

Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill

Government Bill

Explanatory note

General policy statement

This taxation omnibus Bill introduces amendments to the following Acts:

- Income Tax Act 2007;
- Tax Administration Act 1994;
- Goods and Services Tax Act 1985;
- KiwiSaver Act 2006;
- Gaming Duties Act 1971;
- Stamp and Cheque Duties Act 1971;
- Income Tax Act 2004;
- Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Act 2023;
- Child Support Act 1991; and
- Local Government Act 2002.

Broadly, the policy proposals in this Bill fall into three categories. The first category sets the annual rates of income tax for the 2024–25 tax year.

The second category contains proposals aimed at improving current settings within a broad-base, low-rate framework. This framework helps to ensure the tax system is fair and efficient and impedes economic growth as little as possible. It also helps to keep compliance costs low and minimises opportunities for avoidance and evasion. The framework underpins the Government’s revenue strategy and helps to maintain public confidence in the tax system, which is crucial to encouraging voluntary compliance.

Although New Zealand has relatively strong tax settings, it is important to continually maintain the tax system and ensure that it remains 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 these concerns. The specific changes are outlined and described in detail below.

The third category relates to proposals aimed at improving the settings for tax administration, the goods and services tax (GST) regime, KiwiSaver and social policy rules administered by Inland Revenue.

The main non-budget policy measures within this Bill have been developed in accordance with the Generic Tax Policy Process (GTPP), which increases opportunities for public consultation. This process helps to ensure that policy, as well as administrative considerations, are well thought through. The GTPP is designed to ensure better, more effective, policy development through the early consideration of all proposals and their likely impacts.

The GTPP means that major tax initiatives that are not budget-sensitive are subject to public scrutiny at all stages of their development. As a result, Inland Revenue and Treasury officials can 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 the identification of any remedial issues that need correcting for the new legislation to have its intended effect. Further information on the GTPP can be found at [How we develop tax policy \(ird.govt.nz\)](https://www.ird.govt.nz).

The following is a summary of the specific policy measures contained in this Bill. A comprehensive explanation of all the policy items is provided in a commentary on the Bill that is available at <https://www.taxpolicy.ird.govt.nz/publications/2024/commentary-emergency-response-tax-bill>.

Setting annual rates of income tax for the 2024–25 tax year

The Income Tax Act 2007 requires the rates of income tax to be set each year by an annual taxing Act. The Bill proposes that the annual rates of income tax for the 2024–25 tax year be set at the rates currently specified in schedule 1, part A of the Income Tax Act 2007.

Generic response to emergency events

The Bill would introduce a mechanism that would allow any of a set of response measures to be activated through an Order in Council when an emergency event occurs.

In the past, tax relief has been provided during emergency events and in the subsequent recovery phase. To date, these responses have been initiated through a range of methods, including amendments to primary legislation (i.e. Acts of Parliament).

However, using primary legislation to achieve these objectives can be slow and inefficient and can create uncertainty for taxpayers while the legislative process is carried out.

A related issue is the challenge Inland Revenue faces in sharing the information it collects as part of its function with other agencies responding to an emergency event. Inland Revenue is currently unable to share sensitive revenue information with other agencies when requested to do so in responding to an emergency event. Delays in communicating this information could affect the government’s ability to aid those affected by the emergency.

Set of response measures

The Bill proposes a legislative mechanism that would allow the activation of measures through an Order in Council and one additional measure at the Commissioner of Inland Revenue’s discretion. These measures would become available for activation when an emergency occurs. This would leave Ministers with the discretion to determine when and which measures should apply and would streamline the legislative process.

The proposed measures are based on past government responses to emergency events and are contained within the table below.

Measure	Current mechanism	Proposed mechanism	When previously used
Taxation rollover relief for: •revenue account property •depreciable property •amortisable land improvements	Primary legislation	Order in Council	Canterbury and Kaikōura earthquakes 2023 North Island flooding events
Depreciation amendments associated with rollover relief	Primary legislation	Order in Council	Canterbury and Kaikōura earthquakes 2023 North Island flooding events
Capped employer payments and fringe benefits, and extended tax-free accommodation period	Primary legislation	Order in Council	Canterbury earthquakes 2023 North Island flooding events
Income spreading provisions for forced livestock sales	Primary legislation	Order in Council	Mycoplasma bovis outbreak commencing 2017
Turning off the bright-line test and other time-based land sale rules	Primary legislation	Order in Council	Canterbury earthquakes 2023 North Island flooding events (Government buy-outs available in both cases)
Information sharing for a specific event	N/A	Order in Council providing Commissioner with discretion to share information for a national emergency, subject to safeguards	COVID-19 pandemic response, through specific primary legislation

Remission of UOMI	Order in Council	Commissioner discretion	Regularly used for large-scale emergencies, including Hawke's Bay gastro-medical event
-------------------	------------------	-------------------------	--

This initiative would allow the Government to provide tax relief to affected groups without the need to amend primary legislation.

Information-sharing power

The second part of the initiative would allow Inland Revenue to share sensitive information with other agencies to assist in delivering assistance in an emergency, provided certain safeguards are met. This information-sharing power would be activated by Order in Council. The safeguards are:

- The power would only be available for events that are declared national emergencies and would need to be consistent with the Civil Defence National Emergencies (Information Sharing) Code 2020.
- Information could only be shared for as long as is necessary to fulfil the purpose of the information requests for that event and within the time limitations set by the Information Sharing Code.
- The Commissioner of Inland Revenue would need to be satisfied that sharing the information would not be undesirable and that the information was readily available. An undesirable disclosure could include disclosing information that could compromise the integrity of the tax system.
- A written agreement, specifying the information to be shared, would need to be agreed between the Commissioner and the party who requested the information.

The proposals would take effect from 1 April 2025.

Crypto-asset Reporting Framework (CARF)

Crypto-assets are digital representations of value that can be transferred, stored or traded electronically. Rather than using a financial institution to verify transactions, crypto-asset transactions are confirmed by computers on the crypto-assets network. This is called distributed ledger technology. Blockchain is a form of this technology.

Since the first crypto-asset, Bitcoin, was introduced in 2009, the market for crypto-assets worldwide has grown significantly. The current market capitalisation for crypto-assets is almost NZ\$4 trillion. Between 6% and 10% of New Zealanders own some crypto-currency, with most of their transactions undertaken through offshore exchanges.

Tax authorities do not have visibility of income derived through crypto-assets in the way they do with income derived from more traditional sources. However, there have been increased efforts to bring scrutiny to bear on income and investment opportunities facilitated through large-scale intermediaries. For example, the Organisation for Economic Co-operation and Development (OECD) developed the Common Reporting Standard (CRS), which imposes information gathering and reporting requirements

on financial institutions relating to financial account information about people and entities investing outside their tax residence jurisdiction.

Against this background, the OECD has developed the *Crypto-Asset Reporting Framework and Amendments to the Common Reporting Standard (CARF)*, which is available for jurisdictions to implement. This represents a standardised framework for the automatic exchange of tax-relevant information on crypto-assets.

Incorporation into New Zealand law

The Bill would incorporate the CARF proposal into New Zealand law. The CARF proposal involves the reporting of tax information on transactions in crypto-assets in a standardised form, with a view to automatically exchanging this information with other jurisdictions.

The CARF is a global minimum standard, which means that all OECD member countries are expected to implement it. To date, over 50 jurisdictions worldwide have signed a joint statement outlining their commitment to implement the CARF in time to commence exchanges of information by 2027. The information obtained under the CARF would increase Inland Revenue's visibility over income derived through crypto-assets and support compliance activity by ensuring taxpayers are paying the correct amount of tax.

The CARF applies to entities or individuals that facilitate exchange transactions for customers. Under the CARF, these crypto-asset service providers must collect transaction and customer information and provide this to the tax authority in the jurisdiction in which they operate. The information is then exchanged with other tax authorities that have implemented the CARF to the extent it relates to persons resident in that jurisdiction.

Penalties

Jurisdictions are required to ensure they correctly implement the CARF. This requires effective enforcement provisions to address any instances of non-compliance by crypto-asset service providers or crypto-asset users.

New civil penalties will be required to support the CARF. These penalties will be based on penalties included in the Tax Administration Act 1994 following implementation of the CRS and the OECD model rules for the platform economy in New Zealand. The penalties would apply to crypto-asset service providers with a New Zealand reporting obligation, as well as users of these service providers where they fail to comply with the information-reporting requirements of the CARF. These penalties would be discretionary, and it would be up to the Commissioner of Inland Revenue to determine whether a penalty amount ought to be imposed for any breaches under the CARF.

Amendments to the Common Reporting Standard

The CRS is a global framework developed by the OECD for the collection, reporting and exchange of financial account information about people and entities investing

outside their tax residence jurisdiction. It is intended to assist in the detection and deterrence of offshore tax evasion. The CRS was incorporated into New Zealand law by the Taxation (Business Tax, Exchange of Information, and Remedial Matters) Act 2017.

The amendments to the CRS primarily support the CARF but also include several minor or technical amendments to improve the usability of the CRS. The Bill proposes giving effect to these amendments.

The proposals would be implemented in New Zealand with effect from the 2026–27 tax year, with the first reports due in 2027.

Approved issuer levy retrospective registration

The Bill proposes allowing a New Zealand borrower paying interest to a foreign lender who did not register a security for approved issuer levy (AIL) on time to retrospectively register the security in certain circumstances.

A New Zealand borrower paying interest to a non-associated non-resident lender can generally opt to pay a 2% (or in some cases 0%) AIL instead of non-resident withholding tax (NRWT) at 10% or 15%. To be eligible for AIL, the New Zealand borrower must be an approved issuer and register the relevant security before making an interest payment. The regime supports New Zealand borrowers' access to capital from foreign lenders.

However, if the New Zealand borrower has not registered a security at the outset and Inland Revenue becomes aware of the error, the borrower is required to pay NRWT on any interest payments already made, thereby increasing the interest cost from 2% to 10% or 15%.

Currently, Inland Revenue is unable to allow the borrower to retrospectively register the security for AIL under any circumstances. This is undesirable for several reasons:

- *Increased cost of capital for New Zealand borrowers:* AIL is a concessionary regime designed to lower the cost of capital for New Zealand borrowers to whom foreign lenders would otherwise pass on the full cost of NRWT. Requiring a taxpayer to pay NRWT rather than AIL due to an administrative error increases the cost of capital, thereby conflicting with the intent of the AIL regime.
- *Inconsistency with other settings:* A taxpayer who has registered a security but neglected to pay AIL is still able to pay AIL at 2% (along with usual use of money interest and potential penalties) when the error is discovered. This can be contrasted with a borrower who has not registered a security but has paid AIL on interest payments under it. Such a borrower is liable for NRWT at a rate of 10% or 15%, which could be seen as a disproportionate outcome.
- *Compliance implications:* Taxpayers may be less inclined to disclose their errors if they know that they will face NRWT at 10% or 15% for doing so instead of AIL at 2%.

The Bill proposes permitting a borrower to retrospectively register a security for AIL in limited circumstances. This would allow the borrower to pay AIL rather than NRWT on the interest payments made on the security prior to the date of registration. The Commissioner would only approve an application for retrospective registration if the borrower:

- failed to register the security on time due to a genuine error; and
- applied for retrospective registration within two years of the first interest payment on the security on which the borrower had an NRWT liability being made.

The proposal would take effect from 1 April 2025. Registrations could not be backdated before that date, meaning the change would be prospective.

Taxation of transfers from overseas pension schemes

The Bill proposes measures to address two issues that affect the transfer of pension funds to New Zealand. They primarily address issues concerning the transfer of funds from the United Kingdom (UK). These are:

- the inability of some migrants to pay New Zealand tax due on a transfer of their UK pension fund to a qualifying recognised overseas pension scheme (QROPS) in New Zealand without withdrawing funds from the scheme, resulting in UK tax charges; and
- the existence of “locked in” KiwiSaver funds.

The UK has strict rules for taxing pensions. Accordingly, a UK pension fund may only be transferred overseas free of UK tax if it is transferred to a QROPS. QROPS are pension schemes established outside the UK that agree to follow UK rules. These rules include preventing migrants from accessing the pension fund sooner overseas than they would have been able to in the UK. Transfers to non-QROPS, and withdrawals from QROPS within certain timeframes, are subject to UK tax charges of up to 55%.

Pension transfers are taxable in New Zealand to the extent the migrant is not entitled to the benefit of the concessionary transitional residence regime. This regime exempts certain foreign-sourced income, including withdrawals from a foreign superannuation scheme, for the first four years of the migrant’s tax residence in New Zealand. When the individual is not entitled to the regime, or their transitional period has expired, a portion of the pension fund transferred is taxed at the migrant’s marginal rate. However, a withdrawal from either the original pension fund or the QROPS to meet a New Zealand tax liability will result in a UK tax charge.

Payment of New Zealand tax due on pension transfers

The Bill proposes a “scheme pays” option that would allow a migrant transferring their pension fund to a New Zealand QROPS to elect for the QROPS provider to pay the New Zealand tax due on the transfer from the transferred funds, at a flat 28% rate, directly to Inland Revenue. Under “scheme pays”, there would be no liability for UK

tax charges because no funds would flow to the migrant personally. The QROPS will also be responsible for a monthly information report to Inland Revenue on overseas pension transfers received, which will indicate whether the tax has been paid by the scheme or if it will be paid by the individual. The migrant would be responsible for providing accurate information to the QROPS for reporting purposes.

For equity reasons, the Bill also proposes that “scheme pays” would be available for transfers of pension funds from other (non-UK) countries to KiwiSaver schemes. QROPS and KiwiSaver schemes would be required to participate in the “scheme pays” option.

‘Locked-in’ KiwiSaver funds

In 2015, KiwiSaver schemes ceased to be QROPS. Some migrants who transferred their pension funds from the UK to KiwiSaver schemes prior to that change cannot transfer them to any other KiwiSaver scheme without incurring UK tax charges. This creates issues for migrants who want to move their funds to another scheme and for KiwiSaver providers who want to merge schemes with low participation.

The Bill proposes allowing KiwiSaver providers to move “locked-in” funds from the KiwiSaver scheme into a QROPS, subject to the migrant’s consent. Any remaining funds would remain in the KiwiSaver scheme and could then be transferred to another KiwiSaver scheme without UK tax implications.

The Bill proposes that:

- The “scheme pays” mechanism would apply from 1 April 2026.
- Transfers from KiwiSaver schemes of previously transferred UK pension funds to New Zealand QROPS would be available from 1 April 2025.

Exempt employee share schemes

The Bill proposes that thresholds relating to exempt employee share schemes are increased to recognise the effect of past inflation and provide a buffer against future inflation. This is intended to make it easier for companies in the start-up and tech sectors to attract and retain talent through the use of employee share schemes.

Employee share schemes are arrangements whereby shares in an employer company are provided to an employee (either in whole or in part) in return for services. These schemes are an important way of remunerating employees both in New Zealand and overseas.

Exempt employee share schemes allow employers to provide benefits to their employees without causing their employees to incur a tax liability. This reduces compliance costs for schemes that are offered to all (or almost all) of a firm’s employees. Benefits provided under an employee share scheme may be exempt if, among other things:

- the maximum value of shares provided to an employee does not exceed \$5,000 a year;

- any discount provided by an employer on the market value of those shares does not exceed \$2,000; and
- 90% or more of full-time permanent employees who are not subject to the securities law of other jurisdictions are eligible to take part in the scheme.

The two thresholds above (namely, those that govern the maximum value of the shares that may be provided to an employee and the maximum permissible discount on the shares' market value) were last set in 2018.

In recognition of the impact of inflation since the thresholds were last set, and to provide a buffer against future inflation, the Bill proposes these are increased as follows:

	Current thresholds	Proposed thresholds
Maximum permissible value of shares provided to an employee per annum	\$5,000	\$7,500
Maximum permissible discount on share market value provided by an employer	\$2,000	\$3,000

The proposal would apply to offers of shares made under exempt employee share schemes on and after 1 April 2025.

NZBN information-sharing provision

The Bill proposes the “one-off” sharing of IRD numbers and contact information between Inland Revenue and the Ministry of Business, Innovation and Employment (MBIE) to encourage take-up of the New Zealand Business Number by unincorporated entities.

New Zealand Business Numbers (NZBN) are unique business identifiers used for a range of purposes, including verifying businesses' identities and facilitating e-invoicing. While companies are provided with an NZBN upon registration with the Companies Office, unincorporated entities will not receive an NZBN unless they choose to register with the Companies Office. This has resulted in the low uptake of NZBNs among unincorporated entities.

The Bill proposes allowing the “one-off” sharing of information between Inland Revenue and MBIE. This would involve Inland Revenue providing MBIE with the contact details and IRD numbers of unincorporated entities so that MBIE can contact those that do not currently have NZBNs and encourage them to register for an NZBN. Any information shared with MBIE would be destroyed by MBIE once it had contacted the unincorporated entities.

While current information-sharing provisions do exist between MBIE and Inland Revenue, a legislative change is required to allow information to be used for this NZBN initiative.

The proposal would apply from the date the Bill receives the Royal assent.

Enrolling persons aged under 16 in KiwiSaver

The Bill proposes allowing young people aged under 16 to enrol in KiwiSaver with the agreement of one parent or guardian.

Current KiwiSaver settings allow persons aged 18 or over who meet the eligibility criteria to join KiwiSaver “as of right”. However, a person aged under 16 who is not in Oranga Tamariki care who wishes to join KiwiSaver requires the consent of both guardians. These settings were developed in response to issues that arose shortly after the implementation of the KiwiSaver regime, and they sought to balance access to KiwiSaver against the rights of parents and guardians to make decisions about the young persons for whom they are responsible.

However, the current enrolment settings for persons aged under 16 can pose a challenge for solo parents wishing to enrol children in KiwiSaver when it is difficult to secure the agreement of a former partner.

The proposal would apply from 1 July 2025.

Charities recommended for overseas donee status

The Bill proposes six New Zealand charities with overseas charitable purposes be granted overseas donee status and added to the list of organisations in schedule 32 of the Income Tax Act 2007. Donee status for one charity is time limited, given the project nature of its work.

The additions to the list would apply from 1 April 2024.

Remedial amendments

The Bill contains a significant number of amendments of a remedial and technical nature that ensure the legislation is consistent with the policy intent. These include:

- ensuring that the bright-line period is not restarted when a co-owner acquires land from another co-owner on a partition or subdivision;
- ensuring the new bright-line test does not apply to transfers of inherited land by a beneficiary of an estate;
- amending the eligibility rules for portfolio investment entities to ensure they are consistent with the policy intent;
- changing the general approval application due date for the Research and Development Tax Incentive tax credit;
- general amendments to ensure the GST rules for apportionment and adjustments of input tax deductions work as intended;
- extending the scope of the temporary GST registration rules;
- clarifying that distributions from unit title bodies corporate to refund members are deductible for GST purposes;

- ensuring GST-registered persons that have accounting cycles based on 13-week quarters can have approved taxable period end dates that are aligned with their accounting calendar;
- allowing an optional timing rule for GST on accommodation supplied through electronic marketplaces;
- clarifying how property developers are defined for the purposes of a GST rule for limiting input tax deductions for land sold by property developers;
- allowing taxpayers the option to deduct the GST-inclusive amount of all their expenditure for income tax purposes in certain situations when they include the flat-rate credit as income in their income tax returns;
- ensuring that services provided in relation to commercial vessels passing through New Zealand should be zero-rated for GST purposes;
- ensuring that zero-rating applies to a deemed supply of emissions units upon deregistration;
- clarifying that the taxable activity exclusion for certain goods applies when a person deregisters from GST;
- extending the thin capitalisation rules related to the calculation of non-debt liabilities for interest-free loans and certain shares;
- clarifying that the transfer pricing and dividend rules apply concurrently, and ensuring that any adjustments that flow from a transfer pricing adjustment are subject to the same seven-year time bar;
- clarifying that entities that only derive exempt income are not required to file an annual return;
- repealing the provision allowing taxpayers to apply to the Commissioner to spread income derived by them on disposal of land to the Crown;
- amending provisions relating to partnerships to clarify the application of the associated persons rules to limited partnerships, allow limited partnerships to apply for RWT-exempt status under the name of the partnership, ensure limited partnerships can access the AIL regime, and address other minor and technical issues;
- clarifying the livestock that is subject to the annual valuation provisions of the Income Tax Act 2007;
- including an additional criterion to enable the Commissioner to make an assessment without the need to issue a notice of proposed adjustment; and
- ensuring the same tax treatment for amounts of extra pay that are paid together when one of the amounts of extra pay arises from the ending of an employee's employment.

Several minor maintenance items, consisting mainly of correcting minor faults of expression, reader's aids, and incorrect cross-references, are also addressed in the

Bill. This also includes the removal of two charities that have ceased operations from the overseas donee status list.

Details of further remedial amendments are included in the Commentary to the Bill.

Departmental disclosure statement

The Inland Revenue Department 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.

<http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2024&no=73>

Regulatory impact statement

The Inland Revenue Department produced regulatory impact statements on 8 May 2024, 23 May 2024, 31 May 2024, and 19 June 2024 to help inform the main policy decisions taken by the Government relating to the contents of this Bill.

Copies of these regulatory impact statements can be found at—

- <https://www.taxpolicy.ird.govt.nz/publications/2024/ria-pack-emergency-response-tax-bill>
- <https://treasury.govt.nz/publications/informationreleases/ris>

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 gives the dates on which the clauses of the Bill come into force.

Part 1

Annual rates of income tax

Clause 3 sets the annual rates of income tax for the 2024–25 tax year.

Part 2

Amendments to Income Tax Act 2007

Clause 4 provides that *Part 2* amends the Income Tax Act 2007.

Clause 5 amends section CB 6A to ensure that a disposal by an executor, administrator, or beneficiary of an estate to a third party is exempt from the bright-line test.

Clause 6 amends section CB 15E for two reasons. The first amendment ensures that the section applies to co-owners who are developing land in their personal names, rather than the section just applying to a person who has used an associated entity to develop the land, such as a company. The second amendment ensures that a person has the correct amount of income in a situation when they have disposed of land that

they acquired from a co-owner on partition or subdivision while associated to a property developer and that acquisition was more than minor.

Clause 7 inserts a cross-heading above section CB 23B.

Clause 8 inserts 2 new sections. *New section CC 2B* provides that insurance or compensation for certain land or buildings affected by an emergency event is income when *new section FP 3(5)* applies. *New section CC 2C* provides that insurance or compensation for improvements to farmland and horticultural plants affected by an emergency event is income when *new section FP 5(3) or (6)* applies.

Clause 9 amends section CD 43 to correct a cross-reference.

Clause 10 amends section CD 44 to ensure that, when a company that is a beneficiary of a trust derives beneficiary income subject to the corporate beneficiary rule in section HC 38, the amount the company can distribute to shareholders tax free on liquidation is limited to the after-tax amount of the beneficiary income they receive.

Clause 11 amends section CE 1 to update cross-references as a result of the new emergency response provisions.

Clause 12 amends section CE 9 to expand the sale of business exclusion from a restrictive covenant payment to include situations when a person sells all their shares in a business even though other shareholders may retain theirs.

Clause 13 amends section CF 3 to insert a term into the defined terms list.

Clause 14 inserts *new section CH 5B* to provide an adjustment for the amount of a flat-rate credit that an underlying supplier includes in their assessable income.

Clause 15 amends section CQ 5, which sets out when FIF income arises, to insert correct references to exemption provisions and remove redundant provisions.

Clause 16 amends section CW 3C to ensure that the bright-line period is not restarted when a co-owner acquires land from another co-owner on a partition or subdivision. Instead, the transferee co-owner is given the bright-line start date that the transferor co-owner had. This section has been amended twice as the defined term changed from “bright-line acquisition date” to “bright-line start date” on 1 July 2024 when the 10-year bright-line test was replaced with a 2-year test.

Clause 17 amends section CW 16B to update cross-references as a result of the new emergency response provisions.

Clause 18 amends section CW 16C to update cross-references as a result of the new emergency response provisions.

Clause 19 inserts *new section CW 17D* to ensure that a reimbursement payment made by an employer to or on behalf of an employee for an influenza vaccination is exempt income of the employee.

Clause 20 inserts *new section CW 19B*, which exempts accommodation and income less than \$5,000 that an employer provides an employee for the purposes of relieving the employee from the adverse effects of an emergency event, provided the requirements of *new section FP 13* are met.

