)

Replace schedule 1, part D, table 3 with:

Table 3

Row	Conditions	Payment rate
1	The payer of the interest has been supplied with the tax file number of a person who is paid the interest, and neither of rows 2 and 3 apply.	0.280
2	The payer of the interest— (a) has been supplied with the tax file number of a person who is paid the interest; and (b) has received a payment rate election from the recipient of the interest choosing the 0.330 payment rate.	0.330
3	The payer of the interest— (a) has been supplied with the tax file number of a person who is paid the interest; and (b) has received a payment rate election from the recipient of the interest choosing the 0.390 payment rate.	0.390
4	The payer of the interest has not been supplied with the tax file number of a person who is paid the interest.	0.450

How to use this table: Find the applicable condition in the second column, in order to find the relevant rate to apply, in the third column.

21 Schedule 1, part D, table 4 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)

- (1) In schedule 1, part D, table 4, row 1, replace “0.33” with “0.390”.
- (2) In schedule 1, part D, table 4, row 2, replace “0.33” with “0.390”.

22 Schedule 1, part D, table 5 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)

Replace schedule 1, part D, table 5 with:

Table 5

Row	Conditions	Payment rate
1	The person responsible for withholding RSCT— (a) has been notified under section 28C of the Tax Administration Act 1994 that 10.5 cents in the dollar is the person’s retirement scheme prescribed rate; and (b) has been supplied with the tax file number of the person.	0.105

Row	Conditions	Payment rate
2	The person is a non-resident and a distribution of no more than \$200 is made to them by a retirement scheme contributor that is a Maori authority.	0.105
3	The person responsible for withholding RSCT— (a) has been notified under section 28C of the Tax Administration Act 1994 that 17.5 cents in the dollar is equal to or greater than the person’s retirement scheme prescribed rate; and (b) has been supplied with the tax file number of the person.	0.175
4	The person responsible for withholding RSCT— (a) has been notified under section 28C of the Tax Administration Act 1994 that 30 cents in the dollar is equal to or greater than the person’s retirement scheme prescribed rate; and (b) has been supplied with the tax file number of the person.	0.300
5	The person responsible for withholding RSCT— (a) has been notified under section 28C of the Tax Administration Act 1994 that 33 cents in the dollar is equal to or greater than the person’s retirement scheme prescribed rate; and (b) has been supplied with the tax file number of the person.	0.330
6	When none of rows 1 to 5 apply.	0.390

How to use this table: Find the applicable condition in the second column, in order to find the relevant rate to apply, in the third column.

23 Schedule 2, part A amended (Basic tax rates for PAYE income payments)

After schedule 2, part A, clause 6, insert:

6B “SA” tax code

If an employee has notified their employer that the employee’s tax code is “SA” under section 24C of the Tax Administration Act 1994, the basic tax rate amount for a payment of secondary employment earnings is set by applying the rate of 0.390 for each dollar of the payment.

24 Schedule 2, part B, table 1 amended (Basic tax rates for PAYE income payments)

Replace schedule 2, part B, table 1 with:

Row	Conditions	Tax rate
1	Section RD 10(2C) applies.	0.105
2	Section RD 17(2)(a) applies and the sum is \$14,000 or less.	0.105

Row	Conditions	Tax rate
3	Section RD 10(2)(a) or RD 17(2)(b) applies.	0.175
4	Section RD 10(2)(b) or RD 17(2)(c) applies.	0.300
5	Section RD 10(2)(c) or RD 17(2)(d) applies.	0.330
6	Section RD 10(2)(d) or RD 17(2)(e) applies.	0.390
7	Section RD 10(2D) applies.	0.450

How to use this table: Find the applicable condition in the second column, in order to find the relevant rate to apply, in the third column.

25 Schedule 6, table 2 amended (Prescribed rates: PIE investments and retirement scheme contributions)

Replace schedule 6, table 2 with:

Table 2

Row	Conditions	Prescribed rate
1	For a person other than a person described in any of rows 2 to 8.	0.390
2	For a person who, in either of the 2 income years before the income year in which the contribution is made, derives more than \$70,000 but not more than \$180,000 in taxable income.	0.330
3	For a person who is not a person described in row 2 and who, in either of the 2 income years before the income year in which the contribution is made, derives more than \$48,000 but not more than \$70,000 in taxable income.	0.300
4	For a person who is not a person described in row 2 or 3 and who, in either of the 2 income years before the income year in which the contribution is made, derives more than \$14,000 but not more than \$48,000 in taxable income.	0.175
5	For a person who is not a person described in row 2, 3, or 4 and who, in either of the 2 income years before the income year in which the contribution is made, derives taxable income of \$14,000 or less.	0.105
6	For a non-resident person to whom a distribution of no more than \$200 is made by a retirement scheme contributor that is a Maori authority.	0.105
7	For a non-resident person who supplies a retirement scheme contributor that is a Maori authority with a notice under section 28C of the Tax Administration Act 1994.	0.105
8	For a non-resident person in relation to a contribution that consists of non-resident passive income.	0.000

How to use this table: Find the applicable condition in the second column, in order to find the relevant rate to apply, in the third column.

Amendments to Tax Administration Act 1994

26 Tax Administration Act 1994

Sections 27 to 31 amend the Tax Administration Act 1994.

27 Section 28C amended (Person advising retirement savings scheme of retirement scheme prescribed rate)

In section 28C, replace “33” with “39”.

28 Section 48B amended (Reconciliation statement for retirement scheme contribution withholding tax)

In section 48B(2)(m), replace “33” with “39”.

