

# House of Representatives

# Amendment Paper

## Taxation (Annual Rates for 2025-26, Compliance Simplification, and Remedial Measures) Bill

### *Proposed amendments*

Hon Simon Watts, in Committee, to move the following amendments:

#### *Clause 2*

In *clause 2(23)*, after “**75C**,” (page 13, line 5), insert “**79B(1), 79C**,”.

After *clause 2(24)* (page 13, after line 14), insert:

- (25) **Section 79B(2)** comes into force on a single date set by Order in Council.
- (26) If **section 79B(2)** has not come into force by 1 April 2027, it comes into force then.
- (27) An Order in Council made under **subsection (25)** is secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).

#### *New clauses 79B and 79C*

After *clause 79* (page 52, after line 30), insert:

#### **79B Section MD 10 amended (Calculation of in-work tax credit)**

- (1) In section MD 10(3)(a), replace “5,070” with “7,670”.
- (2) In section MD 10(3)(a), replace “7,670” with “5,070”.

#### **79C New section MF 4L inserted (Calculation of instalments: 2026–27 tax year)**

After section MF 4K, insert:

**MF 4L Calculation of instalments: 2026–27 tax year**

*When this section applies*

- (1) This section applies for calculating the amount of an instalment by way of tax credit under section MD 1 (Abating WFF tax credit) for the 2026–27 tax year if **section 79B(2)** of the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Act **2025** comes into force on a date (the **change date**) that is set by Order in Council under **section 2(25)** of that Act.

*In-work tax credit formula: section MD 10*

- (2) The instalments for the tax credit under section MD 1, for the calculation of the in-work tax credit, are calculated using the formula—  

$$(\text{amount A} + \text{amount B} \times (\text{children} - 3)) \times \text{weekly periods} \div 52.$$

*Items in formula*

- (3) In the formula in **subsection (2)**,—
- (a) **amount A** is—
- (i) for the period starting on 1 April 2026 and finishing on the day before the change date, \$7,670:
  - (ii) for the period starting on the change date and finishing on 31 March 2027, \$5,070:
- (b) **amount B** is \$780:
- (c) **children** is the greater of—
- (i) 3; and
  - (ii) the number of children for whom the person is allowed the in-work tax credit:
- (d) **weekly periods**,—
- (i) for 2 or more entitlement periods forming 1 continuous period, is the number of whole periods of 1 week in the continuous period for which the person or their spouse, civil union partner, or de facto partner has, from the work activity, income to which section MD 9(2) (Fifth requirement: earner) refers or is an earner described in section MD 9(1)(b), and includes whole periods of 1 week to which the alternative requirement in section MD 9(6) applies:
  - (ii) for an entitlement period to which subparagraph (i) does not apply, is the number of whole periods of 1 week in the entitlement period for which the person or their spouse, civil union partner, or de facto partner has, from the work activity, income to which section MD 9(2) refers or is an earner described in section

MD 9(1)(b), and includes whole periods of 1 week to which the alternative requirement in section MD 9(6) applies.

Defined in this Act: amount, child, civil union partner, de facto partner, earner, entitlement period, in-work tax credit, spouse, tax credit, tax year

### **Explanatory note**

This Amendment Paper amends the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill.

#### ***Increasing the in-work tax credit***

This Amendment Paper would increase the in-work tax credit (IWTC) base rate by \$50 a week, starting on 1 April 2026. Increasing the IWTC would increase the support for low- and middle-income families who take up, and remain in, employment and who have children. This is a temporary measure to help address the increased cost pressures occurring as a result of the conflict in the Middle East that started in February 2026. The IWTC base rate would revert to the current rate on the earlier of 1 April 2027 or a date set by Order in Council.

#### **Departmental disclosure statement**

The Inland Revenue Department considers a departmental disclosure statement is not required to be prepared for this Amendment Paper.