Clause 21 amends section CW 26C to increase the exempt employee share scheme thresholds.

Clause 22 inserts a heading above section CW 55BAB(2) as a remedial matter.

Clause 23 amends section CX 1B to provide that the amount of a flat-rate credit that an underlying supplier includes in their income is not excluded income.

Clause 24 inserts a *new section CX 63B* to include excluded income under subpart HB within subpart CX as a remedial matter.

Clause 25 inserts a *new cross-heading and section CX 65* to include excluded income under subpart M within subpart CX as a remedial matter.

Clause 26 corrects a cross-reference in section CZ 25D.

Clause 27 amends section CZ 29B. *Subclause (1)* updates a cross-reference as a result of the new emergency response provisions. *Subclause (2)* provides that regulations made under section CZ 29B are secondary legislation.

Clause 28 amends section CZ 37 to update cross-references as a result of the new emergency response provisions.

Clause 29 amends section DB 2 to exclude from the ambit of the section the amount of a flat-rate credit received by an underlying supplier who has chosen to include the amount in their assessable income.

Clause 30 inserts *new cross-heading and section DB 69* to provide a deduction for expenditure a person incurs while their income-earning activity is interrupted by an emergency event.

Clause 31 amends section DC 3 to clarify that a partnership is not transparent for the purposes of the section.

Clause 32 amends section DC 4 to clarify that a partnership is not transparent for the purposes of the section.

Clause 33 amends section DN 6, which sets out when FIF losses arise, to correct references to exemption provisions and remove redundant provisions.

Clause 34 inserts *new section EA 5* to provide for the deferral of income derived by a share user on disposal of an original share under a share-lending arrangement to the following income year when the deduction for expenditure incurred on acquiring an identical share occurs in that following year.

Clause 35 amends section EC 1 to clarify what livestock needs to be valued under subpart EC for tax purposes.

Clause 36 repeals section EI 8.

Clause 37 amends section EX 20B to remove a redundant provision.

Clause 38 amends section EX 21 as a consequence of the repeal of section EI 8.

Clause 39 replaces section EX 46(9) to correct a fault of expression as a remedial matter.

Clause 40 amends section EX 48 to insert a cross-reference.

Clause 41 amends section EX 63 to remove redundant terminology.

Clause 42 amends section EX 72 to correct a cross-reference.

Clause 43 inserts a *new cross-heading and section EZ 8B* as a transitional provision to cover any land disposals subject to repealed section EI 8.

Clause 44 amends section EZ 80 to update cross-references as a result of the new emergency response provisions.

Clause 45 amends section EZ 81 to update cross-references as a result of the new emergency response provisions.

Clause 46 amends section FB 3A to update terminology that changed when the bright-line test was changed from 10 years to 2 years.

Clause 47 amends section FC 9 to correct a cross-reference.

Clause 48 amends section FD 1. *Subclause (1)* ensures drafting consistency. *Subclause (2)* ensures the rollover relief applies to persons in civil unions and de facto relationships as well as married couples. *Subclause (3)* clarifies that look-through companies and partnerships are not transparent for the purposes of determining association under section FD 1(1)(a). *Subclause (4)* amends the defined terms list.

Clause 49 amends section FE 5 to correct a technical drafting error in the thin capitalisation rules.

Clause 50 amends section FE 16B to provide that certain interest-free loans with settlors and trustees are excluded from a New Zealand group's total non-debt liabilities for the purposes of the thin capitalisation rules. Also, certain interest-free loans with non-corporate parties related to wholly-owned group companies are excluded from a New Zealand group's total non-debt liabilities.

Clause 51 makes consequential amendments to section FH 15 to provide for limited partnerships that are treated as companies under *new section YB 16B*.

Clause 52 amends section FN 6 to clarify that the date for changing a nominated company must be a future date.

Clause 53 inserts *new subpart FP*, which provides tax relief for emergency events. *New section FP 1* outlines the subpart. *New section FP 2* defines the application of the subpart to emergency events. *New section FP 3* allows a person who receives insurance or compensation for land or buildings held on revenue account that were destroyed by an emergency event to defer recognition of that insurance or compensation income for 5 years, or until the person replaces the property or goes bankrupt. *New section FP 4* allows a person who receives insurance or compensation for depreciable property damaged by an emergency event that they plan to replace to defer recognition of that insurance or compensation income until the replacement of the property. If the person does not replace the property, the income is deferred to the earlier of 5 years later, the date the person decides not to replace the property, or the date the person goes bankrupt. *New section FP 5* allows a person who receives insurance or compensation for improvements to farmland and horticultural plants affected by an emergency event to defer recognition of that income until the property is replaced or,

if they do not replace the property, until the earlier of 5 years later, the date the person decides not to replace the property, or the date the person goes bankrupt. *New section FP 6*, by reference to *new section DB 69*, enables expenditure to continue to be deducted where that expenditure relates to an income-earning activity that was disrupted by an emergency event to such an extent that there is no longer a sufficient nexus between the expenditure and the income-earning activity. *New section FP 7* provides for a deemed disposal and reacquisition of depreciable property damaged by an emergency event to such an extent that it is uneconomic to repair. *New section FP 8* limits depreciation recovery income when a person receives compensation for a repairable item of depreciable property damaged by an emergency event to the lesser of the amount of depreciation recovery income the person would have had in the absence of the section and the amount of depreciation deductions previously taken. *New section FP 9* treats an item as being available for use for depreciation purposes if access to the item is affected because of a restriction imposed due to an emergency event and the item was used or available for use before the restriction was imposed. *New section FP 10* provides an optional timing rule for income and deductions for an item of depreciable property damaged by an emergency event that resulted in a disposal and reacquisition under *new section FP 7*. *New section FP 11* provides an optional timing rule for income and deductions for an item of depreciable property damaged by an emergency event that did not result in a disposal and reacquisition under *new section FP 7*. *New section FP 12* provides an optional adjustment to how group assets are measured for the purposes of the thin capitalisation rules for group assets damaged because of an emergency event for which insurance for the damage is recognised at a later date under generally accepted accounting practice. *New section FP 13* provides that income paid by an employer to an employee for the purpose of relieving the employee from the adverse effects of an emergency event and that meets certain other conditions is exempt income to the extent given by *new section CW 19B*. *New section FP 14* provides that a benefit provided by an employer to an employee for the purpose of relieving the employee from the adverse effects of an emergency event is not a fringe benefit where certain conditions are met. *New section FP 15*, with reference to section CW 16B, provides that the value of accommodation an employer provides an employee for a period of up to 5 years to enable the employee to repair and rebuild land or other property affected by an emergency event is exempt income. *New section FP 16* enables the income arising from the culling of livestock destroyed by an emergency event to be spread over 6 years. *New section FP 17* provides that sections CB 6A and CB 9 to CB 11, which relate to income from disposals of land, do not apply to land damaged by an emergency event that was subject to a Crown or local authority buy-out.

Clause 54 amends section GC 5 to clarify that partnerships are not transparent for the purposes of a lease under the section.

Clause 55 amends section GC 11 to clarify the application of transfer pricing adjustments.

Clause 56 amends section GC 12 to remove a cross-reference and clarify the interaction between the withholding rules and transfer pricing adjustments.

Clause 57 amends section GC 13 to provide for amendment of assessments beyond the 4-year time bar for certain related transfer pricing adjustments.

Clause 58 amends section HC 33 to correct the terminology.

Clause 59 amends section HC 35. *Subclause (1)* ensures that beneficiary income subject to the minor beneficiary rule is always taxed at 39%. *Subclause (2)* ensures that disabled beneficiaries who are minors are not subject to the minor beneficiary rule on the beneficiary income they derive.

Clause 60 amends section HC 38 to ensure that beneficiary income subject to the corporate beneficiary rule is always taxed at 39%.

Clause 61 amends section HG 3 to clarify that the partnership safe harbour provisions apply unless the disposal occurs on the final dissolution of a partnership.

Clause 62 amends section HG 4 to clarify that the partnership safe harbour provisions apply unless the disposal occurs on the final dissolution of a partnership.

Clause 63 amends section HG 5. *Subclause (1)* corrects a minor fault of expression. *Subclause (2)* ensures financial arrangements are included in gross tax value at market value. *Subclause (3)* clarifies that the provision does not apply when the disposal occurs on the final dissolution of a partnership. *Subclause (4)* amends the list of defined terms.

Clause 64 amends section HG 6. *Subclause (1)* corrects a minor fault of expression. *Subclause (2)* clarifies that the provision does not apply when the disposal occurs on the final dissolution of a partnership. *Subclause (3)* amends the defined terms list.

Clause 65 amends section HG 7. *Subclause (1)* corrects a minor fault of expression. *Subclause (2)* clarifies that the provision does not apply when the disposal occurs on the final dissolution of a partnership. *Subclause (3)* amends the defined terms list.

Clause 66 amends section HG 8. *Subclause (1)* corrects a minor fault of expression. *Subclause (2)* clarifies that the provision does not apply when the disposal occurs on the final dissolution of a partnership. *Subclause (3)* amends the defined terms list.

Clause 67 amends section HG 9. *Subclause (1)* corrects a minor fault of expression. *Subclause (2)* clarifies that the provision does not apply when the disposal occurs on the final dissolution of a partnership. *Subclause (3)* amends the defined terms list.

Clause 68 amends section HG 10. *Subclause (1)* corrects a minor fault of expression. *Subclause (2)* clarifies that the provision does not apply when the disposal occurs on the final dissolution of a partnership. *Subclause (3)* amends the defined terms list.

Clause 69 amends section HG 11. *Subclause (1)* replaces section HG 11(5)(b) and (c) to reflect that it is partnership interests, rather than capital contributions, that are assigned and also to ensure that loans made by one partner and guaranteed by another partner are not double-counted. *Subclause (2)* replaces section HG 11(6)(b) to reflect that it is partnership interests, rather than capital contributions, that are assigned. It also inserts *new section HG 11(6)(c)* to ensure any repayment of debt is accounted for in a partner's basis calculation. *Subclause (3)(a)* provides consistency in the partner's basis calculation by ensuring the current and previous years are included. *Subclause*

(3)(b) removes a redundant provision. *Subclauses (4) and (5)(a)* clarify that multiple instances of amounts must be aggregated. *Subclause (5)(b)* ignores recharacterisation under section HG 2(2) for the amount included within the formula in section HG 11(7B) as dividends. *Subclauses (6) and (7)* remove redundant provisions. *Subclause (8)* clarifies that multiple instances of amounts must be aggregated. *Subclause (9)* amends the defined terms list.

Clause 70 amends section HM 7 to include *new section HM 10B* in the list of requirements an entity must meet to be a PIE.

Clause 71 inserts *new section HM 10B* to exclude registered banks, licensed non-bank deposit takers, and licensed deposit takers from the PIE rules. The section has been amended twice as “licensed deposit taker”, the term that replaces a “registered bank” and a “licensed non-bank deposit taker”, is not law until section 10 of the Deposit Takers Act 2023 comes into force.

Clause 72 amends section HM 12 to provide that interest income derived from an associated person who meets certain conditions is not eligible to be PIE income.

Clause 73 amends section HM 71 to ensure *new section HM 10B* is included when referring to the PIE entry rules.

Clause 74 replaces section HR 9 to expand the provision for transparency for assets that are attributed to an originator of a special purpose vehicle as well as assets that are transferred to it.

Clause 75 inserts *new section HR 9BAA* to define *originator* for the purposes of the rules relating to debt funding special purpose vehicles.

Clause 76 amends section HR 9BA as a consequence of the changes to section HR 9.

Clause 77 amends section HR 10 to ensure the language is consistent.

Clause 78 inserts *new section HR 10B* to provide what happens when persons stop being originators in relation to assets held by special purpose vehicles that are attributed to the originator.

Clause 79 amends section HR 12 to correct terminology.

Clause 80 amends section HZ 9 to reflect the changes to section HR 9 for certain periods.

Clause 81 amends section HZ 10 to ensure the language is consistent.

Clause 82 amends section IA 7 to remove a redundant cross-reference.

Clause 83 amends section IE 4 to remove a redundant cross-reference.

Clause 84 amends section IE 5 to remove redundant cross-references.

Clause 85 amends section IQ 6 to remove a redundant cross-reference.

Clause 86 amends section IQ 7 to remove a redundant cross-reference.

Clause 87 inserts *new section LB 6BA* to provide that a person has a tax credit for an amount of transfer scheme withholding tax (TSWT) withheld.

Clause 88 amends section LE 4B to remove redundant terminology.

Clause 89 amends section LJ 5 to ensure that beneficiaries account for deductions at the trustee level in calculating their foreign tax credit cap.

Clause 90 amends section LY 9 to update the name of the relevant Minister.

Clause 91 amends section LY 10 to update the name of the relevant Minister.

Clause 92 amends section OB 37 to prevent a double debit to imputation credit accounts for research and development tax credits.

Clause 93 inserts *new section RA 6BB* to provide a withholding and payment obligation for TSWT.

Clause 94 amends section RA 10 to ensure the section applies to a transfer scheme liable to withhold tax from a foreign superannuation withdrawal.

Clause 95 amends section RA 15. *Subclauses (1), (3) and (4)* include the payment of TSWT within the section and ensure the due date is the 20th day of the month after the month in which the TSWT is withheld. *Subclause (2)* corrects a cross-reference as a remedial matter.

Clause 96 amends section RD 17 to correct a minor fault of expression.

Clause 97 amends section RD 20B to include certain lump sum support payments as multi-year support payments.

Clause 98 amends section RE 30 to provide for limited partnerships applying for RWT-exempt status in the name of the limited partnership and also to ensure partners in a partnership are liable for RWT debt incurred when they are a partner even after leaving the partnership.

Clause 99 amends section RF 3 to allow a limited partnership to choose to be treated as making a payment of non-resident passive income when the partnership is a lender and receives interest from a source in New Zealand that is derived by a non-resident limited partner of the partnership.

Clause 100 amends section RF 6 to remedy several minor faults of expression and to provide a signpost to the Tax Administration Act 1994 for the case when a person's NRWT liability is paid by another person.

Clause 101 amends section RF 12 to allow a limited partnership to access the 0% NRWT rate as an approved issuer.

Clause 102 amends section RF 12B to clarify that interest derived by 2 or more persons jointly includes interest derived by partners of a partnership, and also to exclude an interest payment received by a non-resident limited partner of a limited partnership when 1 or more of the partners in the partnership is a New Zealand resident, allowing the limited partnership to access the approved issuer levy.

Clause 103 amends section RF 15 to correct a cross-reference.

Clause 104 inserts *new subpart RI*, which provides for a new transfer scheme withholding tax. *New section RI 1* provides for the subpart to impose TSWT. *New section RI 2* sets out when the subpart applies. *New section RI 3* imposes an obligation to

withhold TSWT and pay it to the Commissioner. *New section RI 4* sets out the rate of TSWT. *New section RI 5* provides when TSWT must be paid to the Commissioner.

Clause 105 amends section YA 1. *Subclause (2)* amends the definition of *accommodation* as part of the new emergency response provisions to ensure that the definition applies for the purposes of *new sections CW 19B and FP 15*. *Subclause (3)* amends the definition of *ancillary tax* to remove redundant references. *Subclause (4)* inserts a new definition of *assessable withdrawal amount*. *Subclause (5)* amends the definition of *building* to ensure drafting consistency. *Subclause (6)* amends the definition of *business premises* to ensure drafting consistency. *Subclause (7)* amends the definition of *business use* to reverse an unintended change made during the rewrite of the Income Tax Act. *Subclause (8)* amends the definition of *class* to extend its application to *new section FP 16*. *Subclauses (9) and (10)* amend the definition of *company* to provide for limited partnerships that are treated as companies under section YB 14(4) and *new section YB 16*. *Subclause (11)* amends the definition of *cost price* to extend its application to *new section FP 16*. *Subclause (12)* amends the definition of *dispose* to clarify that it includes a disposal occurring on the final dissolution of a partnership. *Subclause (13)* inserts a new definition of *emergency event*. *Subclause (14)* amends the definition of *employer* to insert cross-references for already enacted provisions. *Subclause (15)* amends the definition of *employer* to insert cross-references for the new emergency response provisions. *Subclause (16)* inserts a new definition of *equity group* for the purposes of section FE 16B. *Subclause (17)* inserts a new definition of *excluded interest* for the purposes of section HM 12. *Subclause (18)* amends the definition of *lines trust* so that it includes trusts that have held shares in an energy company and continue to have the same class of beneficiaries for which the trust was established, ensuring that trustee income of these trusts is taxed at 33%. *Subclause (19)* amends the definition of *listed horticultural plant* to extend its application to *new sections FP 1 and FP 5*. *Subclauses (20) and (21)* amend the definition of *market value interest* to provide for a limited partnership treated as a company. *Subclause (22)* amends the definition of *member* as a consequence of the amendment to the heading of section RE 30. *Subclause (23)* amends the definition of *non-listed horticultural plant* to correct a cross-reference. *Subclause (24)* amends the definition of *non-refundable tax credit* to include a tax credit for TSWT. *Subclause (25)* replaces the definition of *originator*. *Subclause (26)* amends the definition of *partnership share* to ensure the definition applies to non-partners associated with limited partnerships under section YB 12(2). *Subclause (27)* inserts a new definition of *QROPS*. *Subclause (28)* repeals the definition of *qualifying resident foreign trustee*. *Subclause (29)* replaces the definition of *rebuilding* as part of the new emergency response provisions to ensure the definition applies for the purposes of *new section FP 15*. *Subclause (30)* replaces the definition of *recovery* as part of the new emergency response provisions to ensure the definition applies for the purposes of *new section FP 15*. *Subclause (31)* amends the definition of *schedular income* as a consequence of the amendment to the heading of section RD 20B. *Subclause (32)* amends the definition of *schedular income* to include income that is an assessable withdrawal amount to which *new subpart RI* applies. *Subclause (33)* inserts a new definition of *transfer*

scheme. Subclause (34) inserts a new definition of TSWT. Subclauses (35) and (36) amend the definition of voting interest to provide for a limited partnership treated as a company.

Clause 106 amends section YB 1(3) as a remedial matter by inserting new paragraph (jb) to include section YB 13 within the tests of association.

Clause 107 amends section YB 2(4) and (5) to clarify the application of the aggregation provisions.

Clause 108 amends section YB 3(3) and (4) to clarify the application of the aggregation provisions.

Clause 109 amends section YB 12. Subclauses (1) and (3) clarify that a person who is not a limited partner but who is treated as holding an interest in a limited partnership under the limited partnership aggregation rules may be associated with a limited partnership under section YB 12(2). Subclause (2) excludes limited partnerships treated as companies under new section YB 16B from section YB 12(2). Subclauses (4) and (5) amend section YB 12(3) and (4) to clarify the application of the aggregation provisions. Subclause (6) makes consequential amendments to the list of defined terms in the section.

Clause 110 amends section YB 13. Subclauses (1), (2), and (3) clarify that a person who does not have a look-through interest but who is treated as having a look-through interest for a look-through company under the look-through company aggregation rules may be associated with a look-through company under section YB 13(2). Subclauses (4) and (5) amend section YB 13(3) and (4) to clarify the application of the aggregation provisions. Subclause (6) makes a consequential amendment to the list of defined terms in the section.

Clause 111 inserts new section YB 16B, which provides for a limited partnership to be treated as a company for the purposes of the associated persons tests in sections YB 2, YB 3, YB 12(2), (3), and (4) and the look-through rule for corporate shareholders in section YC 4 in the specified circumstances.

Clause 112 amends section YC 4 to correct a minor fault of expression.

Clause 113 amends schedule 1. Subclause (1) makes a consequential amendment to clause 13. Subclause (2) inserts new clause 15 to provide that the rate of tax on schedular income that is an assessable withdrawal amount to which new subpart RI applies is 28%.

Clause 114 amends schedule 25 to correct the shoulder references.

Clause 115 amends schedule 32, which lists overseas-based charities to which a monetary donation entitles the donor to a tax benefit.

Part 3

Amendments to Tax Administration Act 1994

Clause 116 provides that Part 3 amends the Tax Administration Act 1994.

Clause 117 amends section 3(1). *Subclause (2)* inserts a new definition of *assessable withdrawal amount*. *Subclause (3)* inserts a new definition of *CARF document*. *Subclause (4)* amends the definition of *civil penalty*. *Subclause (5)* inserts a new definition of *crypto-asset reporting framework*. *Subclause (6)* inserts a new definition of *emergency event*. *Subclause (7)* inserts a new definition of *foreign superannuation withdrawal*. *Subclause (8)* amends the definition of *passive income*. *Subclause (9)* inserts a new definition of *transfer scheme*. *Subclause (10)* inserts a new definition of *TSWT*.

Clause 118 inserts *new section 6J* to enable certain provisions that provide tax relief for emergency events to be turned on by Order in Council.

Clause 119 amends section 22D to include an assessable withdrawal amount within reportable income and to treat a transfer scheme as the payer of an assessable withdrawal amount for these purposes.

Clause 120 amends section 25B to provide for a transfer scheme to be treated as the payer of an assessable withdrawal amount for the purposes of the investment income information provisions.

Clause 121 amends section 25C to include assessable withdrawal amounts within investment income in the specified circumstances.

Clause 122 amends section 25E to provide that a transfer scheme that pays an assessable withdrawal amount must provide investment income information to the Commissioner.

Clause 123 inserts *new section 25LB*, which sets out the investment income information requirements for a transfer scheme.

Clause 124 inserts *new section 31D*, which sets out the notification requirements for a person deriving an assessable withdrawal amount on the transfer of an overseas pension scheme.

Clause 125 amends section 32 to provide a 7-year record-keeping requirement for gift exempt bodies and to provide for records to be kept in te reo Māori.

Clause 126 inserts *new section 32IB* to provide that a limited partnership is treated as non-transparent for the purposes of determining certain amounts.

Clause 127 amends section 32J to extend the section to limited partnerships.

Clause 128 amends section 32M. *Subclauses (1) and (2)* allow a limited partnership lender to be an approved issuer. *Subclause (3)* provides that if the Commissioner backdates a person's registration of a security under *new section 86H(3)* of the Stamp and Cheque Duties Act 1971, the person is treated as being an approved issuer from that backdated date of registration.

Clause 129 amends section 33 to ensure that an entity, such as a charity, that derives only exempt income is not required to file an income tax return.

Clause 130 amends section 41 to correct terminology.

Clause 131 amends section 42 to provide that partners may choose to return their share of partnership income to the same corresponding income year as the partnership when the partnership has a non-standard balance date, and also to ensure a non-resident limited partner does not have to file an individual tax return if they have no New Zealand-sourced income.

Clause 132 amends section 46C to repeal a redundant provision.

Clause 133 inserts *new section 57C*, which requires a transfer scheme that withholds TSWT from a foreign superannuation withdrawal to file a return.

Clause 134 amends section 68CB. *Subclause (1)* extends the date by which a person can apply for general approval of their research and development activities. *Subclauses (2) and (3)* extend the dates by which a person can apply to vary an approval.

Clause 135 amends section 89C. *Subclause (1)* allows the Commissioner to make an assessment without the need for a notice of proposed adjustment when a qualifying individual has provided information to the Commissioner but then fails to respond within 2 months to the Commissioner's request for additional information. *Subclause (2)* allows the Commissioner to make an assessment without the need for a notice of proposed adjustment in relation to penalties for non-compliance with the crypto-asset reporting framework.

Clause 136 amends section 89M to provide that if the Commissioner does not respond to a disputant's statement of position within the 2-month response period, the Commissioner is treated as having accepted the disputant's statement of position.

Clause 137 amends section 94A to enable the imposition of penalties in relation to the crypto-asset reporting framework.

Clause 138 inserts *new section 94E* to provide for the Commissioner's assessment of penalties for non-compliance with the crypto-asset reporting framework.

Clause 139 inserts *new section 98C* to provide for the Commissioner to make an assessment of TSWT.

Clause 140 amends section 108 to ensure the provision of a return relating to the withholding of TSWT by a transfer scheme is treated as an assessment for the purposes of the time bar.

Clause 141 amends section 138E to provide that there is no right to challenge on matters left to the Commissioner's discretion under *new section 86H(3)* of the Stamp and Cheque Duties Act 1971.