29 Schedule 4, table 1 amended (Reporting of employment information)

In schedule 4, table 1, row 4, item e, replace “row 2” with “row 3”.

30 Schedule 5, part A, clause 1 amended (Certain tax codes and rates)

In schedule 5, part A, clause 1(3), replace “rows 3 to 6” with “rows 3 to 6B”.

31 Schedule 5, part A, tax code table amended (Certain tax codes and rates)

Replace schedule 5, part A, tax code table, row 6 with:

6	ST	for secondary employment earnings for an employee whose total PAYE income payments are more than \$70,000 but not more than \$180,000
6B	SA	for secondary employment earnings for an employee whose total PAYE income payments are more than \$180,000

Part 2

Other amendments

Amendments to Tax Administration Act 1994

32 Tax Administration Act 1994

Sections 33 to 35 amend the Tax Administration Act 1994.

33 New section 17GB inserted (Commissioner may require information or production of documents for tax policy development)

Insert after section 17G:

17GB Commissioner may require information or production of documents for tax policy development

- (1) A person must, when notified by the Commissioner that the person is required to provide information under this section, provide any information that the Commissioner considers relevant for a purpose relating to the development of policy for the improvement or reform of the tax system.
- (2) The Commissioner must not use, as evidence in proceedings against a person, information provided by the person in response to a notice under subsection (1).
- (3) Subsection (2) does not apply to any information subsequently obtained by the Commissioner under another section of this Act.

34 Section 59 amended (Disclosure of trust particulars)

Repeal section 59(3).

35 New sections 59BA and 59BAB inserted

- (1) After section 59, insert:

59BA Annual return for trusts

- (1) A trustee of a trust must file a return for a tax year of all income derived in the corresponding income year by the trustee as trustee of the trust, together with the other information required under this section.
- (2) A return of income and the information required under this section for a trustee and a tax year must be in the form prescribed by the Commissioner and include—
 - (a) a statement of profit or loss and a statement of financial position:
 - (b) the amount, and nature, of each settlement that—
 - (i) is not the provision to the trustee, at less than market value, of minor services incidental to the activities of the trust; and
 - (ii) is made on the trust in the income year:
 - (c) the name, date of birth, jurisdiction of tax residence, and tax file number and taxpayer identification number, of each settlor who makes a settlement on the trust in the income year or whose details have not previously been supplied to the Commissioner:
 - (d) for each distribution made by the trustee of the trust in the income year,—
 - (i) the amount of the distribution:
 - (ii) the name, date of birth, jurisdiction of tax residence, and tax file number and taxpayer identification number, of the beneficiary who receives the distribution:

- (e) the name, date of birth, jurisdiction of tax residence, and tax file number and taxpayer identification number, of each person having a power under the trust to appoint or dismiss a trustee, to add or remove a beneficiary, or to amend the trust deed;
 - (f) the other information required by the Commissioner.
- (3) A trustee of a trust is not required to file a return or provide information under subsection (1) if—
- (a) the trustee is excluded from the requirement to make a return by section 43B (which relates to non-active trusts);
 - (b) the trustee is required to make a return by section 59D (which relates to foreign trusts);
 - (c) the trustees of the trust are incorporated as a board under the Charitable Trusts Act 1957;
 - (d) the trustee is eligible under section HF 2 of the Income Tax Act 2007 to choose under section HF 11 of that Act to become a Maori authority.
- (4) If the trustee of a trust is a non-resident, a settlor of the trust who is a New Zealand resident is responsible for ensuring the performance of the obligations imposed on the trustee by this section.

59BAB Commissioner may require trust information for period after 2013–14 income year

- (1) The Commissioner may require a trustee of a trust to provide, in the prescribed form and by the specified date, information that—
- (a) relates to the trust and a period beginning after the end of the 2013–14 income year and ending before the beginning of the 2021–22 income year; and
 - (b) would be required to be provided under section 59BA if the period began after the end of the 2020–21 income year; and
 - (c) is in the knowledge, possession, or control of the trustee.
- (2) The Commissioner may issue a notice requiring the trustee of each trust having the characteristics specified in the notice to provide, in the prescribed form and by the specified date, information—
- (a) that is described in subsection (1) and is specified in the notice; and
 - (b) is for each period that is specified in the notice and begins after the end of the 2013–14 income year and ends before the beginning of the 2021–22 income year.
- (3) If the trustee of a trust is a non-resident, a settlor of the trust who is a New Zealand resident is responsible for ensuring the performance of the obligations imposed on the trustee by this section.

- (4) A notice under subsection (2) is secondary legislation under the Legislation Act 2019.
- (2) Subsection (1) applies for the 2021–22 and later income years.

Amendments to Income Tax Act 2007

36 Income Tax Act 2007

Sections 37 and 38 amend the Income Tax Act 2007.

37 Section ME 1 amended (Minimum family tax credit)

- (1) In section ME 1(3)(a), replace “\$27,768” with “\$29,432”.
- (2) Subsection (1) applies for the 2020–21 and later tax years.

38 Section YA 1 amended (Definitions)

In section YA 1, definition of **trust rules**, paragraph (h), replace “59” with “59, 59BA, 59BAB”.

Reprints notes

1 *General*

This is a reprint of the Taxation (Income Tax Rate and Other Amendments) Act 2020 that incorporates all the amendments to that Act as at the date of the last amendment to it.

2 *Legal status*

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

3 *Editorial and format changes*

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

4 *Amendments incorporated in this reprint*

Taxation (Annual Rates for 2020–21, Feasibility Expenditure, and Remedial Matters) Act 2021 (2021 No 8): section 220