Clause 142 amends section 138L to provide that a person may challenge a penalty relating to a reporting obligation, treating the denial of liability as an adjustment proposed by the person.

Clause 143 amends section 139AB to correct a cross-reference.

Clause 144 inserts *new sections 142L and 142M* to provide penalties for non-compliance with the crypto-asset reporting framework.

Clause 145 amends section 143 to ensure that a person who does not comply with the crypto-asset reporting framework is not liable for an absolute liability or strict liability offence.

Clause 146 amends section 157 to remove a redundant provision.

Clause 147 replaces section 183ABA to replace the current Order in Council mechanism to remit use of money interest as a result of an emergency event with a Commissioner's discretion.

Clause 148 amends section 185E to provide a signpost cross-reference to the crypto-asset reporting framework.

Clause 149 amends section 185N to give effect to amendments to the OECD's *Common Standard on Reporting and Due Diligence for Financial Account Information* and some consequential amendments.

Clause 150 inserts a *new cross-heading and section 185U* to provide that crypto-asset service providers must comply with the crypto-asset reporting framework. Crypto-asset users also have obligations in relation to the provision of information in accordance with the crypto-asset reporting framework.

Clause 151 amends section 226E to provide additional regulation-making powers for changes to the crypto-asset reporting framework in line with the current powers for the CRS standard (and the CRS publication).

Clause 152 amends schedule 2, part 1 and part 2 to give effect to amendments to the OECD's *Common Standard on Reporting and Due Diligence for Financial Account Information* and some consequential amendments.

Clause 153 amends schedule 7, part C, subpart 1. It inserts *new clause 23C* to give discretion to the Commissioner to share sensitive revenue information with other government agencies for the purposes of delivering assistance in connection with an emergency event provided certain safeguards are met. It also inserts *new clause 25(3B)* to provide for disclosure of information held on unincorporated bodies for the purposes of the administration of the New Zealand Business Number Act 2016.

Part 4

Amendments to Goods and Services Tax Act 1985

Clause 154 provides that *Part 4* amends the Goods and Services Tax Act 1985 (the **GSTA**).

Clause 155 amends section 2. *Subclause (2)* repeals the definition of *credit note*. *Subclause (3)* repeals the definition of *debit note*. *Subclause (4)* inserts a definition of *listing intermediary*. *Subclause (5)* corrects the terminology in the definition of *name*.

Clause 156 amends section 3A as an integrity measure to limit the input tax credit a person can claim when secondhand goods have been sold between several associated persons before being sold by an unregistered person to an associated registered person.

Clause 157 amends section 5. *Subclause (1)* amends subsection (3C) to include a transfer of an emissions unit. *Subclause (2)* replaces subsection (6E) to define *payment in the nature of a grant or subsidy* as a consequence of the insertion of *new schedule 2*. *Subclauses (3), (4), and (5)* correct cross-references. *Subclause (6)* requires a GST-registered member to account for output tax on a distribution from a GST-registered unit title body corporate to the extent to which the member uses the unit to make taxable supplies. *Subclause (7)* corrects a minor fault of expression.

Clause 158 amends section 6. *Subclauses (1) and (3)* correct cross-references. *Subclause (2)* clarifies that section 6 applies to deemed supplies when a person deregisters from GST.

Clause 159 amends section 11A. *Subclause (1)* includes in the zero rating rules a supply of services to temporary imports of commercial vessels. *Subclause (2)* includes in the zero-rating rules a supply of certain services made through a listing intermediary. *Subclause (3)* corrects a cross-reference.

Clause 160 amends section 15. *Subclauses (1) and (2)* correct cross-references. *Subclause (3)* clarifies the wording of a provision requiring non-resident suppliers of remote services, distantly taxable goods, and listed services to have 3-month taxable periods.

Clause 161 amends section 15B to clarify when a person's cycle of taxable periods is aligned with their balance date.

Clause 162 amends section 15C to correct cross-references.

Clause 163 amends section 15D to clarify when a change in the basis of taxable periods takes effect.

Clause 164 amends section 15E to clarify that the Commissioner may approve a taxable period end date that is not the last day of the month and that a person can subsequently revert back to the default date.

Clause 165 replaces section 15EB with 3 provisions. *New section 15EB* provides for the Commissioner's approval for changes in end dates of taxable periods. For certain persons who have an accounting cycle of 13 periods in a 12-month period, the Commissioner may provide a method for determining the taxable period end dates and the person's corresponding filing and payment due dates. *New section 15EC* provides for an initial approval of change in end date. *New section 15ED* allows for further changes and when those changes take effect.

Clause 166 amends section 19 to update a cross-reference.

Clause 167 inserts *new section 19DB*, which provides an optional accounting rule for a person who is required to account for tax on a supply of listed services through an electronic marketplace. The person may choose to account for the tax either in or before the taxable period in which the performance of the services is completed.

Clause 168 makes a remedial amendment to section 19N(7) to align with the language used in section 45 of the GSTA.

Clause 169 amends section 19NB to insert a cross-reference that clarifies when the requirement for information falls on the marketplace operator or the listing intermediary.

Clause 170 amends section 20. *Subclause (1)* inserts a *new subsection (3)(df)* for supplies of distantly taxable goods. *Subclause (2)* inserts *new subsection (3)(j)* to allow a registered person who is a unit title body corporate to claim an input tax deduction for a distribution it makes to its members. *Subclause (3)* inserts *new subsection (4)(e)* to provide the taxable period to which output tax is attributed when a registered person accounts for tax on a supply of listed services made through an electronic marketplace under *new section 19DB*. *Subclause (4)* corrects cross-references.

Clause 171 replaces section 20F as a remedial to the rules relating to supplies of financial services.

Clause 172 amends section 21 to correct cross-references.

Clause 173 amends section 21F to clarify that subsection (6) applies to property developers that deal in land or erect buildings.

Clause 174 amends section 21G to provide for a non-resident registered person and the calculation of actual use to be made as if all the supplies were made and received in New Zealand.

Clause 175 amends section 25. *Subclause (1)* corrects the terminology. *Subclause (2)* ensures an adjustment is not necessary where part of the consideration for the supply of a pharmaceutical is rebated to Pharmac.

Clause 176 amends section 25AA to correct cross-references.

Clause 177 amends section 43 to remove redundant provisions.

Clause 178 amends section 51 to include a cross-reference as a consequence of the amendment to section 51B.

Clause 179 amends section 51B to expand the scope of the temporary GST registration rules so they can also apply to an unregistered person who is subject to the deemed supply rule in section 5(16C) of the GSTA.

Clause 180 amends section 55 to clarify the GST grouping rules. *Subclause (1)* removes a redundant paragraph. *Subclause (2)* clarifies that the representative member makes taxable supplies as a registered person. *Subclause (3)* corrects a cross-reference.

Clause 181 amends section 60 to insert a cross-reference and a reference to an underlying supplier.

Clause 182 amends section 60CB to insert a cross-reference and to insert a *new subsection (7B)* to describe what happens when a listing intermediary and a marketplace operator have agreed that the intermediary will provide taxable supply information and supply correction information.

Clause 183 amends section 60H to clarify some references and provide a notification requirement for a listing intermediary.

Clause 184 amends section 75 to repeal a redundant provision.

Clause 185 repeals section 89, which relates to COVID-19-related payments made before the commencement of the Goods and Services Tax (Grants and Subsidies) Amendment Order 2020.

Clause 186 inserts *new schedule 2* to list the non-taxable amounts of government grants and subsidies that are payments in the nature of a grant or subsidy for the purposes of section 5(6D) of the GSTA.

Part 5

Amendments to other enactments

Amendment to KiwiSaver Act 2006

Clause 187 sets out the clauses that amend the KiwiSaver Act 2006.

Clause 188 amends section 4. *Subclause (2)* inserts a new definition of *foreign superannuation withdrawal*. *Subclause (3)* amends the definition of *net value* to include a QROPS accumulation. *Subclause (4)* inserts a new definition of *QROPS*. *Subclause (5)* inserts a new definition of *QROPS accumulation*.

Clause 189 amends section 35 to require only one guardian to contract with a provider for enrolment of a person aged under 16.

Clause 190 inserts a *new cross-heading and sections 220C and 220D* to provide for the transfer of QROPS accumulations from KiwiSaver schemes to QROPS. *New section 220C* provides for a member of a KiwiSaver scheme to voluntarily transfer their QROPS accumulation to a QROPS. *New section 220D* provides for the provider of a KiwiSaver scheme to voluntarily transfer a member's QROPS accumulation to a QROPS with the member's consent.

Clause 191 amends schedule 1 to insert *new clause 16B* to include the transfer of a person's QROPS accumulation within the KiwiSaver scheme rules.

Amendments to Gaming Duties Act 1971

Clause 192 sets out the clauses that amend the Gaming Duties Act 1971 (the **GDA**).

Clause 193 amends the definition of *gaming machine operator* in section 12B to remove the reference to a repealed provision.

Clause 194 repeals section 12FA(b) to remove the reference to a repealed provision.

Clause 195 amends section 12G to remove the reference to a repealed provision.

Clause 196 amends section 12R. *Subclause (1)* updates the section heading terminology. *Subclause (2)* inserts *new paragraph (bb)* to include a terminology cross-reference to ensure the relevant provisions in Part 2A of the GDA apply correctly to casino duty under Part 2B. *Subclause (3)* repeals paragraph (e) to remove the reference to repealed provisions.

Amendments to Stamp and Cheque Duties 1971

Clause 197 sets out the clauses that amend the Stamp and Cheque Duties Act 1971.

Clause 198 amends section 86G to allow a limited partnership approved issuer to register a security to enable the limited partnership to access the approved issuer levy.

Clause 199 amends section 86H to allow the Commissioner to backdate registration of a security when a delay in applying for registration is caused by an oversight and outlines the factors the Commissioner may take into account.

Amendment to Income Tax Act 2004

Clause 200 amends the definition of *business use* in section OB 1 of the Income Tax Act 2004 to reverse an unintended change made during the rewrite of the Income Tax Act.

Amendment to Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Act 2023

Clause 201 replaces the application provision in the amendment to section 21FB of the Goods and Services Tax Act 1985 that was made by section 143 of the Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Act 2023. This allows section 21FB to apply to assets acquired prior to 1 April 2023 as long as the relevant permanent change of use adjustment is made in a return for a taxable period starting on or after 1 April 2023.

Amendment to Child Support Act 1991

Clause 202 amends section 276 of the Child Support Act 1991 to update the list of amendments included in schedule 1 of that Act.

Amendment to Local Government Act 2002

Clause 203 amends schedule 9, clause 6 of the Local Government Act 2002 to update cross-references to provisions in the Income Tax Act 2007.

Goods and Services Tax (Grants and Subsidies) Order 1992

Clause 204 revokes the Goods and Services Tax (Grants and Subsidies) Order 1992.

Hon Simon Watts

Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill

Government Bill

Contents

		Page
1	Title	11
2	Commencement	11
Part 1		
Annual rates of income tax		
3	Annual rates of income tax for 2024–25 tax year	13
Part 2		
Amendments to Income Tax Act 2007		
4	Amendments to Income Tax Act 2007	13
5	Section CB 6A amended (Disposal within 2 years: bright-line test for residential land)	13
6	Section CB 15E amended (Disposals of land subject to section CW 3C)	14
7	New cross-heading above section CB 23B inserted	14
<i>Partial or multiple disposals of land</i>		
8	New sections CC 2B and CC 2C inserted	14
	CC 2B Income—insurance or compensation for land or buildings affected by emergency event and replaced	14
	CC 2C Insurance or compensation—improvements to farmland and horticultural plants affected by an emergency event and replaced	14
9	Section CD 43 amended (Available subscribed capital (ASC) amount)	14
10	Section CD 44 amended (Available capital distribution amount)	14

**Taxation (Annual Rates for 2024–25, Emergency
Response, and Remedial Measures) Bill**

11	Section CE 1 amended (Amounts derived in connection with employment)	15
12	Section CE 9 amended (Restrictive covenants)	15
13	Section CF 3 amended (Withdrawals from foreign superannuation scheme)	15
14	New section CH 5B inserted (Adjustments for certain flat-rate credits under platform economy rules)	15
	CH 5B Adjustments for certain flat-rate credits under platform economy rules	15
15	Section CQ 5 amended (When FIF income arises)	16
16	Section CW 3C amended (Certain partitions or subdivisions of land)	16
17	Section CW 16B amended (Accommodation expenditure: out-of-town secondments and projects)	16
18	Section CW 16C amended (Time periods for certain accommodation expenditure)	16
19	New section CW 17D inserted (Payments for influenza vaccinations)	16
	CW 17D Payments for influenza vaccinations	17
20	New section CW 19B inserted (Employee benefits for emergency event: exempt income)	17
	CW 19B Employee benefits for emergency event: exempt income	17
21	Section CW 26C amended (Meaning of exempt ESS)	17
22	Section CW 55BAB amended (Rebate of fees paid by FIF)	17
23	Section CX 1B amended (Treatment of flat-rate credits under platform economy rules)	17
24	New section CX 63B inserted (Amounts of excluded income for owners)	18
	CX 63B Amounts of excluded income for owners	18
25	New cross-heading and section CX 65 inserted	18
	<i>Tax credits paid in cash</i>	
	CX 65 Tax credits paid in cash	18
26	Section CZ 25D amended (Improvements to farmland and horticultural plants affected by North Island flooding events and replaced—insurance or compensation)	18
27	Section CZ 29B amended (Accommodation expenditure: North Island flooding events)	18
28	Section CZ 37 amended (Income equalisation schemes)	19
29	Section DB 2 amended (Goods and services tax)	19
30	New cross-heading and section DB 69 inserted	19
	<i>Emergency events</i>	
	DB 69 Deduction for certain expenditure due to emergency event	19

**Taxation (Annual Rates for 2024–25, Emergency
Response, and Remedial Measures) Bill**

31	Section DC 3 amended (Pension payments to former partners)	19
32	Section DC 4 amended (Payments to working partners)	20
33	Section DN 6 amended (When FIF loss arises)	20
34	New section EA 5 inserted (Income from disposal of original shares under share-lending arrangements)	20
	EA 5 Income from disposal of original shares under share-lending arrangements	20
35	Section EC 1 amended (Application of this subpart)	21
36	Section EI 8 repealed (Disposal of land to the Crown)	21
37	Section EX 20B amended (Attributable CFC amount)	21
38	Section EX 21 amended (Attributable CFC amount and net attributable CFC income or loss: calculation rules)	21
39	Section EX 46 amended (Limits on choice of calculation methods)	22
40	Section EX 48 amended (Default calculation method)	22
41	Section EX 63 amended (Consequences of changes in method)	22
42	Section EX 72 amended (Commissioner’s default assessment power)	22
43	New cross-heading and section EZ 8B inserted	22
	<i>Disposal of land to the Crown</i>	
	EZ 8B Disposal of land to the Crown	22
44	Section EZ 80 amended (Refund of excess deposit in main income equalisation account as consequence of election under section EZ 4B)	23
45	Section EZ 81 amended (Refund of excess deposit in adverse event income equalisation account as consequence of election under section EZ 4B)	23
46	Section FB 3A amended (Residential land)	23
47	Section FC 9 amended (Residential land transferred to executor, administrator, or beneficiary on death of person)	24
48	Section FD 1 amended (Relief from bright-line test for transfers between associated persons)	24
49	Section FE 5 amended (Thresholds for application of interest apportionment rules)	24
50	Section FE 16B amended (Total group non-debt liabilities)	25
51	Section FH 15 amended (Definitions)	26
52	Section FN 6 amended (Nominated companies)	26
53	New subpart FP inserted	26
	Subpart FP—Tax relief for emergencies	
	<i>General provisions</i>	
	FP 1 Outline of subpart	27
	FP 2 Application to emergency events	27

**Taxation (Annual Rates for 2024–25, Emergency
Response, and Remedial Measures) Bill**

<i>Rollover relief—property</i>		
FP 3	Land or buildings as revenue account property affected by an emergency event and replaced—insurance or compensation	28
FP 4	Property acquired after depreciable property affected by an emergency event	30
FP 5	Improvements to farmland and horticultural plants affected by an emergency event and replaced—insurance or compensation	35
<i>Rollover relief—deductions and depreciation</i>		
FP 6	Expenditure incurred while income-earning activity interrupted by emergency event	37
FP 7	Insurance for damage of property caused by emergency event: treatment as disposal and reacquisition	38
FP 8	Insurance for damage of property caused by emergency event: limit on depreciation recovery income	38
FP 9	Item treated as available for use if access restricted due to emergency event	39
FP 10	Insurance for emergency event damage causing disposal: optional timing rule for income, deductions	39
FP 11	Insurance for repairs of emergency event damage: optional timing rule for income, deductions	41
FP 12	Valuation of group assets: insurance proceeds from emergency event	42
<i>Employment-related relief</i>		
FP 13	Employee benefits for emergency event	43
FP 14	Employee benefits for emergency: not fringe benefit	44
FP 15	Accommodation expenditure: emergency event relief	45
<i>Income spreading for forced livestock sales</i>		
FP 16	Livestock destroyed because of emergency event: spreading	45
<i>Relief from bright-line test and other land sale rules</i>		
FP 17	Land and buildings affected by emergency event—sections CB 6A and CB 9 to CB 11 overridden for local authority and Crown purchases	49
54	Section GC 5 amended (Leases for inadequate rent)	49
55	Section GC 11 amended (Applications for matching treatment)	50
56	Section GC 12 amended (Effect on person’s withholding obligations)	50
57	Section GC 13 amended (Calculation of arm’s length amounts)	50
58	Section HC 33 amended (Choosing to satisfy income tax liability of trustee)	50

**Taxation (Annual Rates for 2024–25, Emergency
Response, and Remedial Measures) Bill**

59	Section HC 35 amended (Beneficiary income of minors)	50
60	Section HC 38 amended (Beneficiary income of certain close companies)	51
61	Section HG 3 amended (General provisions relating to disposals)	51
62	Section HG 4 amended (Disposal upon final dissolution)	51
63	Section HG 5 amended (Disposal of partner’s interests)	52
64	Section HG 6 amended (Disposal of trading stock)	52
65	Section HG 7 amended (Disposal of depreciable property)	53
66	Section HG 8 amended (Disposal of financial arrangements and certain excepted financial arrangements)	53
67	Section HG 9 amended (Disposal of short-term agreements for sale and purchase)	54
68	Section HG 10 amended (Disposal of livestock)	54
69	Section HG 11 amended (Limitation on deductions by partners in limited partnerships)	55
70	Section HM 7 amended (Requirements)	56
71	New section HM 10B inserted and replaced (Exclusion—banks and licensed non-bank deposit takers)	56
	HM 10B Exclusion—banks and licensed non-bank deposit takers	56
	HM 10B Exclusion—licensed deposit takers	56
72	Section HM 12 amended (Income types)	56
73	Section HM 71 amended (Choosing to become PIE)	57
74	Section HR 9 replaced (Debt funding special purpose vehicles are transparent if election made by originator)	57
	HR 9 Debt funding special purpose vehicles are transparent if election made by originator	57
75	New section HR 9BAA inserted (Meaning of originator)	58
	HR 9BAA Meaning of originator	58
76	Section HR 9BA amended (Elections to treat debt funding special purpose vehicles as transparent)	59
77	Section HR 10 amended (What happens when vehicle stops being transparent debt funding special purpose vehicle?)	60
78	New section HR 10B inserted (What happens when persons stop being originators?)	60
	HR 10B What happens when persons stop being originators?	60
79	Section HR 12 amended (Non-exempt charities: treatment of tax-exempt accumulations)	61
80	Section HZ 9 amended (Elections to treat existing debt funding special purpose vehicles as transparent)	61
81	Section HZ 10 amended (What happens when election is made under section HZ 9?)	62
82	Section IA 7 amended (Restrictions relating to ring-fenced tax losses)	62

**Taxation (Annual Rates for 2024–25, Emergency
Response, and Remedial Measures) Bill**

83	Section IE 4 amended (Group companies' treatment of tax losses on amalgamation)	62
84	Section IE 5 amended (Applying the continuity provisions when companies amalgamate)	62
85	Section IQ 6 amended (Pre-consolidation losses: general treatment)	62
86	Section IQ 7 amended (When group membership lacking in loss period)	62
87	New section LB 6BA inserted (Tax credits for TSWT)	62
	LB 6BA Tax credits for TSWT	62
88	Section LE 4B amended (Trustees for certain close companies)	62
89	Section LJ 5 amended (Calculation of New Zealand tax)	62
90	Section LY 9 amended (Orders in Council)	63
91	Section LY 10 amended (Evaluation)	63
92	Section OB 37 amended (ICA refund of tax credit)	63
93	New section RA 6BB inserted (Withholding and payment obligations for foreign superannuation withdrawals)	63
	RA 6BB Withholding and payment obligations for foreign superannuation withdrawals	63
94	Section RA 10 amended (When obligations not met)	63
95	Section RA 15 amended (Payment dates for interim and other tax payments)	64
96	Section RD 17 amended (Payment of extra pay with other PAYE income payments)	64
97	Section RD 20B amended (Payments of accident compensation for period of more than 1 year)	64
98	Section RE 30 amended (When unincorporated bodies have RWT-exempt status)	64
99	Section RF 3 amended (Obligation to withhold amounts of tax for non-resident passive income)	65
100	Section RF 6 amended (When amounts of tax not withheld or partly withheld)	65
101	Section RF 12 amended (Interest paid by approved issuers or transitional residents)	66
102	Section RF 12B amended (Interest derived jointly with residents)	66
103	Section RF 15 amended (Commissioner's power to vary amounts of tax)	66
104	New subpart RI inserted	66
	Subpart RI—Transfer scheme withholding tax	
	RI 1 Transfer scheme withholding tax	67
	RI 2 Withholding tax on foreign superannuation withdrawals	67
	RI 3 Obligation to withhold TSWT	67
	RI 4 Rate of TSWT	68
	RI 5 Payment of tax	68

**Taxation (Annual Rates for 2024–25, Emergency
Response, and Remedial Measures) Bill**

105	Section YA 1 amended (Definitions)	68
106	Section YB 1 amended (What this subpart does)	72
107	Section YB 2 amended (Two companies)	72
108	Section YB 3 amended (Company and person other than company)	72
109	Section YB 12 amended (Partnership and partner)	72
110	Section YB 13 amended (Look-through companies and owners of interests)	74
111	New section YB 16B inserted (Limited partnerships treated as companies)	74
	YB 16B Limited partnerships treated as companies	74
112	Section YC 4 amended (Look-through rule for corporate shareholders)	75
113	Schedule 1 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)	75
	15 Schedular taxable income: assessable withdrawal amounts	75
114	Schedule 25 amended (Foreign investment funds)	75
115	Schedule 32 amended (Recipients of charitable or other public benefit gifts)	75

Part 3

Amendments to Tax Administration Act 1994

116	Amendments to Tax Administration Act 1994	76
117	Section 3 amended (Interpretation)	76
118	New section 6J inserted (Tax relief for emergencies)	77
	6J Tax relief for emergencies	77
119	Section 22D amended (Key terms)	78
120	Section 25B amended (Investment income information: outline of provisions)	78
121	Section 25C amended (Investment income)	78
122	Section 25E amended (Who must provide investment income information to Commissioner)	78
123	New section 25LB inserted (Information on assessable withdrawal amounts)	79
	25LB Information on assessable withdrawal amounts	79
124	New section 31D inserted (Notification requirements for assessable withdrawal amounts)	79
	31D Notification requirements for assessable withdrawal amounts	79
125	Section 32 amended (Records of specified charitable, benevolent, philanthropic, or cultural bodies)	79
126	New section 32IB inserted (Calculation of amounts for limited partnerships)	80
	32IB Calculation of amounts for limited partnerships	80

**Taxation (Annual Rates for 2024–25, Emergency
Response, and Remedial Measures) Bill**

127	Section 32J amended (RWT-exempt status for unincorporated bodies)	80
128	Section 32M amended (Persons with approved issuer status)	80
129	Section 33 amended (Returns of income)	81
130	Section 41 amended (Annual returns by persons who receive credit under family scheme)	81
131	Section 42 amended (Returns by joint venturers, partners, and partnerships)	81
132	Section 46C amended (FBT returns for years)	81
133	New section 57C inserted (Return by transfer scheme withholding TSWT)	81
	57C Return by transfer scheme withholding TSWT	82
134	Section 68CB amended (Research and development tax credits: general approval)	82
135	Section 89C amended (Notices of proposed adjustment required to be issued by Commissioner)	82
136	Section 89M amended (Disclosure notices)	82
137	Section 94A amended (Assessment of shortfall penalties)	82
138	New section 94E inserted (Assessment of penalties related to crypto-asset reporting framework)	82
	94E Assessment of penalties related to crypto-asset reporting framework	83
139	New section 98C inserted (Assessment of transfer scheme withholding tax)	83
	98C Assessment of transfer scheme withholding tax	83
140	Section 108 amended (Time bar for amendment of income tax assessment)	83
141	Section 138E amended (Certain rights of challenge not conferred)	83
142	Section 138L amended (Challenging civil penalties)	84
143	Section 139AB amended (Penalty for member of large multinational group failing to provide information)	84
144	New sections 142L and 142M inserted	84
	142L Non-compliance with crypto-asset reporting framework: reporting crypto-asset service providers	84
	142M Non-compliance with crypto-asset reporting framework: crypto-asset users	85
145	Section 143 amended (Absolute liability offences and strict liability offences)	85
146	Section 157 amended (Deduction of tax from payments due to defaulters)	85
147	Section 183ABA replaced (Remission in circumstances of emergency event)	85
	183ABA Remission in circumstances of emergency event	85
148	Section 185E amended (Purpose)	86

**Taxation (Annual Rates for 2024–25, Emergency
Response, and Remedial Measures) Bill**

149	Section 185N amended (Requirements for financial institution)	86
150	New cross-heading and section 185U inserted	87
<i>Crypto-asset reporting framework</i>		
	185U Requirements for reporting crypto-asset service providers and crypto-asset users	87
151	Section 226E amended (Application of changes to CRS standard)	88
152	Schedule 2 amended (Application of CRS standard)	88
153	Schedule 7 amended (Disclosure rules)	91
	23C Disclosures for responding to emergency event	91

Part 4

Amendments to Goods and Services Tax Act 1985

154	Amendments to Goods and Services Tax Act 1985	92
155	Section 2 amended (Interpretation)	92
156	Section 3A amended (Meaning of input tax)	92
157	Section 5 amended (Meaning of term supply)	92
158	Section 6 amended (Meaning of term taxable activity)	93
159	Section 11A amended (Zero-rating of services)	94
160	Section 15 amended (Taxable periods)	94
161	Section 15B amended (Taxable periods aligned with balance dates)	94
162	Section 15C amended (Changes in taxable periods)	94
163	Section 15D amended (When change in taxable period takes effect)	95
164	Section 15E amended (Meaning of end of taxable period)	95
165	Section 15EB replaced (Approval of taxable period not consisting of whole calendar months)	95
	15EB Commissioner’s approval for changes in end dates of taxable periods	95
	15EC When changes in end dates of taxable periods take effect: initial approval	96
	15ED When changes in end dates of taxable periods take effect: post-approval changes	96
166	Section 19 amended (Accounting basis)	97
167	New section 19DB inserted (Optional accounting rule for supplies of taxable accommodation through electronic marketplaces)	97
	19DB Optional accounting rule for supplies of taxable accommodation through electronic marketplaces	97
168	Section 19N amended (Supply correction information)	97
169	Section 19NB amended (Taxable supply information and supply correction information for listed services)	98
170	Section 20 amended (Calculation of tax payable)	98
171	Section 20F replaced (Election that sections 11A(1)(q) and (r) and 20C apply)	98
172	Section 21 amended (Adjustments for apportioned supplies)	99

**Taxation (Annual Rates for 2024–25, Emergency
Response, and Remedial Measures) Bill**

173	Section 21F amended (Treatment on disposal)	99
174	Section 21G amended (Definitions and requirements for apportioned supplies and adjustment periods)	99
175	Section 25 amended (Adjustments for inaccuracies)	99
176	Section 25AA amended (Consequences of change in contract for imported goods and services)	99
177	Section 43 amended (Deduction of tax from payment due to defaulters)	99
178	Section 51 amended (Persons making supplies in course of taxable activity to be registered)	100
179	Section 51B amended (Persons treated as registered)	100
180	Section 55 amended (GST groups)	100
181	Section 60 amended (Agents and auctioneers)	100
182	Section 60CB amended (Listing intermediaries and supply of listed services)	101
183	Section 60H amended (Information requirements for underlying suppliers operating through electronic marketplaces)	101
184	Section 75 amended (Keeping of records)	101
185	Section 89 repealed (COVID-19-related payments made before commencement of Goods and Services Tax (Grants and Subsidies) Amendment Order 2020)	101
186	New schedule 2 inserted (Government grants and subsidies: non-taxable amounts)	102

Part 5

Amendments to other enactments

Amendments to KiwiSaver Act 2006

187	Amendments to KiwiSaver Act 2006	102
188	Section 4 amended (Interpretation)	102
189	Section 35 amended (Opting in by persons under 18)	102
190	New cross-heading and sections 220C and 220D inserted	102

Transfers of QROPS accumulation

	220C	Members may transfer QROPS accumulations to QROPS	103
	220D	Providers may transfer QROPS accumulations to QROPS	103
191	Schedule 1 amended		103
	16B	Transfer of QROPS accumulation	103

Amendments to Gaming Duties Act 1971

192	Amendments to Gaming Duties Act 1971	103
193	Section 12B amended (Interpretation)	104
194	Section 12FA amended (Power of Commissioner in respect of small amounts)	104
195	Section 12G amended (Assessment of duty)	104

196	Section 12R amended (Assessments, objections, and recovery of duty)	104
	<i>Amendments to Stamp and Cheque Duties Act 1971</i>	
197	Amendments to Stamp and Cheque Duties 1971	104
198	Section 86G amended (Application to register securities)	104
199	Section 86H amended (Registration of securities by Commissioner)	104
	<i>Amendment to Income Tax Act 2004</i>	
200	Amendment to Income Tax Act 2004	105
	<i>Amendment to Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Act 2023</i>	
201	Amendment to Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Act 2023	105
	<i>Amendment to Child Support Act 1991</i>	
202	Amendment to Child Support Act 1991	106
	<i>Amendment to Local Government Act 2002</i>	
203	Amendment to Local Government Act 2002	106
	<i>Goods and Services Tax (Grants and Subsidies) Order 1992</i>	
204	Goods and Services Tax (Grants and Subsidies) Order 1992 revoked	106
	Schedule 1	107
	New Schedule 2 inserted into Goods and Services Tax Act 1985	
	Schedule 2	107
	Government grants and subsidies: non-taxable amounts	

The Parliament of New Zealand enacts as follows:

- | | | |
|----------|--|----|
| 1 | Title | |
| | This Act is the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2024 . | |
| 2 | Commencement | 5 |
| (1) | This Act comes into force on the day after the date on which it receives the Royal assent, except as provided in this section. | |
| (2) | Section 196(2) comes into force on 20 December 1991. | |
| (3) | Section 200 comes into force on 1 April 2005. | |
| (4) | Sections 9, 15(1), 25, 31, 32, 33(1), 35, 54, 61, 62(1), 63(3), 64(2), 65(2), 66(2), 67(2), 68(2), 95(2), 98(1), (2), (3), (4), (6), (7), (8), and (9), | 10 |

- 100, 103, 105(3), (7), (12), (22), and (23), 112, 126, 127, and 131** come into force on 1 April 2008.
- (5) **Sections 55 and 56** come into force on 1 July 2009.
- (6) **Sections 105(9), (20), (26), and (35) and 109(1) and (3)** come into force on 1 April 2010. 5
- (7) **Sections 24, 49(7) and (8), 106(1), 110(1), (2), and (3), and 158(2)** come into force on 1 April 2011.
- (8) **Section 39** comes into force on 1 July 2011.
- (9) **Sections 15(3) and (4) and 33(3) and (4)** come into force on 1 April 2014.
- (10) **Section 105(14)** comes into force on 1 April 2015. 10
- (11) **Sections 40 and 49(1), (2), (3), (4), (5), and (6)** come into force on 1 July 2018.
- (12) **Sections 42, 143, and 172** come into force on 18 March 2019.
- (13) **Section 92** comes into force on 1 April 2019.
- (14) **Section 157(5)** comes into force on 1 December 2019. 15
- (15) **Section 173** comes into force on 24 February 2020.
- (16) **Section 174** comes into force on 1 April 2020.
- (17) **Sections 6 and 16(1) and (3)(a)** come into force on 27 March 2021.
- (18) **Sections 156, 160(1) and (2), 161, 162, 163, 164, 165, and 170(1)** come into force on 30 March 2022. 20
- (19) **Section 26** comes into force on 1 April 2022.
- (20) **Section 27(2)** comes into force on 8 January 2023.
- (21) **Sections 58, 155(2), (3), and (5), 159(3), 168, 170(4), 175, 176, 180(3), 184, and 201** come into force on 1 April 2023.
- (22) **Sections 90 and 91** come into force on 27 November 2023. 25
- (23) **Sections 10, 14, 23, 29, 59, 60, 79, 97, 105(18) and (31), 113(1), 115(2), 155(4), 159(2), 166, 167, 169, 170(3), 181, 182, and 183(1)** come into force on 1 April 2024.
- (24) **Sections 5, 16(2) and (3)(b), 47, and 48(2) and (3)** come into force on 1 July 2024. 30
- (25) **Sections 8, 11, 17, 18, 19, 20, 21, 27(1), 28, 30, 44, 45, 50, 53, 57, 70, 71(1), 72(1), (2), and (4)(a), 73, 89, 96, 105(2), (8), (11), (13), (15), (16), (17), (29), and (30), 117(6), 118, 128(3), 129, 134, 141, 147, 153(1), 171, 188, 190, 191, and 199** come into force on 1 April 2025.
- (26) **Section 189** comes into force on 1 July 2025. 35
- (27) **Sections 13, 87, 93, 94, 95(1), (3), and (4), 104, 105(4), (24), (27), (32), (33), and (34), 113(2), 117(2), (3), (4), (5), (7), (8), (9), and (10),**

119, 120, 121, 122, 123, 124, 133, 135(2), 137, 138, 139, 140, 144, 145, 148, 149, 150, 151, and 152 come into force on 1 April 2026.

- (28) **Section 115(4)** comes into force on 1 April 2029.
- (29) **Sections 36, 38, 43, 51, 105(10), (21), and (36), 109(2), and 111** come into force on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill. 5
- (30) **Sections 71(2) and 72(3) and (4)(b)** come into force on the date on which section 10 of the Deposit Takers Act 2023 comes into force.

Part 1

Annual rates of income tax 10

3 Annual rates of income tax for 2024–25 tax year

Income tax imposed by section BB 1 (Imposition of income tax) of the Income Tax Act 2007 must, for the 2024–25 tax year, be paid at the basic rates specified in schedule 1 of that Act.

Part 2 15

Amendments to Income Tax Act 2007

4 Amendments to Income Tax Act 2007

This Part amends the Income Tax Act 2007.

5 Section CB 6A amended (Disposal within 2 years: bright-line test for residential land) 20

- (1) Replace section CB 6A(5), other than the heading, with:
- (5) This section does not apply—
- (a) to a disposal of land by—
 - (i) an executor or administrator who acquired the land in the circumstances described in section FC 1(1)(a) (Disposals to which this subpart applies): 25
 - (ii) a beneficiary described in section FC 1(1)(b):
 - (b) if—
 - (i) any of sections CB 6 to CB 12 apply:
 - (ii) section CB 16A applies: 30
 - (iii) section FC 9 (Residential land transferred to executor, administrator, or beneficiary on death of person) applies.

- (2) **Subsection (1)** applies to a person’s disposal of residential land if the bright-line end date for the land is on or after 1 July 2024.

- 6 Section CB 15E amended (Disposals of land subject to section CW 3C)**
- (1) In section CB 15E(1)(a), replace “CB 10(2)” with “CB 10(1) or (2)”.
- (2) Replace section CB 15E(1)(b) with:
- (b) at the time the person originally acquired their interest in the land that was partitioned or subdivided, the person was not— 5
- (i) carrying on a business of developing land or dividing land into lots; or
- (ii) associated with a person that carried on a business of developing land or dividing land into lots.
- (3) In section CB 15E(2), replace “CB 10(2)” with “CB 10(1) or (2)”. 10
- (4) In section CB 15E(3), in the words before the formula, replace “CB 10(2)” with “CB 10(1) or (2)” and replace “reduced by the amount calculated” with “exempt income to the extent given”.
- 7 New cross-heading above section CB 23B inserted**
- Above section CB 23B, insert: 15
- Partial or multiple disposals of land*
- 8 New sections CC 2B and CC 2C inserted**
- After section CC 2, insert:
- CC 2B Income—insurance or compensation for land or buildings affected by emergency event and replaced** 20
- An amount derived by a person under **section FP 3(5)** (Land or buildings as revenue account property affected by an emergency event and replaced—insurance or compensation) is income of the person.
- Defined in this Act: amount, income
- CC 2C Insurance or compensation—improvements to farmland and horticultural plants affected by an emergency event and replaced** 25
- An amount derived by a person under **section FP 5(3) or (6)** (Improvements to farmland and horticultural plants affected by an emergency event and replaced—insurance or compensation) is income of the person.
- Defined in this Act: amount, income 30
- 9 Section CD 43 amended (Available subscribed capital (ASC) amount)**
- (1) In section CD 43(2)(c), replace “(22) and (23)” with “(22) to (25)”.
- (2) **Subsection (1)** applies for the 2008–09 and later income years.
- 10 Section CD 44 amended (Available capital distribution amount)**
- (1) Replace section CD 44(7)(dc) with: 35

- (dc) an amount is derived by the company that is subject to section HC 38(3) (Beneficiary income of certain close companies), in which case the capital gain amount is this amount less the tax paid by the trustee in respect of the amount under section HC 24 (Trustees' obligations); or
- (2) **Subsection (1)** applies for the 2024–25 and later income years. 5
- 11 Section CE 1 amended (Amounts derived in connection with employment)**
- (1) In section CE 1(2), in the words before the paragraphs,—
- (a) after “CW 17CB,”, insert “CW 19B,”; and
- (b) replace “and CZ 29 to CZ 30” with “CZ 29 to CZ 30, and **FP 15**”.
- (2) In section CE 1(3)(a) and (b), replace “and CZ 29 to CZ 30” with “CZ 29 to CZ 30, and **FP 15**”. 10
- 12 Section CE 9 amended (Restrictive covenants)**
- (1) In section CE 9(4)(a), after “all the shares in the company”, insert “held by person A or an associated person”.
- (2) **Subsection (1)** applies for amounts derived on or after the day after the day the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill receives the Royal assent. 15
- 13 Section CF 3 amended (Withdrawals from foreign superannuation scheme)**
- In section CF 3, list of defined terms, insert “assessable withdrawal amount”. 20
- 14 New section CH 5B inserted (Adjustments for certain flat-rate credits under platform economy rules)**
- (1) After section CH 5, insert:
- CH 5B Adjustments for certain flat-rate credits under platform economy rules**
- Who this section applies to* 25
- (1) This section applies to a person who, under the Goods and Services Tax Act 1985,—
- (a) is an underlying supplier of goods and services; and
- (b) has an amount of a flat-rate credit, as defined in section 2(1) of that Act, that they include in their assessable income for an income year. 30
- Income*
- (2) The amount of the credit received by the person is income of the person for the income year.
- Defined in this Act: amount, assessable income, income, income year
- (2) **Subsection (1)** applies for the 2024–25 and later income years. 35

- 15 Section CQ 5 amended (When FIF income arises)**
- (1) After section CQ 5(1)(c)(vii), insert:
- (viib) the exemption for shares in a grey list company acquired under a venture investment agreement in section EX 37B (Share in grey list company acquired under venture investment agreement): 5
- (2) Repeal section CQ 5(1)(c)(ix) and (x).
- (3) Before section CQ 5(1)(c)(xiv), insert:
- (xiva) the exemption for an interest in a foreign superannuation scheme that is not a FIF superannuation interest in section EX 42B (Interests in foreign superannuation scheme other than FIF superannuation interests): 10
- (4) In section CQ 5, list of defined terms, insert “FIF superannuation interest”.
- 16 Section CW 3C amended (Certain partitions or subdivisions of land)**
- (1) After section CW 3C(8), insert:
- Bright-line acquisition date* 15
- (9) The transferee’s bright-line acquisition date for the land is the transferor’s bright-line acquisition date for the undivided land.
- (2) Replace section CW 3C(9) with:
- Bright-line start date*
- (9) The transferee’s bright-line start date for the land is the transferor’s bright-line start date for the undivided land. 20
- (3) In section CW 3C, list of defined terms,—
- (a) insert “bright-line acquisition date”;
- (b) delete “bright-line acquisition date” and insert “bright-line start date”.
- 17 Section CW 16B amended (Accommodation expenditure: out-of-town secondments and projects)** 25
- In section CW 16B(5), replace “and CZ 29 to CZ 30” with “CZ 29 to CZ 30, and **FP 15**”.
- 18 Section CW 16C amended (Time periods for certain accommodation expenditure)** 30
- In section CW 16C(6), replace “CW 16B, CZ 29 (Accommodation expenditure: Canterbury earthquake relief), or CZ 29B (Accommodation expenditure: North Island flooding events)” with “CW 16B, CZ 29, CZ 29B, or **FP 15** (which relate to accommodation expenditure)”.
- 19 New section CW 17D inserted (Payments for influenza vaccinations)** 35
- (1) After section CW 17CC, insert:

CW 17D Payments for influenza vaccinations

An amount that an employer pays to or on behalf of an employee for an influenza vaccination is exempt income of the employee.

Defined in this Act: amount, employee, employer, exempt income, pay

- (2) **Subsection (1)** applies for the 2025–26 and later income years. 5

20 New section CW 19B inserted (Employee benefits for emergency event: exempt income)

After section CW 19, insert:

CW 19B Employee benefits for emergency event: exempt income

Income that satisfies **section FP 13** (Employee benefits for emergency event) is exempt income to the extent to which the income is— 10

- (a) accommodation:
- (b) less than or equal to \$5,000 in total, if the income is in a form other than accommodation.

Defined in this Act: accommodation, exempt income, income 15

21 Section CW 26C amended (Meaning of exempt ESS)

- (1) In section CW 26C(2),—
- (a) in paragraph (b), replace “\$5,000” with “\$7,500”;
 - (b) in paragraph (c), replace “\$2,000” with “\$3,000”.
- (2) **Subsection (1)** applies for the 2025–26 and later income years in relation to offers of shares made through an exempt ESS on or after 1 April 2025. 20

22 Section CW 55BAB amended (Rebate of fees paid by FIF)

Above section CW 55BAB(2), insert the subsection heading “*Exempt income*”.

23 Section CX 1B amended (Treatment of flat-rate credits under platform economy rules) 25

- (1) In section CX 1B, after the section heading, insert “*Excluded income*” as a subsection heading.
- (2) In section CX 1B, after the words “registered person.”, insert:

When credits not excluded income

- (2) Subsection (1) does not apply to a person who, for an income year,— 30
- (a) is an underlying supplier; and
 - (b) receives a flat-rate credit for which they are not required to make an adjustment under section 20(4E) of the Goods and Services Tax Act 1985; and

(c)	includes the amount of the credit in their income as described in section CH 5B (Adjustments for certain flat-rate credits under platform economy rules) for the income year.	
(3)	In section CX 1B, list of defined terms, insert “income” and “income year”.	
(4)	Subsection (2) applies for the 2024–25 and later income years.	5
24	New section CX 63B inserted (Amounts of excluded income for owners)	
(1)	After section CX 63, insert:	
	CX 63B Amounts of excluded income for owners	
	A person who has an effective look-through interest for a look-through company has an amount of excluded income to the extent to which an amount of excluded income results from the application of subpart HB (Look-through companies).	10
	<small>Defined in this Act: amount, effective look-through interest, excluded income, look-through company</small>	
(2)	Subsection (1) applies for income years beginning on or after 1 April 2011.	
25	New cross-heading and section CX 65 inserted	15
(1)	After section CX 64, insert:	
	<i>Tax credits paid in cash</i>	
	CX 65 Tax credits paid in cash	
	An amount paid as a tax credit under Part M (Tax credits paid in cash) is excluded income of the person deriving the amount.	20
	<small>Defined in this Act: amount, excluded income, tax credit</small>	
(2)	Subsection (1) applies for the 2008–09 and later income years.	
26	Section CZ 25D amended (Improvements to farmland and horticultural plants affected by North Island flooding events and replaced—insurance or compensation)	25
	In section CZ 25D(1)(d)(ii), replace “(4)” with “(5)”.	
27	Section CZ 29B amended (Accommodation expenditure: North Island flooding events)	
(1)	In section CZ 29B(5), in the words before the paragraphs, after “section”, insert “and section FP 15 (Accommodation expenditure: emergency event relief)”.	30
(2)	After section CZ 29B(6), insert:	
	<i>Secondary legislation</i>	
(7)	An Order in Council under subsection (4) is secondary legislation (<i>see</i> Part 3 of the Legislation Act 2019 for publication requirements).	35

28 Section CZ 37 amended (Income equalisation schemes)

In section CZ 37(1), after “section EZ 4B”, insert “or FP 16” in each place.

29 Section DB 2 amended (Goods and services tax)

- (1) In section DB 2(2B), replace “listed services.” with “listed services. However, this subsection does not apply if the underlying supplier has received a flat-rate credit, as defined in section 2(1) of that Act, in an income year and has chosen as described in **section CH 5B** (Adjustments for certain flat-rate credits under platform economy rules) to include the amount of the credit in their income for the income year.” 5
- (2) In section DB 2, list of defined terms, insert “income year”. 10
- (3) **Subsection (1)** applies for the 2024–25 and later income years. 10

30 New cross-heading and section DB 69 inserted

After section DB 68, insert:

Emergency events

DB 69 Deduction for certain expenditure due to emergency event 15

Deduction

- (1) A person is allowed a deduction for expenditure incurred while their income-earning activity is interrupted by an emergency event if they meet the requirements of **section FP 6** (Expenditure incurred while income-earning activity interrupted by emergency event). 20

Link to subpart DA

- (2) This section supplements the general permission.
Defined in this Act: deduction, emergency event, general permission, supplement

31 Section DC 3 amended (Pension payments to former partners)

- (1) After section DC 3(3), insert: 25

Relationship with section HG 2

- (3B) Section HG 2 (Partnerships are transparent) does not apply for the purposes of this section. 20
- (2) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (1)** applies for income years commencing on or after 1 April 2008. However, **subsection (1)** does not apply to a person in relation to a tax position taken by the person— 30
 - (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and 35

- (b) that is inconsistent with the amendment made to section DC 3 by **subsection (1)**.

32 Section DC 4 amended (Payments to working partners)

- (1) After section DC 4(4), insert:

Relationship with section HG 2

5

- (4B) Section HG 2 (Partnerships are transparent) does not apply for the purposes of this section.

- (2) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (1)** applies for income years commencing on or after 1 April 2008. However, **subsection (1)** does not apply to a person in relation to a tax position taken by the person—

- (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and

- (b) that is inconsistent with the amendment made to section DC 4 by **subsection (1)**.

33 Section DN 6 amended (When FIF loss arises)

- (1) After section DN 6(1)(c)(vii), insert:

(viib) the exemption for shares in a grey list company acquired under a venture investment agreement in section EX 37B (Share in grey list company acquired under venture investment agreement):

20

- (2) Repeal section DN 6(1)(c)(ix) and (x).

- (3) Before section DN 6(1)(c)(xiv), insert:

(xiva) the exemption for an interest in a foreign superannuation scheme that is not a FIF superannuation interest in section EX 42B (Interests in foreign superannuation scheme other than FIF superannuation interests):

25

- (4) In section DN 6, list of defined terms, insert “FIF superannuation interest”.

34 New section EA 5 inserted (Income from disposal of original shares under share-lending arrangements)

30

- (1) After section EA 4, insert:

EA 5 Income from disposal of original shares under share-lending arrangements

When this section applies

- (1) This section applies when a person—

35

- (a) is a share user under a share-lending arrangement; and

<p>(b) derives an amount of income in an income year from the disposal of an original share under the share-lending arrangement to a person other than the share supplier or a person associated with the share supplier; and</p> <p>(c) has a deduction in the following income year (the later income year) for expenditure incurred on acquiring an identical share.</p> <p><i>Allocation of income</i></p> <p>(2) The amount of income derived by the person is allocated to the later income year.</p> <p>Defined in this Act: amount, associated person, deduction, identical share, income, income year, original share, share-lending arrangement, share supplier, share user</p> <p>(2) Subsection (1) applies to the disposal of an original share under a share-lending arrangement entered into on or after the day after the date the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2024 receives the Royal assent.</p> <p>35 Section EC 1 amended (Application of this subpart)</p> <p>(1) Replace section EC 1(1), other than the heading, with:</p> <p>(1) This subpart applies to the valuation of livestock when a person who owns or carries on a farming business, other than a livestock dealing business, holds livestock for the purposes of farming that livestock in the ordinary course of carrying on the farming business.</p> <p>(2) Subsection (1) applies for the 2008–09 and later income years. However, subsection (1) does not apply to a person in relation to a tax position taken by the person—</p> <p>(a) in the period that starts on the first day of the 2008–09 income year and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and</p> <p>(b) relating to the valuation of livestock; and</p> <p>(c) that is inconsistent with the amendment made to section EC 1 by subsection (1).</p> <p>36 Section EI 8 repealed (Disposal of land to the Crown)</p> <p>Repeal section EI 8.</p> <p>37 Section EX 20B amended (Attributable CFC amount)</p> <p>Repeal section EX 20B(3)(a)(vi).</p> <p>38 Section EX 21 amended (Attributable CFC amount and net attributable CFC income or loss: calculation rules)</p> <p>Repeal section EX 21(20).</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p>
--	--

39	Section EX 46 amended (Limits on choice of calculation methods)	
	Replace section EX 46(9), other than the heading, with:	
(9)	A person may use the cost method to calculate FIF income or loss from an attributing interest in a FIF if—	
(a)	the attributing interest is a share in a foreign company for which the fair dividend rate method is allowed; and	5
(b)	the market value of the attributing interest is not readily available at the start of the income year.	
40	Section EX 48 amended (Default calculation method)	
(1)	In section EX 48(1)(b), after “EX 47,”, insert “EX 47B,”.	10
(2)	Subsection (1) applies for income years beginning on or after 1 July 2018.	
41	Section EX 63 amended (Consequences of changes in method)	
(1)	In the heading to section EX 63(1), replace “ <i>look-through methods</i> ” with “ <i>attributable FIF income method</i> ”.	
(2)	Replace section EX 63(1)(b) with:	15
(b)	from the attributable FIF income method to 1 of the 4 cost-based calculation methods.	
(3)	In section EX 63, list of defined terms, delete “accounting profits method”.	
42	Section EX 72 amended (Commissioner’s default assessment power)	
	In section EX 72(1)(b), replace “17” with “17B”.	20
43	New cross-heading and section EZ 8B inserted	
	After section EZ 8, insert:	
	<i>Disposal of land to the Crown</i>	
EZ 8B	Disposal of land to the Crown	
	<i>When this section applies</i>	25
(1)	This section applies when a person derives income from disposing of their land to the Crown and the disposal occurs before the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill.	
	<i>Timing of income</i>	30
(2)	The person may choose to—	
(a)	divide the income into 4 equal portions; and	
(b)	allocate a portion to the income year in which they derive the amount; and	
(c)	similarly allocate a portion to each of the next 3 income years.	35

Timing of deduction

- (3) If the person allocates income under **subsection (2)**, they must allocate part of any deduction allowed for the cost of the land to the same income years. The part must bear the same proportion to the total deduction as the allocated income bears to the total amount of income. 5

Application

- (4) The following provisions apply to an allocation for the purposes of **subsection (2)**:

- (a) the person, or another person for them, must apply to the Commissioner:
- (b) the application must be made within 1 year after the end of the tax year in which the person derives the income or within a longer period if the Commissioner agrees: 10
- (c) the person must arrange to meet all income tax liabilities relating to the income:
- (d) the Commissioner may cancel the allocation at any time. 15

Cancellation of allocation

- (5) If the Commissioner cancels the allocation,—
- (a) the whole of the income or deduction, as applicable, is allocated to the income year before the income year in which the cancellation occurs:
 - (b) the cancellation does not affect income or a deduction that has been allocated to an earlier income year. 20

Defined in this Act: amount, apply, Commissioner, deduction, income, income tax liability, income year, tax year, year

44 Section EZ 80 amended (Refund of excess deposit in main income equalisation account as consequence of election under section EZ 4B) 25

- (1) In the heading to section EZ 80, after “**EZ 4B**”, insert “**or FP 16**”.
- (2) In section EZ 80(1)(a), after “*Mycoplasma bovis*: spreading”, insert “**or FP 16(3)** (Livestock destroyed because of emergency event: spreading)”.

45 Section EZ 81 amended (Refund of excess deposit in adverse event income equalisation account as consequence of election under section EZ 4B) 30

- (1) In the heading to section EZ 81, after “**EZ 4B**”, insert “**or FP 16**”.
- (2) In section EZ 81(1)(a), after “*Mycoplasma bovis*: spreading”, insert “**or FP 16(3)** (Livestock destroyed because of emergency event: spreading)”.

46 Section FB 3A amended (Residential land)

- (1) Replace section FB 3A(3) with: 35

	<i>Bright-line start date</i>	
(3)	The transferee’s bright-line start date for the land is the transferor’s bright-line start date.	
(2)	In section FB 3A, list of defined terms, insert “bright-line start date”.	
47	Section FC 9 amended (Residential land transferred to executor, administrator, or beneficiary on death of person)	5
	In section FC 9(2), replace “CB 6A(5)(b)” with “CB 6A(5)(c)”.	
48	Section FD 1 amended (Relief from bright-line test for transfers between associated persons)	
(1)	In section FD 1(1)(a), after “YB 13”, insert “(which relate to associated persons)”.	10
(2)	In section FD 1(1)(b)(i),—	
	(a) after “due to marriage”, insert “, civil union, de facto relationship,”; and	
	(b) after “birth, marriage,”, insert “civil union, de facto relationship,”.	
(3)	After section FD 1(4), insert:	15
	<i>Relationship with sections HB 1 and HG 2</i>	
(4B)	For the purposes of determining association under subsection (1)(a) and a transfer between an owner of an effective look-through interest for a look-through company and the look-through company or a partner and a partnership, sections HB 1 (Look-through companies are transparent) and HG 2 (Partnerships are transparent) are ignored and association is determined under section YB 12 or YB 13.	20
(4)	In section FD 1, list of defined terms:	
	(a) replace “associated, ,” with “associated,”; and	
	(b) insert “effective look-through interest”, “look-through company”, “partner”, and “partnership”.	25
(5)	Subsections (2) and (3) apply to a person’s disposal of residential land if the bright-line end date for the land is on or after 1 July 2024.	
49	Section FE 5 amended (Thresholds for application of interest apportionment rules)	30
(1)	In section FE 5(1)(a)(i), replace “more than 60%” with “either more than 60% or, because the New Zealand group’s non-debt liabilities exceed its assets, equal to zero under section FE 12(3)”.	
(2)	In section FE 5(1)(a)(ii), replace “more than 110% of the debt percentage of the worldwide group” with “either more than 110% of the debt percentage of the worldwide group or, because the New Zealand group’s non-debt liabilities exceed its assets, equal to zero under section FE 12(3)”.	35

- (3) In section FE 5(1)(ab)(i), replace “more than 60%” with “either more than 60% or, because the New Zealand group’s non-debt liabilities exceed its assets, equal to zero under section FE 12(3)”.
- (4) In section FE 5(1)(ab)(ii), replace “more than 100% of the debt percentage of the worldwide group” with “either more than 100% of the debt percentage of the worldwide group or, because the New Zealand group’s non-debt liabilities exceed its assets, equal to zero under section FE 12(3)”. 5
- (5) In section FE 5(1)(b)(i), replace “more than 75%” with “either more than 75% or, because the New Zealand group’s non-debt liabilities exceed its assets, equal to zero under section FE 12(3)”. 10
- (6) In section FE 5(1)(b)(ii), replace “more than 110% of the debt percentage of the worldwide group” with “either more than 110% of the debt percentage of the worldwide group or, because the New Zealand group’s non-debt liabilities exceed its assets, equal to zero under section FE 12(3)”.
- (7) In section FE 5(3)(a), replace “more than 60%” with “either more than 60% or, because the New Zealand group’s non-debt liabilities exceed its assets, equal to zero under section FE 12(3)”. 15
- (8) In section FE 5(3)(b), replace “more than 75%” with “either more than 75% or, because the New Zealand group’s non-debt liabilities exceed its assets, equal to zero under section FE 12(3)”. 20

50 Section FE 16B amended (Total group non-debt liabilities)

- (1) After section FE 16B(1)(b), insert:
 - (ba) under a financial arrangement, other than an agreement for the sale and purchase of property or services, entered into by a trustee of a trust that is a member of the group with a settlor of the trust, if— 25
 - (i) the financial arrangement provides funds to the trust; and
 - (ii) the settlor has made settlements on the trust totalling 10% or more of the value of total settlements on the trust:
- (2) Replace section FE 16B(3) with: 30

Equity group treated as single shareholder and provider of funds
- (3) If a shareholder is a company,—
 - (a) for the purposes of subsection (1)(b)(i) and (c)(i), the shareholder’s equity group is treated as the shareholder for all the shares held by members of the equity group; and
 - (b) for the purposes of subsection (1)(b), the shareholder’s equity group is treated as the provider of all the funds that are provided by members of the equity group. 35

Trustee treated as single shareholder and provider of funds
- (4) If a shareholder is a trustee of a trust,—

- (a) for the purposes of subsection (1)(b)(i) and (c)(i), the trustee is treated as the shareholder for all the shares held by a settlor of the trust, if the settlor has made 100% of the settlements made on the trust; and
- (b) for the purposes of subsection (1)(b), the trustee is treated as the provider of all the funds that are provided by a settlor of the trust, if the settlor has made 100% of the settlements made on the trust. 5
- Meaning of equity group*
- (5) In this section, for a shareholder, **equity group**—
- (a) means the members of the wholly-owned group if the shareholder is a member of the wholly-owned group, or the shareholder company itself: 10
- (b) includes—
- (i) a person (**person A**) who holds 100% of the voting interests in a member of the wholly-owned group or in the shareholder company itself, as the case may be:
- (ii) if person A is a trustee of a trust, a settlor of the trust if the settlor has made 100% of the settlements made on the trust. 15
- (3) In section FE 16B, list of defined terms, insert “equity group”, “settlement”, “settlor”, and “trustee”.
- (4) **Subsections (1), (2), and (3)** apply for the 2025–26 and later income years.
- 51 Section FH 15 amended (Definitions)** 20
- (1) In section FH 15(1), definition of **control group**, paragraph (b), after “are companies”, insert “, or limited partnerships that are treated as companies under **section YB 16B** (Limited partnerships treated as companies), or a combination of them,”.
- (2) In section FH 15(1), definition of **related**, paragraph (a), after “companies”, insert “, or limited partnerships that are treated as companies under **section YB 16B**, or a combination of them,”. 25
- 52 Section FN 6 amended (Nominated companies)**
- In section FN 6(4), replace “company.” with “company. The date specified must be prospective.” 30
- 53 New subpart FP inserted**
- After subpart FO, insert:

Subpart FP—Tax relief for emergencies

General provisions

FP 1 Outline of subpart

Outline

- (1) This section applies for the purposes of this subpart to outline the provisions of this subpart that may be brought into effect to provide tax relief to a person in response to an emergency event. 5

Purpose

- (2) The provisions are intended to provide—
- (a) taxation rollover relief for certain property affected by an emergency event that is— 10
 - (i) land or buildings held on revenue account, *see* **section FP 3:**
 - (ii) depreciable property, *see* **section FP 4:**
 - (iii) improvements to farmland and listed horticultural plants, *see* **section FP 5:** 15
 - (b) relief when—
 - (i) income-earning activities are interrupted, *see* **section FP 6:**
 - (ii) depreciable property is damaged, *see* **sections FP 7 and FP 8:**
 - (iii) access to depreciable property is restricted, *see* **section FP 9:**
 - (c) some optional timing rules for the treatment of— 20
 - (i) depreciable property, *see* **sections FP 10 and FP 11:**
 - (ii) group assets, *see* **section FP 12:**
 - (d) employment-related relief relating to exempt income, fringe benefits, and accommodation expenditure, *see* **sections FP 13 to FP 15:**
 - (e) spreading rules when certain livestock are destroyed because of an emergency event, *see* **section FP 16:** 25
 - (f) some relief from land sales rules timing tests, *see* **section FP 17.**

Defined in this Act: depreciable property, emergency event, exempt income, farmland, fringe benefit, land, listed horticultural plant

FP 2 Application to emergency events 30

This subpart applies when there is an emergency event and the Governor-General has made regulations under **section 6J** of the Tax Administration Act 1994 declaring that 1 or more of the provisions in this subpart apply in relation to the emergency event.

Defined in this Act: emergency event 35

*Rollover relief—property***FP 3 Land or buildings as revenue account property affected by an emergency event and replaced—insurance or compensation***When this section applies*

- (1) This section applies for a person and an income year (the **current year**) that is the income year in which an emergency event first occurs or an income year up to 5 income years after the income year in which the emergency event first occurs, when the person,—
- (a) in or before the current year, derives for buildings or land (the **affected property**), all of which is revenue account property under section CB 6, CB 7, CB 12, or CB 13 (which relate to income from certain disposals of land), insurance, a government or local authority buy-out or other compensation, or a combination of these, if the emergency event damages the land or the building, or the neighbourhood of the building, causing the building to be useless for the purpose of deriving income and consequently to be demolished or abandoned for later demolition; and
- (b) in the absence of this section, would have, in or before the current year, a total amount of income (the **insurance income**) under section CB 6, CB 7, CB 12, CB 13, or CG 6 (Receipts from insurance, indemnity, or compensation for trading stock) from the compensation or insurance for the affected property that exceeds the total amount of deductions under section DB 23 (Cost of revenue account property) for the affected property; and
- (c) plans, in the current year, to acquire property (the **replacement property**)—
- (i) replacing the affected property; and
- (ii) meeting the requirements of **subsection (4)**; and
- (iii) having a cost exceeding the total amount of deductions under section DB 23 for the affected property; and
- (d) notifies the Commissioner under **subsection (6)** in relation to the affected property.

Suspended recovery income

- (2) The amount (the **excess recovery**) by which the insurance income referred to in **subsection (1)(b)** exceeds the deductions referred to in **subsection (1)(b)** is not income of the person except to the extent of the amount (the **suspended recovery income**) remaining after adjustment under **subsection (3)** that is attributed to an income year by **subsection (5)**.

Effect of purchase of replacement property

- (3) If the person incurs expenditure (the **replacement cost**) to acquire replacement property,—

- (a) for the purposes of determining the value of the replacement property for section EA 2 (Other revenue account property), the amount of the person’s expenditure on the replacement property is reduced by—
- (i) the amount calculated by dividing the replacement cost by the total amount of deductions under section DB 23 for the affected property and multiplying the result by the excess of the insurance income over the replacement cost, if the insurance income exceeds the replacement cost and the calculated amount is less than or equal to the amount of insurance income; or 5
 - (ii) the amount of the excess recovery, if the insurance income does not exceed the replacement cost or is less than the amount calculated in **subparagraph (i)**; and 10
- (b) the amount of the suspended recovery income immediately before the expenditure is reduced by an amount equal to the reduction of expenditure under **paragraph (a)** for the purposes of section EA 2. 15
- Requirements for replacement property*
- (4) For an item of affected property, replacement property must be a building or land that is revenue account property—
- (a) acquired in or before the income year that is 5 income years after the income year in which the emergency event first occurs; and 20
 - (b) located in New Zealand.
- Amount remaining at end of fifth income year or when person changes intentions, is liquidated, or becomes bankrupt*
- (5) The person has an amount of income under **section CC 2B** (Income—insurance or compensation for land or buildings affected by emergency event and replaced) for the affected property in the current year equal to the amount of suspended recovery income when— 25
- (a) the current year ends, if the current year is 5 income years after the income year in which the emergency event first occurs: 30
 - (b) in the current year, the person decides not to replace the affected property:
 - (c) in the current year, the person goes into liquidation or becomes bankrupt.
- Notice of election for affected property*
- (6) A person choosing to rely on this section to suspend in a current year the recognition of suspended recovery income from the insurance for the affected property must notify the Commissioner— 35
- (a) by the later of 30 April after the income year in which the emergency event first occurs and the date on which the return of income is filed for the earliest income year (the **estimate year**) in which the amount of the insurance for the affected property can be reasonably estimated; and 40

<p>(b) if the current year is after the estimate year,—</p> <p style="padding-left: 2em;">(i) for each income year between the estimate year and the current year, by the date on which the return of income is filed for that income year; and</p> <p style="padding-left: 2em;">(ii) for the current year, by the date on which the return of income is filed for the current year.</p> <p><i>Later deadline for notice of election</i></p> <p>(7) The Commissioner may allow the person to file the notice under subsection (6) at a later time if the Commissioner considers there are exceptional circumstances.</p> <p><i>Contents of notice of election</i></p> <p>(8) A notice under subsection (6) must—</p> <p style="padding-left: 2em;">(a) describe the affected property; and</p> <p style="padding-left: 2em;">(b) give details of the replacement property acquired in the current year to replace, in full or in part, the affected property; and</p> <p style="padding-left: 2em;">(c) give the cost of the replacement property and the reduction under subsection (3) of that cost for the purposes of section EA 2; and</p> <p style="padding-left: 2em;">(d) give the amount, for the affected property, of the income from insurance or compensation remaining suspended under this section at the end of the current year.</p> <p><i>Relationship to other sections</i></p> <p>(9) This section overrides sections CB 6, CB 7, CB 12, CB 13, and CG 6.</p> <p>Defined in this Act: amount, Commissioner, deduction, emergency event, income, income year, land, liquidation, New Zealand, notice, notify, return of income, revenue account property</p> <p>FP 4 Property acquired after depreciable property affected by an emergency event</p> <p><i>When this section applies</i></p> <p>(1) This section applies for a person and an income year (the current year) that is the income year in which an emergency event first occurs or an income year up to 5 income years after the income year in which the emergency event first occurs, when the person,—</p> <p style="padding-left: 2em;">(a) in or before the current year, receives insurance or compensation (the compensation) for items of depreciable property (the affected property), each of which is—</p> <p style="padding-left: 4em;">(i) not depreciable intangible property; and</p> <p style="padding-left: 4em;">(ii) included in 1 of the categories (an affected class) of the person’s depreciable property referred to in subsection (12)(b); and</p> <p style="padding-left: 2em;">(b) is entitled to the compensation because each item of the affected property, as a result of the emergency event, is affected by—</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p>
---	--

- (i) damage meeting the requirements of section EE 47(4) (Events for purposes of section EE 44); or
 - (ii) a disposal and reacquisition under **section FP 7**; and
 - (c) would have, in the absence of this section, from the compensation for the affected property in the affected class, depreciation recovery income under section EE 48 (Effect of disposal or event) in or before the current year; and 5
 - (d) has a total amount of depreciation loss under section EE 48 for the affected property in the affected class that, treated as a positive amount, is less than the total amount of depreciation recovery income referred to in **paragraph (c)** by an amount (the **excess recovery**); and 10
 - (e) plans in the current year to acquire depreciable property (the **replacement property**) meeting the requirements of **subsection (8)**; and
 - (f) notifies the Commissioner under **subsection (10)**—
 - (i) specifying the affected property and affected class; and 15
 - (ii) linking, for the purposes of this section, each item of acquired replacement property with an affected class.
- Suspended recovery income*
- (2) For an affected class, the amount that may be depreciation recovery income of the person in or after the current year (the **suspended recovery income**) is the excess recovery that remains at the beginning of the current year after— 20
 - (a) adjustment under **subsections (4) and (7)** for an earlier income year; and
 - (b) attribution to an earlier income year by **subsection (9)**.
- Depreciation recovery income* 25
- (3) The person has an amount of depreciation recovery income for the current year equal to the amount of suspended recovery income that is attributed to the current year by **subsection (9)**.
- Effect of acquiring item of replacement property if suspended recovery income from affected property not in pool* 30
- (4) If the person acquires an item of replacement property (the **replacement item**) and links the replacement item with an affected class of affected property for which the person does not use the pool method, the amount given by **subsection (5)**—
 - (a) is treated as not being included in the amount of the person’s expenditure on the replacement item for the purposes of determining,— 35
 - (i) under section EE 16(4) (Amount resulting from standard calculation), the item value or cost for the replacement item, if the person uses the diminishing value method or straight-line method for the replacement item; or 40

- (ii) under section EE 22 (Cases affecting pool), the cost of the replacement item, if the person uses the pool method for the replacement item; and
- (b) is a reduction in the amount of the suspended recovery income for the affected class. 5
- Amount of reduction: expenditure on replacement item and suspended recovery income*
- (5) The amount of the reduction under **subsection (4)(a) or (b)** for a replacement item and an affected class of affected property for which the person does not use the pool method is— 10
- (a) zero, if the cost of the affected class equals or is less than the person’s total expenditure in acquiring, before the replacement item, other replacement property linked with the affected class; or
- (b) the amount calculated using the formula— 15
- $\text{limited replacement cost} \times \text{excess} \div \text{affected cost.}$
- Definition of items in formula*
- (6) In the formula in **subsection (5)**,—
- (a) **limited replacement cost** is the lesser of— 20
- (i) the amount by which the cost of the affected class exceeds the total expenditure in acquiring, before the replacement item, other replacement property linked with the affected class:
- (ii) the amount of the expenditure on the replacement item:
- (b) **excess** is the excess recovery for the affected class:
- (c) **affected cost** is the total cost for the person of the affected class. 25
- Effect of acquiring item of replacement property if suspended recovery income from affected property in pool*
- (7) If the person acquires a replacement item and links the replacement item with an affected class of affected property for which the person uses the pool method,—
- (a) the amount of the person’s expenditure on the replacement item is treated as being reduced by the amount equal to the lesser of the amount of expenditure on the replacement item and the amount of suspended recovery income for the affected property after the acquisition of other replacement property before the replacement item for the purposes of determining— 30
- (i) the adjusted tax value of the replacement item, if **subparagraph (ii) or (iii)** does not apply; or 35

	<i>Later deadline for notice of election</i>	
(11)	The Commissioner may allow the person to file the notice under subsection (10) at a later time if the Commissioner considers there are exceptional circumstances.	
	<i>Contents of notice of election</i>	5
(12)	A notice under subsection (10) must—	
	(a) describe the items of affected property; and	
	(b) indicate in which of the following categories each item of affected property is included:	
	(i) a building not referred to in subparagraph (iii) :	10
	(ii) commercial fit-out not referred to in subparagraph (iv) :	
	(iii) buildings for which the person uses the pool method:	
	(iv) commercial fit-out for which the person uses the pool method:	
	(v) depreciable property for which the person uses the pool method, other than a building or commercial fit-out:	15
	(vi) depreciable property not referred to in subparagraphs (i) to (v) ; and	
	(c) give details of each item of replacement property acquired in the current year and the affected class to which the person is linking the item; and	
	(d) give the amount of the expenditure on the replacement item and the reduction under subsection (4) or (7) of that expenditure for the purposes of determining adjusted tax value or depreciation loss; and	20
	(e) give the amount, for each affected class, of the suspended recovery income at the end of the current year.	
	<i>Disposal of replacement property: reduction in cost treated as depreciation loss</i>	25
(13)	For the purposes of section EE 48, the amount by which a person’s expenditure on a replacement item is treated as being reduced under subsection (4) or (7) is an amount of depreciation loss for the item for which the person has been allowed a deduction.	30
	<i>Order of acquisition for items acquired at same time</i>	
(14)	If items of replacement property are acquired at the same time and the effect of this section depends on the order in which the items are acquired, the items are treated as being acquired in the order chosen by the person in the first return of income for which the order of acquisition is taken into account.	35
	<i>Relationship to subpart EE</i>	
(15)	This section overrides subpart EE (Depreciation).	
	Defined in this Act: acquire, adjusted tax value, amount, commercial fit-out, Commissioner, deduction, depreciable intangible property, depreciable property, depreciation loss, depreciation recovery	

income, diminishing value method, dispose, emergency event, income year, liquidation, New Zealand, notice, notify, pool, pool method, return of income, straight-line method

FP 5 Improvements to farmland and horticultural plants affected by an emergency event and replaced—insurance or compensation

When this section applies

5

(1) This section applies for a person and an income year (the **current year**) that is the income year in which the emergency event first occurs or an income year up to 5 income years after the income year in which the emergency event first occurs, when the person,—

(a) in or before the current year, receives an amount of insurance or compensation for improvements to land subject to section DO 4 or DO 5 (which relate to improvements to land) (the **affected property**) that was damaged or destroyed by an emergency event; and 10

(b) in the absence of this section, would have, in or before the current year, a total amount of income (the **insurance income**) under section CG 4 (Receipts for expenditure or loss from insurance, indemnity, or otherwise) from the compensation or insurance for the affected property; and 15

(c) has claimed deductions for the affected property under 1 or more of section DO 4, DO 5, or DO 11 (which relate to improvements to land); and

(d) plans, in the current year, to acquire property (the **replacement property**)— 20

(i) replacing the affected property; and

(ii) meeting the requirements of **subsection (5)**; and

(e) notifies the Commissioner under **subsection (7)** in relation to the affected property. 25

Insurance or compensation not income

(2) The amount of the insurance or compensation is not income unless **subsection (3) or (6)** applies.

Income where insurance or compensation proceeds exceed replacement cost

(3) When the person incurs expenditure (the **replacement cost**) in the current year to acquire replacement property and the amount of the insurance or compensation exceeds the replacement cost,— 30

(a) the amount of the insurance or compensation is income under **section CC 2C** (Insurance or compensation—improvements to farmland and horticultural plants affected by an emergency event and replaced) in the current year to the extent to which it exceeds the replacement cost; but 35

(b) the amount of that income is reduced to the extent to which the amount of the insurance or compensation is also greater than the original cost of the affected property.

	<i>Value of replacement property</i>	
(4)	If the person acquires replacement property, the value attributed to the expenditure to acquire the replacement property for the purposes of section DO 4 or DO 5, as applicable, is,—	
	(a) if the insurance income is equal to or greater than the replacement cost, zero:	5
	(b) if the insurance income is less than the replacement cost, the extent to which the replacement cost exceeds the insurance income.	
	<i>Requirements for replacement property</i>	
(5)	For an item of affected property, replacement property must be an improvement to farmland as described in schedule 20, part A (Expenditure on farming, horticultural, aquacultural, and forestry improvements) or a listed horticultural plant—	10
	(a) acquired in or before the income year that is 5 income years after the income year in which the emergency event first occurred; and	15
	(b) located in New Zealand.	
	<i>Income if replacement property not acquired by end of fifth income year or when person changes intentions, is liquidated, or becomes bankrupt</i>	
(6)	The person has an amount of income under section CC 2C for the affected property in the current year equal to the insurance income when—	20
	(a) the current year ends, if the current year is the income year that is 5 income years after the income year in which the emergency event first occurred:	
	(b) in the current year, the person decides not to replace the affected property:	25
	(c) in the current year, the person goes into liquidation or becomes bankrupt.	
	<i>Notice of election for affected property</i>	
(7)	A person choosing to rely on this section to suspend in a current year the recognition of income from the insurance for affected property must notify the Commissioner—	30
	(a) by the later of 30 April after the income year in which the emergency event first occurred and the date on which the return of income is filed for the earliest income year (the estimate year) in which the amount of the insurance for the affected property can be reasonably estimated; and	
	(b) if the current year is after the estimate year,—	35
	(i) for each income year between the estimate year and the current year, by the date on which the return of income is filed for that income year; and	

- (ii) for the current year, by the date on which the return of income is filed for the current year.

Later deadline for notice of election

- (8) The Commissioner may allow the person to file the notice under **subsection (7)** at a later time if the Commissioner considers there are exceptional circumstances. 5

Contents of notice of election

- (9) A notice under **subsection (7)** must—
 - (a) describe the affected property; and
 - (b) give details of the replacement property acquired in the current year to replace, in full or in part, the affected property; and 10
 - (c) give the cost of the replacement property and the value attributed to that cost under **subsection (4)** for the purposes of section DO 4 or DO 5, as applicable; and
 - (d) give the amount, for the affected property, of the income from insurance or compensation remaining suspended under **subsection (2)** at the end of the current year. 15

Relationship to section CG 4

- (10) This section overrides section CG 4. 20

Defined in this Act: amount, Commissioner, deduction, emergency event, farmland, income, income year, land, liquidation, listed horticultural plant, New Zealand, notice, notify, return of income

Rollover relief—deductions and depreciation

FP 6 Expenditure incurred while income-earning activity interrupted by emergency event

When this section applies 25

- (1) This section applies for a person and an income year (the **current year**), which is the income year in which the emergency event first occurs or an income year up to 5 income years after the income year in which the emergency event first occurs, when—
 - (a) the person has an income-earning activity in New Zealand immediately before an emergency event; and 30
 - (b) the activity is interrupted for a period (the **period of interruption**) as a result of the emergency event; and
 - (c) in the current year, during the period of interruption, the person incurs expenditure or loss (the **interruption expenditure**) in meeting an obligation relating to the income-earning activity; and 35

(d)	the interruption expenditure does not meet the requirements of the general permission for the person and the income-earning activity but would do so but for the interruption; and	
(e)	the person resumes the income-earning activity in an income year (the resumption year) before the income year that is 5 income years after the income year in which the emergency event first occurs.	5
	<i>Deduction for interruption expenditure</i>	
(2)	The person is allowed a deduction for the interruption expenditure under section DB 69 (Deduction for certain expenditure due to emergency event).	
	<i>Timing of deduction</i>	10
(3)	The deduction is allocated to the resumption year.	
	Defined in this Act: deduction, emergency event, general limitation, general permission, income year, loss, New Zealand	
	FP 7 Insurance for damage of property caused by emergency event: treatment as disposal and reacquisition	15
	<i>When this section applies</i>	
(1)	This section applies for a person and an item of depreciable property when—	
(a)	the item is damaged by an emergency event; and	
(b)	the person is entitled to an amount of insurance or compensation for the damage to the item; and	20
(c)	the person reasonably assesses that the item is uneconomic to repair; and	
(d)	the damage does not meet the requirements of section EE 47(4) (Events for purposes of section EE 44).	
	<i>Treatment as disposal and reacquisition of item</i>	
(2)	The person is treated as, on the date of the relevant emergency event,—	25
(a)	disposing of the item for the amount of insurance or compensation; and	
(b)	reacquiring the item for zero consideration.	
	<i>Relationship with section EE 52</i>	
(3)	This section overrides section EE 52 (Amount of depreciation recovery income when compensation received).	30
	Defined in this Act: amount, depreciable property, dispose, emergency event	
	FP 8 Insurance for damage of property caused by emergency event: limit on depreciation recovery income	
	<i>When this section applies</i>	
(1)	This section applies for a person and an item of depreciable property when—	35
(a)	the item is damaged by an emergency event; and	

<p>(b) the person is entitled to an amount of insurance or compensation for the damage to the item; and</p> <p>(c) the damage does not meet the requirements of section EE 47(4) (Events for purposes of section EE 44); and</p> <p>(d) section FP 9 does not apply for the item.</p> <p><i>Limit on depreciation recovery income under section EE 52</i></p> <p>(2) If the person would derive depreciation recovery income under section EE 52 (Amount of depreciation recovery income when compensation received) in an income year for the item in the absence of this section, the person derives in the income year an amount of depreciation recovery income equal to the lesser of—</p> <p>(a) the amount of depreciation recovery income under section EE 52 that the person would derive in the income year for the item in the absence of this section:</p> <p>(b) the total of the amounts of depreciation loss for which the person has been allowed deductions for the item.</p> <p><i>Relationship with section EE 52</i></p> <p>(3) This section overrides section EE 52.</p> <p>Defined in this Act: amount, deduction, depreciable property, depreciation loss, depreciation recovery income, emergency event, income year</p> <p>FP 9 Item treated as available for use if access restricted due to emergency event</p> <p>An item of depreciable property is treated for an income year as being available for use while access to the item is affected by a restriction imposed due to the effects of an emergency event if—</p> <p>(a) the item was used or available for use immediately before the restriction was imposed; and</p> <p>(b) the item would be used or available for use in the absence of the restriction; and</p> <p>(c) the income year is the income year that is 5 income years after the income year in which the emergency event first occurred, or an earlier income year.</p> <p>Defined in this Act: depreciable property, emergency event, income year</p> <p>FP 10 Insurance for emergency event damage causing disposal: optional timing rule for income, deductions</p> <p><i>When this section applies</i></p> <p>(1) This section applies for a person and an item of depreciable property when—</p> <p>(a) the item is damaged by an emergency event; and</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p>
---	--

- (b) the damage—
- (i) results in the item being affected by a disposal and reacquisition under **section FP 7**; or
 - (ii) meets the requirements of section EE 47(4) (Events for purposes of section EE 44); and 5
- (c) the person is entitled to an amount of insurance or compensation for the damage to the item; and
- (d) the person chooses to apply this section for all items of depreciable property meeting the requirements of **paragraphs (a) to (c)**.
- Attribution of income from insurance and disposal* 10
- (2) If the amount of insurance or compensation for the damage (the **insurance receipt**) is derived or able to be reasonably estimated before the end of the income year that is 5 income years after the income year in which the emergency event first occurred, the person’s income from the insurance receipt and the consideration derived from the disposal of the item are attributed to the earlier of— 15
- (a) the income year that is 5 income years after the income year in which the emergency event first occurred:
 - (b) the first income year in which—
 - (i) the amount of the cost of disposing of the item (the **disposal cost**) is, or has been, incurred or able to be reasonably estimated; and 20
 - (ii) the insurance receipt is, or has been, derived or able to be reasonably estimated; and
 - (iii) the consideration from the disposal of the item is, or has been, derived or able to be reasonably estimated. 25
- Attribution of deductions*
- (3) If the disposal cost is incurred or able to be reasonably estimated before the end of the income year that is 5 income years after the income year in which the emergency event first occurred, the person’s deductions for the disposal cost and for depreciation loss under section EE 48 (Effect of disposal or event) are attributed to the earlier of— 30
- (a) the income year that is 5 income years after the income year in which the emergency event first occurred:
 - (b) the first income year in which—
 - (i) the disposal cost is, or has been, incurred or able to be reasonably estimated; and 35
 - (ii) the insurance receipt is, or has been, derived or able to be reasonably estimated; and

- (iii) the consideration from the disposal of the item is, or has been, derived or able to be reasonably estimated.

Relationship with other sections

- (4) This section overrides sections EE 1, EE 22, and EE 48 (which state when depreciation loss and depreciation recovery income arise) in relation to the timing of the person’s— 5

- (a) income from the insurance receipt and consideration from the disposal of the item:
- (b) deductions for the disposal cost and depreciation loss.

Defined in this Act: amount, deduction, depreciable property, depreciation loss, dispose, emergency event, income, income year 10

FP 11 Insurance for repairs of emergency event damage: optional timing rule for income, deductions

When this section applies

- (1) This section applies for a person and an item of depreciable property when— 15

- (a) the item is damaged by an emergency event; and
- (b) the damage—
 - (i) does not result in the item being subject to a disposal and reacquisition under **section FP 7**; and
 - (ii) does not meet the requirements of section EE 47(4) (Events for purposes of section EE 44); and 20
- (c) the person is entitled to an amount of insurance or compensation for the damage to the item; and
- (d) the person chooses to apply this section for all items of depreciable property meeting the requirements of **paragraphs (a) to (c)**. 25

Attribution of income from insurance

- (2) If the amount of insurance or compensation for the damage (the **insurance receipt**) is derived or able to be reasonably estimated before the end of the income year that is 5 income years after the income year in which the emergency event first occurred, the person’s income from the insurance receipt is attributed to the earlier of— 30

- (a) the income year that is 5 income years after the income year in which the emergency event first occurred:
- (b) the first income year in which—
 - (i) the amount of expenditure for total repair of the damage (the **repair cost**) is, or has been, incurred or able to be reasonably estimated; and 35
 - (ii) the insurance receipt is, or has been, derived or able to be reasonably estimated.

Attribution of deductions for repairs

(3) If the repair cost is incurred or able to be reasonably estimated before the end of the income year that is 5 income years after the income year in which the emergency event first occurred, the person's deductions for the repair cost are attributed to the earlier of—

5

- (a) the income year that is 5 income years after the income year in which the emergency event first occurred:
- (b) the first income year in which—
 - (i) the repair cost is, or has been, incurred or able to be reasonably estimated; and
 - (ii) the insurance receipt is, or has been, derived or able to be reasonably estimated.

10

Relationship with other sections

(4) This section overrides sections CG 4, EE 22, and EE 52 (which provide for receipts of insurance or indemnity payments) in relation to the timing of the person's—

15

- (a) income from the insurance receipt:
- (b) deductions for the repair cost.

Defined in this Act: amount, deduction, depreciable property, dispose, emergency event, income, income year

20

FP 12 Valuation of group assets: insurance proceeds from emergency event*When this section applies*

(1) This section applies for the purposes of sections FE 16 (Total group assets) and FE 18 (Measurement of debts and assets of worldwide group) and a person if—

- (a) an asset of the person's New Zealand group is damaged as a result of an emergency event; and
- (b) the asset is impaired or derecognised under generally accepted accounting practice as a result of the damage; and
- (c) insurance for the damage is recognised at a later date under generally accepted accounting practice.

25

30

Optional treatment of insurance

(2) The person may choose to include an amount of the insurance, corresponding to the amount of the impairment or the derecognised value of the asset, in the value of the total group assets of the person's New Zealand group during the period—

35

- (a) beginning with the impairment or derecognition of the asset; and
- (b) ending before the earlier of—
 - (i) the recognition of the amount of insurance:

- (ii) the beginning of the income year that is 5 income years after the income year in which the emergency event first occurred.

Corresponding treatment for worldwide group

- (3) If a person includes an amount under **subsection (2)** in the value of the total group assets of the person’s New Zealand group for a period, the person must include the amount in the value of the total group assets of the person’s worldwide group for the period. 5

Notice to Commissioner

- (4) A person choosing to apply **subsection (2)** for an income year must give notice to the Commissioner of the following: 10
 - (a) that the person has applied this section for the income year; and
 - (b) a reasonable estimate of the amount of income that would arise under section CH 9 (Interest apportionment: excess debt entity) for the income year in the absence of this section; and
 - (c) the amount of income that arises under section CH 9 for the income year after the application of this section; and 15
 - (d) any further information required by the Commissioner.

Form and timing of notice

- (5) The information required by **subsection (4)** must be given— 20
 - (a) in the form and by the means prescribed by the Commissioner; and
 - (b) no later than the day by which the person is required to make a return of income for the corresponding tax year, or at a later time if the Commissioner considers there are exceptional circumstances.

Defined in this Act: amount, Commissioner, emergency event, generally accepted accounting practice, income, income year, New Zealand, notice, return of income, tax year 25

Employment-related relief

FP 13 Employee benefits for emergency event

Income derived by an employee from an employer is exempt income to the extent given by **section CW 19B** (Employee benefits for emergency event: exempt income) if the income— 30

- (a) would be assessable income in the absence of this section; and
- (b) is provided by the employer for the purpose of relief of employees from the adverse effects of an emergency event; and
- (c) is derived in the period of 8 weeks beginning on the first day of the relevant emergency event; and 35
- (d) does not replace a PAYE income payment; and
- (e) does not depend on the seniority of the employee; and

(f) is available to another employee, who is not an associated person of the employer and is, or was immediately before an emergency event, in full-time employment with the employer, if the employee is an associated person of the employer; and

(g) is treated by the employer as being exempt income for the employee. 5

Defined in this Act: assessable income, associated person, emergency event, employee, employer, employment, exempt income, income, PAYE income payment

FP 14 Employee benefits for emergency: not fringe benefit

When this section applies

(1) This section applies when an employee receives from an employer a benefit that— 10

(a) would be a fringe benefit in the absence of this section; and

(b) is for the purpose of the relief of employees from the adverse effects of an emergency event; and

(c) is received in the period of 8 weeks beginning on the first day of the emergency event; and 15

(d) does not replace a PAYE income payment; and

(e) does not depend on the seniority of the employee; and

(f) is available to another employee, who is not an associated person of the employer and is, or was immediately before the emergency event, in full-time employment with the employer, if the employee is an associated person of the employer; and 20

(g) is treated by the employer as not being a fringe benefit.

Benefits with known value for employee

(2) Benefits satisfying **subsection (1)** that would, in the absence of this section, be fringe benefits having a value for the employee that the employer could estimate are not fringe benefits to the extent to which their total value as fringe benefits for the period would be less than or equal to the amount by which \$5,000 exceeds the income that is— 25

(a) exempt under **section CW 19B(b)** (Employee benefits for emergency event: exempt income); and 30

(b) derived by the employee from the employer in the same period.

Benefits without known value for employee

(3) Benefits satisfying **subsection (1)** that would, in the absence of this section, be fringe benefits having a value for the employee that the employer could not estimate are not fringe benefits. 35

Defined in this Act: associated person, emergency event, employee, employer, employment, exempt income, fringe benefit, income, PAYE income payment

FP 15 Accommodation expenditure: emergency event relief

When this section applies

(1) This section applies for the purposes of section CW 16B (Accommodation expenditure: out-of-town secondments and projects) when—

- (a) the employment duties of an employee require them to work on a project of limited duration for rebuilding or recovery, including the repair and reconstruction of land, infrastructure, and other property in the areas affected by an emergency event; and
- (b) the distant workplace is a workplace in the areas affected by the emergency event.

5
10

Exempt income

(2) The value provided or expenditure incurred by the employer of the employee for or in relation to the accommodation is exempt income of the employee under section CW 16B as modified by this section.

Modified definition of project of limited duration

15

(3) Despite paragraph (c)(iii) of the definition of **project of limited duration** and section CW 16C(2)(d) (Time periods for certain accommodation expenditure), for the purposes of this section, the 3-year limit is ignored and is replaced by 5 years, if the employee starts work at the distant workplace in the period commencing on the date the emergency event first occurs and ending 5 years after that date.

20

How time limit determined

(4) For the purposes of this section and section CW 16C, the time limit is determined by whether the actual period of continuous work of the employee at the distant workplace is for a period of no more than 5 years.

25

Defined in this Act: accommodation, distant workplace, emergency event, employee, employer, exempt income, land, period of continuous work, project of limited duration, rebuilding, recovery

Income spreading for forced livestock sales

FP 16 Livestock destroyed because of emergency event: spreading

When this section applies

30

(1) This section applies when—

- (a) a person who owns or carries on a business has livestock on hand at the start of an income year (the **cull year**) before the income year that is 5 income years after the income year in which the emergency event referred to in **paragraph (b)** first occurs that they—

35

- (i) use for breeding in the ordinary course of carrying on the business; and
- (ii) valued under the national standard cost scheme or the cost price method in the previous income year; and

- (b) in the cull year, some or all of the person’s livestock are destroyed, because of an emergency event, pursuant to—
- (i) a power exercised under section 121 of the Biosecurity Act 1993:
 - (ii) a direction given under section 122 of that Act; and
- (c) the number of mixed-age female breeding animals for the type of livestock valued under the national standard cost scheme or the cost price method that the person expects to have on hand at the end of the income year following the cull year is at least 75% of the number of mixed-age female breeding animals for the type of livestock valued under the national standard cost scheme or the cost price method that the person had on hand at the start of the cull year.

How this section applies

- (2) This section applies per type of livestock, being a livestock type listed in schedule 17 (Types and classes of livestock). Where regulations made under **subsection (18)** provide that this section applies to more than 1 type of livestock, a person choosing to apply this section must—
- (a) apply the formulas in this section separately to each type of livestock; and
 - (b) notify the Commissioner in their election made under **subsection (3)** as to the type of livestock to which the election applies.

Timing of income

- (3) The person may choose to allocate the amount of income calculated using the formula in **subsection (6)** equally between the 6 income years following the cull year.

Timing of deduction

- (4) When a person makes an election under **subsection (3)**, part of any deduction that the person is allowed for the value that their livestock valued under subpart EC (Valuation of livestock) had at the end of the income year before the cull year, as calculated under section EC 2 (Valuation of livestock), is allocated equally between the 6 income years following the cull year. The part must reflect the value, as calculated under that section at the end of the income year before the cull year using whichever of the national standard cost scheme or the cost price method the person used in the income year before the cull year, of the same number of each class of livestock to which the amount of income allocated under **subsection (3)** relates.

Business ceasing

- (5) If the person stops owning or carrying on the business in an income year (the **cessation year**) before the seventh income year following the cull year, to the extent to which it has not been allocated to income years before the cessation year,—

<p>(a) the amount of income calculated using the formula in subsection (6) is allocated to the cessation year; and</p> <p>(b) the part of any deduction allocated under subsection (4) is allocated to the cessation year.</p> <p><i>First formula</i></p> <p>(6) The formula referred to in subsections (3) and (5) is—</p> <p style="padding-left: 40px;">$\Sigma(\text{number} \times (\text{sale proceeds} + \text{compensation}) \div \text{culled stock}).$</p> <p><i>Definition of items in formula</i></p> <p>(7) The items in the formula in subsection (6) are defined in subsections (8) to (13).</p> <p>Σ</p> <p>(8) Σ is the symbol for the summation of the amounts calculated using the formula in the brackets that follow that symbol for each of the classes of livestock.</p> <p><i>Number</i></p> <p>(9) Number, for a class of livestock, is the number that is the lesser of the following 2 numbers, or the first number if they are the same:</p> <p>(a) the number that is the greater of zero and the number calculated using the formula in subsection (13);</p> <p>(b) the number of livestock of that class that—</p> <p style="padding-left: 40px;">(i) were breeding stock or stock that the person expected to be capable of, and intended to be used for, breeding upon reaching maturity; and</p> <p style="padding-left: 40px;">(ii) the person valued under the national standard cost scheme or the cost price method in the income year before the cull year.</p> <p><i>Sale proceeds</i></p> <p>(10) Sale proceeds, for a class of livestock, is the amount of income the person derives as consideration for the disposal of livestock of that class, including their carcasses, that are part of the destroyed livestock.</p> <p><i>Compensation</i></p> <p>(11) Compensation, for a class of livestock, is the amount of income the person derives that is compensation to which the person is entitled under section 162A of the Biosecurity Act 1993 and that the person receives by the end of the income year following the cull year, but only to the extent to which that compensation is for—</p> <p>(a) any excess of the value of the destroyed livestock that belong to that class used in the calculation of that compensation over the amount of income described in subsection (9) for that class; and</p> <p>(b) any excess of the cost of replacement livestock of the same class that the person acquires and intends to be used for breeding over the amount of</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p>
---	--

- income that would, in the absence of this paragraph, be described in this subsection.
- Culled stock*
- (12) **Culled stock**, for a class of livestock, is the number of livestock of that class that are part of the destroyed livestock. 5
- Second formula*
- (13) The formula referred to in **subsection (9)** is—
valuation method breeding stock + culled stock – opening stock.
- Definition of items in second formula*
- (14) In the formula in **subsection (13)**, for a class of livestock,— 10
- (a) **valuation method breeding stock** is the number of livestock of that class that—
- (i) were breeding stock or stock that the person expected to be capable of, and intended be used for, breeding upon reaching maturity; and 15
- (ii) the person valued under the national standard cost scheme or the cost price method in the income year before the cull year:
- (b) **culled stock** is the number of livestock of that class that are part of the destroyed livestock:
- (c) **opening stock** is the number of livestock of that class that the person had on hand at the start of the cull year. 20
- How elections made*
- (15) A person makes an election under **subsection (3)** by notifying the Commissioner by the date of filing their return of income for the cull year. 25
- Elections irrevocable*
- (16) An election made under **subsection (3)** cannot be revoked.
- When election treated as never having been made*
- (17) A person who makes an election under **subsection (3)** is treated as never having made the election if the number of mixed-age female breeding animals for the type of livestock valued under the national standard cost scheme or the cost price method that the person has on hand at the end of the income year following the cull year is less than 75% of the number of mixed-age female breeding animals for the type of livestock valued under the national standard cost scheme or the cost price method that the person had on hand at the start of the cull year. 30
- Classes of livestock*
- (18) For the purposes of this section, the Governor-General may, by Order in Council made on the recommendation of the Minister of Revenue, make regulations 35

specifying 1 or more types of livestock set out in schedule 17, as well as classes of livestock within those types, to which this section applies.

Application of regulations

- (19) Regulations made under this section may be expressed to come into force on a day that is before, on, or after the date on which they are made, but not earlier than the first day of the relevant emergency event, and the regulations come into force or, as the case may be, are deemed to have come into force accordingly. 5

Retrospective

- (20) Regulations made under this section may be retrospective only to the extent provided for in **subsection (19)**. 10

Secondary legislation

- (21) Regulations made under this section are secondary legislation (see Part 3 of the Legislation Act 2019 for publication requirements).

Relationship with sections CG 6 and DB 49 15

- (22) This section overrides sections CG 6 (Receipts from insurance, indemnity, or compensation for trading stock) and DB 49 (Adjustment for opening values of trading stock, livestock, and excepted financial arrangements).

Defined in this Act: amount, business, class, Commissioner, cost price, deduction, emergency event, income, income year, national standard cost scheme, notify, return of income 20

Relief from bright-line test and other land sale rules

FP 17 Land and buildings affected by emergency event—sections CB 6A and CB 9 to CB 11 overridden for local authority and Crown purchases

Sections CB 6A and CB 9 to CB 11 (which relate to income from disposals of land) do not apply to a person and land or buildings, or both, purchased by the Crown or a local authority from the person if the land or buildings, or both, were damaged by an emergency event. 25

Defined in this Act: emergency event, land, local authority

54 Section GC 5 amended (Leases for inadequate rent)

- (1) In section GC 5(2)(d), after “lease by a partnership”, insert “, ignoring section HG 2 (Partnerships are transparent),”. 30

- (2) **Subsection (1)** applies for income years commencing on or after 1 April 2008. However, **subsection (1)** does not apply to a person in relation to a tax position taken by the person—

- (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and 35

- (b) that is inconsistent with the amendment made to section GC 5 by **subsection (1)**.

- 55 Section GC 11 amended (Applications for matching treatment)**
- (1) After section GC 11(1)(b), insert:
- (bb) the difference between the arm’s length amount and either the consideration payable in the absence of section GC 7 or the consideration receivable in the absence of section GC 8, as the case may be, is not a dividend; and 5
- (2) Repeal section GC 11(2)(a).
- 56 Section GC 12 amended (Effect on person’s withholding obligations)**
- In section GC 12, delete “other than to the extent to which section GC 11(2) applies”. 10
- 57 Section GC 13 amended (Calculation of arm’s length amounts)**
- (1) In section GC 13(6),—
- (a) replace “an assessment for a tax year” with “a taxpayer’s assessment for a tax year”; and
- (b) replace “the taxpayer that a tax audit or investigation has commenced” with “the taxpayer or another taxpayer that a relevant tax audit or investigation affecting them has commenced”. 15
- (2) After section GC 13(6), insert:
- Further amendment of assessment*
- (7) Despite the time bar, at any time in the period of 7 tax years after the return year for an amendment (a **transfer pricing amendment**) that was made under subsection (6), the Commissioner may amend an assessment if such amendment is related to the transfer pricing amendment. 20
- (3) **Subsections (1) and (2)** apply for an arrangement and income years beginning on or after 1 April 2025. 25
- 58 Section HC 33 amended (Choosing to satisfy income tax liability of trustee)**
- In section HC 33(1B)(c)(ii), replace “resident foreign trustee” with “trustee of a foreign exemption trust”.
- 59 Section HC 35 amended (Beneficiary income of minors)** 30
- (1) In section HC 35(2)(c), after “clause 3”, insert “, ignoring clauses 4 to 6B”.
- (2) Replace section HC 35(4), other than the heading, with:
- (4) This section does not apply to—
- (a) a minor who, for the income year, derives 1 or both of the following:
- (i) beneficiary income from the trust of \$1,000 or less: 35

<ul style="list-style-type: none"> <li style="margin-left: 40px;">(ii) a child disability allowance paid under the Social Security Act 2018: (b) beneficiary income derived from the trust if the trust is— <ul style="list-style-type: none"> (i) settled in a way described in section HC 36: (ii) a testamentary trust described in section HC 37: (iii) a disabled beneficiary trust described in section HC 39: (iv) a Maori authority: (v) a group investment fund. 	5
(3) Subsections (1) and (2) apply for the 2024–25 and later income years.	
60 Section HC 38 amended (Beneficiary income of certain close companies)	10
(1) In section HC 38(3)(c), after “clause 3”, insert “, ignoring clauses 4 to 6B”.	
(2) Subsection (1) applies for the 2024–25 and later income years.	
61 Section HG 3 amended (General provisions relating to disposals)	
(1) Replace section HG 3(1) with:	
<i>No disposal safe harbours when disposal upon dissolution</i>	15
(1) Sections HG 5 to HG 10 do not apply for the partners of a partnership when the partnership is finally dissolved by agreement of the partners, court order, or otherwise and the partnership’s business, ignoring section HG 2, will not continue to be carried on in partnership.	
(2) In section HG 3, list of defined terms, insert “exiting partner”.	20
(3) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, subsection (1) applies for income years commencing on or after 1 April 2008. However, subsection (1) does not apply to a person in relation to a tax position taken by the person—	
(a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and	25
(b) that is inconsistent with the amendment made to section HG 3 by subsection (1) .	
62 Section HG 4 amended (Disposal upon final dissolution)	30
(1) Repeal section HG 4(6).	
(2) In section HG 4, list of defined terms, insert “limited partnership”.	
(3) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, subsection (1) applies for income years commencing on or after 1 April 2008. However, subsection (1) does not apply to a person in relation to a tax position taken by the person—	35

- (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and
- (b) that is inconsistent with the amendment made to section HG 4 by **subsection (1)**. 5
- 63 Section HG 5 amended (Disposal of partner’s interests)**
- (1) In section HG 5(1),—
- (a) replace “a person” with “an exiting partner”; and
- (b) after “partnership”, insert “to an entering partner”.
- (2) In section HG 5(2)(c),— 10
- (a) in subparagraph (i), delete “, or financial arrangements”; and
- (b) in subparagraph (ii), delete “or financial arrangements”.
- (3) Replace section HG 5(8) with:
- Exclusion: final dissolution*
- (8) This section does not apply for the partners of a partnership if section HG 3(1) applies. 15
- (4) In section HG 5, list of defined terms, insert “amount”, “income”, “income year”, “pay”, and “small partnership”.
- (5) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (3)** applies for income years commencing on or after 1 April 2008. However, **subsection (3)** does not apply to a person in relation to a tax position taken by the person— 20
- (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and 25
- (b) that is inconsistent with the amendment made to section HG 5 by **subsection (3)**.
- 64 Section HG 6 amended (Disposal of trading stock)**
- (1) In section HG 6(1),—
- (a) replace “a person” with “an exiting partner”; and 30
- (b) after “in a partnership”, insert “to an entering partner”.
- (2) Replace section HG 6(7) with:
- Exclusion: final dissolution*
- (7) This section does not apply for the partners of a partnership if section HG 3(1) applies. 35
- (3) In section HG 6, list of defined terms, insert “amount”, “income year”, and “pay”.

- (4) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (2)** applies for income years commencing on or after 1 April 2008. However, **subsection (2)** does not apply to a person in relation to a tax position taken by the person—
- (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and 5
- (b) that is inconsistent with the amendment made to section HG 6 by **subsection (2)**.
- 65 Section HG 7 amended (Disposal of depreciable property) 10**
- (1) In section HG 7(1),—
- (a) replace “a person” with “an exiting partner”; and
- (b) after “in a partnership”, insert “to an entering partner”.
- (2) Replace section HG 7(7) with:
- Exclusion: final dissolution* 15
- (7) This section does not apply for the partners of a partnership if section HG 3(1) applies.
- (3) In section HG 7, list of defined terms, insert “amount”, “income year”, and “pay”.
- (4) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (2)** applies for income years commencing on or after 1 April 2008. However, **subsection (2)** does not apply to a person in relation to a tax position taken by the person— 20
- (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and 25
- (b) that is inconsistent with the amendment made to section HG 7 by **subsection (2)**.
- 66 Section HG 8 amended (Disposal of financial arrangements and certain excepted financial arrangements) 30**
- (1) In section HG 8(1), in the words before the paragraphs,—
- (a) replace “a person” with “an exiting partner”; and
- (b) after “partnership”, insert “to an entering partner”.
- (2) Replace section HG 8(7) with:
- Exclusion: final dissolution* 35
- (7) This section does not apply for the partners of a partnership if section HG 3(1) applies.
- (3) In section HG 8, list of defined terms,—

- (a) insert “amount”, “income year”, and “pay”; and
- (b) replace “disposal” with “dispose”.
- (4) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (2)** applies for income years commencing on or after 1 April 2008. However, **subsection (2)** does not apply to a person in relation to a tax position taken by the person— 5
- (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and
- (b) that is inconsistent with the amendment made to section HG 8 by **subsection (2)**. 10
- 67 Section HG 9 amended (Disposal of short-term agreements for sale and purchase)**
- (1) In section HG 9(1),—
- (a) replace “a person” with “an exiting partner”; and 15
- (b) after “partnership”, insert “to an entering partner”.
- (2) Replace section HG 9(7) with:
- Exclusion: final dissolution*
- (7) This section does not apply for the partners of a partnership if section HG 3(1) applies. 20
- (3) In section HG 9, list of defined terms, insert “amount”, “income year”, and “pay”.
- (4) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (2)** applies for income years commencing on or after 1 April 2008. However, **subsection (2)** does not apply to a person in relation to a tax position taken by the person— 25
- (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and
- (b) that is inconsistent with the amendment made to section HG 9 by **subsection (2)**. 30
- 68 Section HG 10 amended (Disposal of livestock)**
- (1) In section HG 10(1), replace “a person (the **exiting partner**)” with “an exiting partner”.
- (2) After section HG 10(2), insert: 35
- Exclusion: final dissolution*
- (3) This section does not apply for the partners of a partnership if section HG 3(1) applies.

- (3) In section HG 10, list of defined terms, insert “exiting partner” and “partnership”.
- (4) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (2)** applies for income years commencing on or after 1 April 2008. However, **subsection (2)** does not apply to a person in relation to a tax position taken by the person—
- (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and
- (b) that is inconsistent with the amendment made to section HG 10 by **subsection (2)**.
- 69 Section HG 11 amended (Limitation on deductions by partners in limited partnerships)**
- (1) In section HG 11(5), replace paragraphs (b) and (c) with:
- (b) the amount paid by the partner as an entering partner for the assignment of an interest in partnership property to them:
- (c) the secured amounts to the extent to which they are not already included in paragraph (a) as a loan made to the partnership by another partner.
- (2) In section HG 11(6), replace paragraph (b) with:
- (b) the amount paid to the partner as an exiting partner for the assignment of an interest in partnership property by them:
- (c) amounts included in paragraph (a) of subsection (5) to the extent to which they are capital contributions under paragraph (b) of the definition of **capital contribution** in subsection (12) for which the limited partnership is no longer debtor in relation to the partner.
- (3) In section HG 11(7),—
- (a) replace paragraph (ab) with:
- (ab) if the partner has FIF income or a FIF loss in the income year and previous income years, amounts under subsection (7B) for those years:
- (b) repeal paragraph (c).
- (4) In section HG 11(7B),—
- (a) replace “The” with “An”; and
- (b) replace “dividend” with “dividends”.
- (5) In section HG 11(7C)(a),—
- (a) replace “dividend” with “dividends” in each place; and
- (b) replace “section CD 36(1) (Foreign investment fund income)” with “sections CD 36 (Foreign investment fund income) and HG 2(2)”.
- (6) Repeal section HG 11(8)(c).

- (7) Repeal section HG 11(10).
- (8) In section HG 11(12), definition of **secured amounts**,—
- (a) in the words before the paragraphs, after “partner,”, insert “the total of, for each amount of the limited partnership’s debt ignoring section HG 2 (the **secured debt**) for which the partner is a guarantor,”; and 5
- (b) replace paragraph (a) with:
- (a) the amount of the secured debt divided by the total number of guarantors for that debt:
- (9) In section HG 11, list of defined terms, insert “company”, “general partner”, “limited partner”, and “wholly-owned group”. 10
- 70 Section HM 7 amended (Requirements)**
- In section HM 7(1)(a), replace “HM 10” with “HM 10B”.
- 71 New section HM 10B inserted and replaced (Exclusion—banks and licensed non-bank deposit takers)**
- (1) After section HM 10, insert: 15
- HM 10B Exclusion—banks and licensed non-bank deposit takers**
- The entity must not be a registered bank or a licensed non-bank deposit taker.
Defined in this Act: licensed non-bank deposit taker, registered bank
- (2) Replace **section HM 10B** with: 20
- HM 10B Exclusion—licensed deposit takers**
- The entity must not be a licensed deposit taker.
Defined in this Act: licensed deposit taker
- 72 Section HM 12 amended (Income types)**
- (1) In section HM 12(1)(b)(iii), replace “entity:” with “entity, other than an amount of excluded interest:”. 25
- (2) After subsection HM 12(1), insert:
- Meaning of excluded interest*
- (1B) For the purposes of subsection (1)(b)(iii), **excluded interest** means interest derived from a person associated with the entity other than under section YB 2(3) (Two companies), but does not include interest derived from the person if— 30
- (a) the person is a registered bank or a licensed non-bank deposit taker:
- (b) the person is a PIE, or an entity that qualifies for PIE status:
- (c) the interest is on funds the entity loaned to the person that were loaned to the entity by a third party, and the interest rate is either— 35

(i)	the same for both loans; or	
(ii)	the weighted average of interest rates incurred by the entity under all active loans from third parties.	
(3)	Replace section HM 12(1B)(a) with:	
(a)	the person is a licensed deposit taker:	5
(4)	In section HM 12, list of defined terms,—	
(a)	insert “licensed non-bank deposit taker”, “PIE”, and “registered bank”:	
(b)	replace “licensed non-bank deposit taker” with “licensed deposit taker”, and delete “registered bank”.	
(5)	Subsections (1) and (2) apply from—	10
(a)	1 April 2025, if the loan was entered into on or after that date; or	
(b)	1 April 2030, if the loan was entered into, renewed, extended, or renegotiated before 1 April 2025.	
73	Section HM 71 amended (Choosing to become PIE)	
	In section HM 71, replace “HM 10” with “HM 10B”.	15
74	Section HR 9 replaced (Debt funding special purpose vehicles are transparent if election made by originator)	
	Replace section HR 9 with:	
HR 9	Debt funding special purpose vehicles are transparent if election made by originator	20
	<i>What this section applies to</i>	
(1)	This section applies for the purposes of establishing the liabilities and obligations under an Inland Revenue Act when an originator of a debt funding special purpose vehicle has made an election under section HR 9BA or HZ 9 (Elections to treat existing debt funding special purpose vehicles as transparent) in relation to—	25
(a)	an asset transferred to the special purpose vehicle by the originator (the transferred asset); or	
(b)	an asset held by the special purpose vehicle that is attributed to the originator as described in section HR 9BAA(3) (the attributed asset).	30
	<i>What this section does not apply to</i>	
(2)	Despite subsection (1) , this section does not apply to liabilities and obligations arising under sections EW 24 to EW 25B (which relate to the consistency of use of spreading methods for financial arrangements).	
	<i>Treatment of originators</i>	35
(3)	The originator is treated as—	

- (a) carrying on an activity carried on by the special purpose vehicle to the extent to which the activity relates to a transferred asset or an attributed asset, as applicable; and
- (b) having a status, intention, and purpose of the special purpose vehicle to the extent to which the status, intention, or purpose relates to a transferred asset or an attributed asset, as applicable; and 5
- (c) holding property that the special purpose vehicle holds if the property is a transferred asset or an attributed asset, as applicable; and
- (d) being a party to an arrangement to which the special purpose vehicle is party if— 10
- (i) the arrangement is a transferred asset or an attributed asset, as applicable; or
- (ii) the arrangement relates to a transferred asset or an attributed asset, as applicable; and
- (e) doing a thing and being entitled to a thing that the special purpose vehicle does or is entitled to if the thing relates to a transferred asset or an attributed asset, as applicable. 15
- Treatment of special purpose vehicles*
- (4) For the purposes of calculating the income tax liability of the special purpose vehicle and an originator for an income year, the special purpose vehicle is treated as not carrying on the activity, not having the status, intention, or purpose, not holding the property, not being party to the arrangement, and not doing the thing or being entitled to the thing. 20
- Defined in this Act: arrangement, debt funding special purpose vehicle, income tax liability, income year, Inland Revenue Acts, originator 25

75 New section HR 9BAA inserted (Meaning of originator)

After section HR 9, insert:

HR 9BAA Meaning of originator

Meaning

- (1) In relation to a debt funding special purpose vehicle, **originator** means a person who is a New Zealand resident who— 30
- (a) has transferred an asset to the special purpose vehicle and the person otherwise meets the requirements set out in **subsection (2)**; or
- (b) is a beneficiary or shareholder of the special purpose vehicle that has an asset transferred to it by a trustee of a trust and the person otherwise meets the requirements of **subsection (3)**. 35

When assets transferred by companies

- (2) For the purposes of **subsection (1)(a)**, the person must be a company that has transferred assets to the special purpose vehicle and all the transferred assets are—
- (a) treated for financial reporting purposes as the person’s assets; or 5
 - (b) are included in consolidated financial statements prepared by the person or a member of a wholly-owned group of companies that includes them.

When assets transferred from trusts

- (3) For the purposes of **subsection (1)(b)**, the person must be a beneficiary or shareholder of the special purpose vehicle and a person who— 10
- (a) is treated for financial reporting purposes as holding assets to which **subsection (1)(a)** does not apply that have been transferred to that special purpose vehicle; or
 - (b) is a member of the same wholly-owned group of companies as another person who prepares consolidated financial statements that include the assets referred to in **paragraph (a)**. 15

Group members

- (4) For the purposes of **subsections (1)(b) and (3)**, a beneficiary or shareholder includes a member of the same wholly-owned group of companies as a beneficiary or shareholder. 20

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

76 Section HR 9BA amended (Elections to treat debt funding special purpose vehicles as transparent)

- (1) In section HR 9BA(1)(a), replace “that the debt funding special purpose vehicle would have” with “that the special purpose vehicle would have”. 25

- (2) Replace section HR 9BA(2)(b) with:

- (b) has effect from the date on which—
- (i) the originator first transferred an asset to the special purpose vehicle; or 30
 - (ii) an asset first becomes an attributed asset for the originator as described in **section HR 9BAA(3)**; and

- (3) In section HR 9BA(2)(c), replace “a debt funding special purpose vehicle” with “a special purpose vehicle”.

- (4) After section HR 9BA(2), insert: 35

Sole originators for attributed assets

- (2B) When an originator makes an election under subsection (1) or section HZ 9 (Elections to treat existing debt funding special purpose vehicles as transpar-

ent) in relation to an attributed asset referred to in **section HR 9(1)(b)**, no other originator may make an election in relation to that asset.

Relationship with section HR 10B

(2C) Section HR 10B overrides **subsection (2B)**.

(5) In section HR 9BA(3), delete “(Elections to treat existing debt funding special purpose vehicles as transparent)”. 5

77 Section HR 10 amended (What happens when vehicle stops being transparent debt funding special purpose vehicle?)

In section HR 10(1),—

- (a) in the words before paragraph (a), replace “that relates to the debt funding special purpose vehicle, the following apply” with “that relates to the special purpose vehicle, the following apply”: 10
- (b) in paragraphs (a), (b), (c), and (d), replace “stops being a debt funding special purpose vehicle” with “stops being a special purpose vehicle” .

78 New section HR 10B inserted (What happens when persons stop being originators?) 15

After section HR 10, insert:

HR 10B What happens when persons stop being originators?

When subsections (2) and (3) apply

(1) **Subsections (2) and (3)** apply for an income year when, in relation to a debt funding special purpose vehicle and an asset referred to in **section HR 9(1)(b)**,— 20

(a) an originator (the **first originator**) stops being an originator at a particular date in the income year (the **breach date**); and

(b) another person (the **second originator**)— 25

(i) is or becomes a beneficiary or shareholder of the special purpose vehicle; and

(ii) both before and immediately after the breach date, is a member of the wholly-owned group of companies of which the first originator is part; and 30

(iii) immediately after the breach date, holds the assets of the first originator as attributed assets described in **section HR 9BAA(3)**.

Treatment of second originators

(2) For the purposes of calculating the income tax liability of the special purpose vehicle and an originator for the income year and later income years, the second originator is treated as if— 35

<p>(a) they acquired and held the assets of the first originator on the same basis as the first originator:</p> <p>(b) they paid the amount of consideration originally paid by the first originator for or under an asset of the first originator that is a financial arrangement or excepted financial arrangement:</p> <p>(c) they received the amount of consideration originally received by the first originator for or under an asset of the first originator that is a financial arrangement or excepted financial arrangement.</p> <p><i>Treatment of first originators</i></p> <p>(3) For the purposes of subsection (2)(a), the first originator is treated as not having acquired or held the assets.</p> <p><i>Base price adjustments</i></p> <p>(4) In relation to a special purpose vehicle and an asset referred to in section HR 9(1)(a), for the income year that includes the breach date, the first originator is treated as a party that is not required to calculate a base price adjustment, despite section EW 29 (When calculation of base price adjustment required).</p> <p><i>Relationship with section HR 10</i></p> <p>(5) Section HR 10 overrides this section.</p> <p>Defined in this Act: amount, debt funding special purpose vehicle, excepted financial arrangement, financial arrangement, income tax liability, income year, originator, shareholder, wholly-owned group of companies</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p>
<p>79 Section HR 12 amended (Non-exempt charities: treatment of tax-exempt accumulations)</p>	
<p>(1) In section HR 12(3)(a)(ii), replace “or CW 64” with “and CW 64”.</p> <p>(2) Subsection (1) applies to a person that is removed from the register of charitable entities on or after 1 April 2024.</p>	<p>25</p>
<p>80 Section HZ 9 amended (Elections to treat existing debt funding special purpose vehicles as transparent)</p>	
<p>(1) Replace section HZ 9(1), other than the heading, with:</p> <p>(1) This section applies when an originator transferred any of their assets to a debt funding special purpose vehicle or an originator has attributed assets as described in section HR 9BAA(3) before the date on which the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2024 receives the Royal assent.</p> <p>(2) In section HZ 9(2), replace “incurred by the debt funding special purpose vehicle” with “incurred by the special purpose vehicle”.</p> <p>(3) In section HZ 9(3)(c), replace “stops being a debt funding special purpose vehicle” with “stops being a special purpose vehicle”.</p>	<p>30</p> <p>35</p>

- 81 Section HZ 10 amended (What happens when election is made under section HZ 9?)**
In section HZ 10(1)(b) and (2), replace “debt funding special purpose vehicle” with “special purpose vehicle” in each place.
- 82 Section IA 7 amended (Restrictions relating to ring-fenced tax losses)** 5
In section IA 7(6), delete “, IQ 5,”.
- 83 Section IE 4 amended (Group companies’ treatment of tax losses on amalgamation)**
In section IE 4(1)(c), replace “IC 5, IQ 4, or IQ 5” with “IC 5 or IQ 4”.
- 84 Section IE 5 amended (Applying the continuity provisions when companies amalgamate)** 10
In section IE 5(b) and (c), replace “IC 5, IQ 4, or IQ 5” with “IC 5 or IQ 4”.
- 85 Section IQ 6 amended (Pre-consolidation losses: general treatment)**
In section IQ 6(5)(b), delete “or IQ 5”.
- 86 Section IQ 7 amended (When group membership lacking in loss period)** 15
In section IQ 7(2)(b), delete “or IQ 5, as applicable”.
- 87 New section LB 6BA inserted (Tax credits for TSWT)**
After section LB 6, insert:
- LB 6BA Tax credits for TSWT**

When this section applies 20

(1) This section applies in a tax year when a transfer scheme provides the Commissioner with investment income information that shows an amount of TSWT withheld from a foreign superannuation withdrawal derived by a person.

Amount of credit

(2) The person has a tax credit for the tax year equal to the amount of TSWT shown as withheld. 25

Defined in this Act: amount, Commissioner, foreign superannuation withdrawal, tax credit, tax year, transfer scheme, TSWT
- 88 Section LE 4B amended (Trustees for certain close companies)**
In section LE 4B(1), delete “(the tax credit)”. 30
- 89 Section LJ 5 amended (Calculation of New Zealand tax)**
(1) After section LJ 5(6), insert:

<i>Deductions for beneficiaries</i>	
(7)	If the person is a beneficiary of a trust and has a segment of foreign-sourced income (the foreign income) that was received by the trust and distributed to the person as beneficiary income, the person is treated for the purposes of this section as having the amount of deductions relating to the foreign income that a trustee of the trust would have had if the trustee were calculating their New Zealand tax for the foreign income under this section. 5
(2)	In section LJ 5, list of defined terms, insert “beneficiary income” and “trustee”.
90	Section LY 9 amended (Orders in Council)
	In section LY 9(2), replace “Research, Science, and Innovation” with “Science, Innovation, and Technology”. 10
91	Section LY 10 amended (Evaluation)
	In section LY 10, replace “Research, Science, and Innovation” with “Science, Innovation, and Technology” in each place.
92	Section OB 37 amended (ICA refund of tax credit) 15
(1)	In section OB 37(1C), in the words before the paragraphs, replace “a refundable tax credit” with “a refundable tax credit or a research and development tax credit”.
(2)	In section OB 37(1C)(b), delete “refundable”.
(3)	In section OB 37, list of defined terms, insert “research and development tax credit”. 20
93	New section RA 6BB inserted (Withholding and payment obligations for foreign superannuation withdrawals)
	After section RA 6B, insert:
RA 6BB	Withholding and payment obligations for foreign superannuation withdrawals 25
	A transfer scheme must withhold and pay TSWT to the Commissioner under subpart RI (Transfer scheme withholding tax) by the due date.
	Defined in this Act: Commissioner, pay, transfer scheme, TSWT
94	Section RA 10 amended (When obligations not met) 30
(1)	In section RA 10(1)(a), after “retirement scheme contribution,”, insert “a foreign superannuation withdrawal.”.
(2)	In section RA 10, list of defined terms, insert “foreign superannuation withdrawal”.

- 95 Section RA 15 amended (Payment dates for interim and other tax payments)**
- (1) After section RA 15(1)(c), insert:
- (cb) to withhold and pay under **section RA 6BB** an amount of tax to the Commissioner for a foreign superannuation withdrawal; or 5
- (2) In section RA 15(3)(b), replace “RH 2(2)” with “RH 2(4)”.
- (3) In section RA 15(3)(b),—
- (a) after “RSCT,” insert “TSWT,” in each place; and
- (b) after “RH 2(4),” insert “RI 5.”
- (4) In section RA 15, list of defined terms, insert “foreign superannuation withdrawal” and “TSWT”. 10
- 96 Section RD 17 amended (Payment of extra pay with other PAYE income payments)**
- In section RD 17(1BA), replace “arises” with “includes an amount that arises”.
- 97 Section RD 20B amended (Payments of accident compensation for period of more than 1 year)** 15
- (1) In section RD 20B, replace the section heading with “**Treatment of certain support payments made for period of more than 1 year**”.
- (2) In section RD 20B(1),—
- (a) replace “(the **multi-year compensation payment**)” with “(the **multi-year support payment**)”: 20
- (b) in paragraph (b), replace “applies.” with “applies; or”:
- (c) after paragraph (b), insert:
- (c) a lump sum support payment made under the Veterans’ Support Act 2014, except to the extent to which the payment is— 25
- (i) a pension referred to in section CW 28 (Pensions):
- (ii) an impairment payment relating to incapacity to work referred to in section CW 34 (Compensation payments).
- (3) In section RD 20B(2), (3)(c), (4), and (6), replace “multi-year compensation payment” with “multi-year support payment”. 30
- 98 Section RE 30 amended (When unincorporated bodies have RWT-exempt status)**
- (1) In the heading to section RE 30, after “**bodies**”, insert “**or limited partnerships**”.
- (2) In section RE 30(1)(a), after “body”, insert “or a limited partnership (the **body**)”. 35
- (3) In the heading to section RE 30(2) and (3), delete “*unincorporated*”.

- (4) In section RE 30(4), after “body.”, insert “However, this subsection does not apply to limited partners of a limited partnership.”
- (5) Replace section RE 30(4), other than the heading, with:
- (4) A person is jointly and severally liable for the RWT that the body is required to pay if the person was a member of the body when the body incurred the RWT liability. However, this subsection does not apply to limited partners of a limited partnership. 5
- (6) In section RE 30(6), replace “an unincorporated” with “a”.
- (7) In section RE 30(8), after “subsection.”, insert “This subsection does not apply to limited partners of a limited partnership.” 10
- (8) In section RE 30(9), delete “unincorporated”.
- (9) In section RE 30, list of defined terms, insert “limited partner” and “limited partnership”.
- (10) **Subsections (1), (2), (3), (4), (6), (7), (8), and (9)** apply for the 2008–09 and later income years. 15
- 99 Section RF 3 amended (Obligation to withhold amounts of tax for non-resident passive income)**
- (1) After section RF 3(1), insert:
- Obligation on limited partnerships*
- (1B) For the purposes of subsection (1), when a payment of non-resident passive income, being interest that has a New Zealand source, is derived by a non-resident as a limited partner in a limited partnership, the limited partnership may choose to be treated as the person who makes the payment of that non-resident passive income to the extent of that payment. 20
- Election by limited partnerships* 25
- (1C) A limited partnership is treated as having made an election under **subsection (1B)** if the limited partnership withholds and pays the tax to the Commissioner under subsection (1) in relation to that payment.
- (2) In section RF 3, list of defined terms, insert “interest”, “limited partner”, “limited partnership”, “New Zealand”, and “non-resident”. 30
- 100 Section RF 6 amended (When amounts of tax not withheld or partly withheld)**
- (1) In section RF 6(1), replace “a person” with “a person (**person A**)”.
- (2) In section RF 6(1), replace “the person” with “the person (**person B**)”.
- (3) In section RF 6(2), replace “the person” with “person A”. 35
- (4) In section RF 6(4), replace “the person in default or liable to pay” with “person A or person B”.
- (5) After section RF 6(4), insert:

- Recovery of NRWT payable by person but paid by another person*
- (5) Section 165 of the Tax Administration Act 1994 applies if NRWT payable by person B is, in fact, paid by another person.
- 101 Section RF 12 amended (Interest paid by approved issuers or transitional residents)** 5
- (1) In section RF 12(1)(a)(ii), after “group”, insert “or a limited partnership”.
- (2) After section RF 12(1)(a)(ii), insert:
- (iib) if the approved issuer is a limited partnership, is derived by a non-resident as a limited partner in the limited partnership and the limited partner is not associated with the borrower other than as a beneficiary of a security trust; and 10
- (3) In section RF 12(1)(a)(iv), after “security trust”, insert “or as a partner of a partnership that is a beneficiary of a security trust”.
- (4) In section RF 12, list of defined terms, insert “limited partner” and “limited partnership”. 15
- 102 Section RF 12B amended (Interest derived jointly with residents)**
- (1) After section RF 12B(3), insert:
- Interest derived by partners of partnerships*
- (4) Interest derived by 2 or more persons jointly includes interest derived by partners in a partnership. 20
- Exclusion*
- (5) Despite subsection (1), this section does not apply to a payment of non-resident passive income that consists of interest derived by a non-resident as a limited partner in a limited partnership when 1 or more of the partners in that partnership is a New Zealand resident. 25
- (2) In section RF 12B, list of defined terms, insert “limited partner”, “limited partnership”, “non-resident”, “partner”, and “partnership”.
- 103 Section RF 15 amended (Commissioner’s power to vary amounts of tax)**
- (1) In section RF 15(2), replace “RF 12(1)” with “RF 12B(1)”.
- (2) **Subsection (1)** applies for the 2008–09 and later income years. 30
- 104 New subpart RI inserted**
- After subpart RH, insert:

Subpart RI—Transfer scheme withholding tax

RI 1 Transfer scheme withholding tax

This subpart imposes an obligation on a transfer scheme to pay a tax called transfer scheme withholding tax (TSWT).

Defined in this Act: pay, transfer scheme, TSWT

5

RI 2 Withholding tax on foreign superannuation withdrawals

When this subpart applies

(1) This subpart applies when—

(a) a person derives a foreign superannuation withdrawal that is income in the form of a benefit under section CF 3(2)(b) (Withdrawals from foreign superannuation scheme) from an interest in a foreign superannuation scheme that is withdrawn and reinvested as an interest in a superannuation scheme in New Zealand; and

10

(b) the superannuation scheme in New Zealand is a transfer scheme; and

(c) part of the foreign superannuation withdrawal is an assessable withdrawal amount for the person.

15

Election for transfer scheme to withhold tax

(2) No later than the time the person derives the foreign superannuation withdrawal, the person may choose for the transfer scheme to withhold the amount of TSWT under this subpart by notifying the transfer scheme of their election.

20

Election under subsection (2) irrevocable

(3) An election made under **subsection (2)** cannot be revoked.

Defined in this Act: amount, assessable withdrawal amount, foreign superannuation scheme, foreign superannuation withdrawal, income, New Zealand, notify, superannuation scheme, transfer scheme, TSWT

25

RI 3 Obligation to withhold TSWT

When a person chooses under **section RI 2** to have the transfer scheme withhold the amount of TSWT, the transfer scheme must withhold the TSWT calculated under **section RI 4** from the person's foreign superannuation withdrawal and pay it to the Commissioner in accordance with **section RI 5**. The obligation to withhold arises at the time the person derives the foreign superannuation withdrawal.

30

Defined in this Act: amount, Commissioner, foreign superannuation withdrawal, pay, transfer scheme, TSWT

RI 4 Rate of TSWT

The amount of TSWT that the transfer scheme must withhold and pay to the Commissioner for a person is calculated by multiplying the person’s assessable withdrawal amount by 0.28.

Defined in this Act: amount, assessable withdrawal amount, Commissioner, pay, transfer scheme, TSWT

5

RI 5 Payment of tax

The transfer scheme must pay the amount of TSWT calculated under **section RI 4** to the Commissioner on a monthly basis under section RA 15 (Payment dates for interim and other tax payments).

Defined in this Act: amount, Commissioner, pay, transfer scheme, TSWT

10

105 Section YA 1 amended (Definitions)

- (1) This section amends section YA 1.
- (2) In the definition of **accommodation**, paragraph (b), after “CW 17CB,” insert “**CW 19B**,” and replace “and CZ 29 to CZ 30” with “CZ 29 to CZ 30, and **FP 15**”. 15
- (3) In the definition of **ancillary tax**, paragraph (d), replace “penalty” with “distribution penalty”, and replace “140DB” with “140CB”.
- (4) Insert, in appropriate alphabetical order:
 - assessable withdrawal amount**, for a person, means the part of a foreign superannuation withdrawal derived by the person that is treated as not being exempt income of the person under section CF 3 (Withdrawals from foreign superannuation scheme) 20
- (5) In the definition of **building**, after “subpart EE”, insert “(Depreciation)”, and after “EZ”, insert “(Terminating provisions)”. 25
- (6) In the definition of **business premises**, after “DD”, insert “(Entertainment expenditure)”.
- (7) In the definition of **business use**, replace “wholly” with “wholly and exclusively”.
- (8) In the definition of **class**, after “relating to livestock),”, insert “section **FP 16** (Livestock destroyed because of emergency event: spreading),”. 30
- (9) In the definition of **company**, replace paragraph (ab) with:
 - (ab) does not include a limited partnership, other than—
 - (i) a listed limited partnership or foreign corporate limited partnership: 35
 - (ii) a limited partnership treated as a company under section YB 14(4) (Tripartite relationship) for the purposes of section YB 14(1):

- (10) In the definition of **company**, **paragraph (ab)**, after “YB 14(1)”, insert “or under **section YB 16B** (Limited partnerships treated as companies) for the purposes of sections YB 2, YB 3, YB 12(2), (3) and (4) (which relate to associated persons), and YC 4 (Look-through rule for corporate shareholders)”.
- (11) In the definition of **cost price**, paragraph (a), after “FB 17,”, insert “**FP 16**,”. 5
- (12) In the definition of **dispose**, paragraph (h)(ii), replace “section HG 4 (Disposal upon final dissolution) applies” with “the partnership is finally dissolved by agreement of the partners, court order, or otherwise, and the partnership’s business, ignoring section HG 2 (Partnerships are transparent), will not continue to be carried on in partnership”. 10
- (13) Insert, in appropriate alphabetical order:
- emergency event**—
- (a) is defined in section 3(1) of the Tax Administration Act 1994 for the purposes of **subpart FP**:
- (b) for the purposes of section MB 13 (Family scheme income from other payments), means an event declared to be an emergency event by the Commissioner in a determination under section 91AAS of the Tax Administration Act 1994 15
- (14) In the definition of **employer**, replace paragraph (db) with:
- (db) is defined in section CE 1(3)(a) (Amounts derived in connection with employment) for the purposes of that section and sections CE 1B, CW 16B to CW 16F, and CZ 29 to CZ 30 (which relate to accommodation provided in connection with employment): 20
- (dc) is defined in section CE 1(3)(b) for the purposes of sections CW 16B to CW 16F, and CZ 29 to CZ 30: 25
- (15) In the definition of **employer**, in paragraphs (db) and (dc), replace “and CZ 29 to CZ 30” with “CZ 29 to CZ 30, and **FP 15**”.
- (16) Insert, in appropriate alphabetical order:
- equity group** is defined in **section FE 16B(5)** (Total group non-debt liabilities) for the purposes of that section 30
- (17) Insert, in appropriate alphabetical order:
- excluded interest** is defined in section HM 12 (Income types) for the purposes of that section
- (18) In the definition of **lines trust**, replace paragraph (b) with:
- (b) continues to hold shares described in paragraph (a) or continues to have the same class of beneficiaries for which the trust was established 35
- (19) In the definition of **listed horticultural plant**, after “horticultural plants”, insert “and **sections FP 1 and FP 5** (which relate to tax relief for emergencies)”.

- (20) In the definition of **market value interest**, after paragraph (a), insert:
- (ab) means, for a person and a limited partnership that is treated as a company under section YB 14(4) (Tripartite relationship) and a time, and for the purposes of determining whether the limited partnership is associated under section YB 2(2) (Two companies) with a company for which a market value circumstance exists, the partnership share the person has in a right, obligation, or other property, status, or thing of the limited partnership: 5
- (21) In the definition of **market value interest**, in paragraph (ab), after “(Tripartite relationship)”, insert “or **YB 16B** (Limited partnerships treated as companies)”. 10
- (22) In the definition of **member**, in paragraph (d), after “bodies”, insert “or limited partnerships”.
- (23) In the definition of **non-listed horticultural plant**, replace “item 8” with “item 9”.
- (24) In the definition of **non-refundable tax credit**, after paragraph (f), insert: 15
- (fba) a tax credit under **section LB 6BA** (Tax credits for TSWT):
- (25) Replace the definition of **originator** with:
- originator** is defined in **section HR 9BAA** (Meaning of originator) for the purposes of **sections HR 9**, HR 9BA, HR 9B, HR 10, **HR 10B**, HZ 9, and HZ 10 (which relate to debt funding special purpose vehicles), and the definition of **debt funding special purpose vehicle** 20
- (26) In the definition of **partnership share**, replace “partner” with “person”.
- (27) Insert, in appropriate alphabetical order:
- QROPS** means a superannuation scheme in New Zealand that is a qualifying recognised overseas pension scheme for the purposes of the Finance Act 2004 (UK) 25
- (28) Repeal the definition of **qualifying resident foreign trustee**.
- (29) Replace the definition of **rebuilding** with:
- rebuilding** is defined in—
- (a) section CZ 29(5) (Accommodation expenditure: Canterbury earthquake relief) for the purposes of that section: 30
- (b) section CZ 29B (Accommodation expenditure: North Island flooding events) for the purposes of that section and **section FP 15** (Accommodation expenditure: emergency event relief)
- (30) Replace the definition of **recovery** with: 35
- recovery** is defined in—
- (a) section CZ 29(5) (Accommodation expenditure: Canterbury earthquake relief) for the purposes of that section:

- (b) section CZ 29B (Accommodation expenditure: North Island flooding events) for the purposes of that section and **section FP 15** (Accommodation expenditure: emergency event relief)
- (31) In the definition of **schedular income**, paragraph (l), replace “(Payments of accident compensation for period of more than 1 year)” with “(Treatment of certain support payments made for period of more than 1 year)”. 5
- (32) In the definition of **schedular income**, after paragraph (m), insert:
- (n) income that is an assessable withdrawal amount to which **subpart RI** (Transfer scheme withholding tax) applies
- (33) Insert, in appropriate alphabetical order: 10
- transfer scheme** means a QROPS or KiwiSaver scheme
- (34) Insert, in appropriate alphabetical order:
- TSWT** means transfer scheme withholding tax that is payable under **subpart RI** (Transfer scheme withholding tax)
- (35) In the definition of **voting interest**, after paragraph (b), insert: 15
- (bb) means, for a person and a limited partnership that is treated as a company under section YB 14(4) (Tripartite relationship) and a time, the partnership share the person has in a right, obligation, or other property, status, or thing of that limited partnership:
- (36) In the definition of **voting interest**, in **paragraph (bb)**, after “(Tripartite relationship)”, insert “or **YB 16B** (Limited partnerships treated as companies)”. 20
- (37) **Subsections (3), (7), (22), and (23)** apply for the 2008–09 and later income years.
- (38) Subject to **subsection (41), subsections (9), (20), (26), and (35)** apply, for the purposes of— 25
- (a) provisions other than the land provisions, for the 2010–11 and later income years:
- (b) the land provisions other than section CB 11 (Disposal within 10 years of improvement: building business), for land acquired on or after 6 October 2009: 30
- (c) section CB 11, for land on which improvements are begun on or after 6 October 2009.
- (39) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (12)** applies for income years commencing on or after 1 April 2008. However, **subsection (12)** does not apply to a person in relation to a tax position taken by the person— 35
- (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and

- (b) that is inconsistent with the amendment made to section YA 1 by **subsection (12)**.
- (40) **Subsection (18)** applies for the 2024–25 and later income years.
- (41) **Subsection (26)** does not apply to a person in relation to a tax position taken by the person— 5
- (a) in the period that,—
- (i) for the purposes of provisions other than the land provisions, starts on the first day of the 2010–11 income year and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill: 10
- (ii) for the purposes of the land provisions, starts on 6 October 2009 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and
- (b) that is inconsistent with the amendment made to section YA 1 by **subsection (26)**. 15
- 106 Section YB 1 amended (What this subpart does)**
- (1) After section YB 1(3)(j), insert:
- (jb) a look-through company and a holder of an interest, see section YB 13:
- (2) In section YB 1, list of defined terms,— 20
- (a) insert “look-through company”, “partner”, and “partnership”:
- (b) delete “shareholder” and “supplementary dividend holding company”.
- 107 Section YB 2 amended (Two companies)**
- (1) In section YB 2(4), after “(3),”, insert “and if subsection (5) does not apply,”.
- (2) In section YB 2(5), after “(3)”, insert “and the land provisions”. 25
- 108 Section YB 3 amended (Company and person other than company)**
- (1) In section YB 3(3), after “(2),”, insert “and if subsection (4) does not apply,”.
- (2) In section YB 3(4), after “subsections (1) and (2)”, insert “and the land provisions”.
- 109 Section YB 12 amended (Partnership and partner)** 30
- (1) Replace section YB 12(1) and (2) with:
- Partnerships other than limited partnerships*
- (1) For a partnership other than a limited partnership, the partnership and a partner in the partnership are associated persons.

Limited partnerships and general partners

- (1B) A limited partnership and a general partner in the limited partnership are associated persons.

Limited partnerships and holders of 25% partnership shares

- (2) A limited partnership and a person, other than a general partner in the limited partnership, are associated persons if the person has a partnership share of 25% or more in a right, obligation, or other property, status, or thing of the limited partnership. 5
- (2) In section YB 12(2), replace “A” with “If **section YB 16B** does not apply, a”.
- (3) In the heading to section YB 12(3) and (4), replace “*Limited partnerships*” with “*Holders of 25% partnership shares*”. 10
- (4) In section YB 12(3), after “subsection (2),”, insert “and if subsection (4) does not apply,”.
- (5) In section YB 12(4), after “subsection (2)”, insert “and the land provisions”.
- (6) In section YB 12, list of defined terms,— 15
- (a) insert “general partner”, “land provisions”, and “partner”;
- (b) replace “share” with “partnership share”.
- (7) Subject to **subsection (8), subsections (1) and (3)** apply, for the purposes of—
- (a) provisions other than the land provisions, for the 2010–11 and later income years: 20
- (b) the land provisions other than section CB 11 (Disposal within 10 years of improvement: building business), for land acquired on or after 6 October 2009:
- (c) section CB 11, for land on which improvements are begun on or after 6 October 2009. 25
- (8) **Subsections (1) and (3)** do not apply to a person in relation to a tax position taken by the person—
- (a) in the period that,—
- (i) for the purposes of provisions other than the land provisions, starts on the first day of the 2010–11 income year and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill: 30
- (ii) for the purposes of the land provisions, starts on 6 October 2009 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and 35
- (b) that is inconsistent with the amendments made to section YB 12 by **subsections (1) and (3)**.

110 Section YB 13 amended (Look-through companies and owners of interests)

- (1) In the heading to section YB 13, replace “owners” with “holders”.
- (2) Replace section YB 13(1) and (2) with:
- Look-through companies and directors or employees holding interests*
- (1) A look-through company and a person who has a look-through interest for the look-through company and is a director or employee of that company are associated persons. 5
- Look-through companies and holders of 25% interests*
- (2) A look-through company and a person who has an effective look-through interest of 25% or more in a right, obligation, or other property, status, or thing of the look-through company are associated persons. 10
- (3) In the heading to section YB 13(3) and (4), replace “Some owners” with “Holders of 25% interests”.
- (4) In section YB 13(3), after “subsection (2),”, insert “and if subsection (4) does not apply,”. 15
- (5) In section YB 13(4), after “subsection (2)”, insert “and the land provisions”.
- (6) In section YB 13, list of defined terms, insert “land provisions”.
- (7) **Subsections (1), (2), and (3)** apply on 1 April 2011 for income years beginning on or after that date. However, **subsections (1), (2), and (3)** do not apply to a person in relation to a tax position taken by the person— 20
- (a) in the period that starts on 1 April 2011 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and
- (b) that is inconsistent with the amendments made to section YB 13 by **subsections (1), (2), and (3)**. 25

111 New section YB 16B inserted (Limited partnerships treated as companies)

After section YB 16, insert:

YB 16B Limited partnerships treated as companies

Notwithstanding anything else in this subpart, a limited partnership is treated as a company for the purposes of the tests of association in sections YB 2, YB 3, and YB 12(2), (3), and (4) and for section YC 4 (Look-through rule for corporate shareholders) if— 30

- (a) a company has a partnership share in a right, obligation, or other property, status, or thing of the limited partnership:
- (b) the limited partnership has a partnership share in a right, obligation, or other property, status, or thing of another limited partnership: 35
- (c) another limited partnership has a partnership share in a right, obligation, or other property, status, or thing of the limited partnership:

<p>(d) the limited partnership has a voting interest in a company or, if a market value circumstance exists for the company, a market value interest in the company.</p> <p>Defined in this Act: company, limited partnership, market value circumstance, market value interest, partnership share, voting interest</p>	5
112 Section YC 4 amended (Look-through rule for corporate shareholders)	
<p>(1) In section YC 4(4), replace “is or is treated as having” with “has or is treated as having”.</p> <p>(2) Subsection (1) applies for the 2008–09 and later income years.</p>	
113 Schedule 1 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)	
<p>(1) In schedule 1, part A, clause 13, replace “(Payments of accident compensation for periods of more than 1 year)” with “(Treatment of certain support payments made for period of more than 1 year)”.</p> <p>(2) In schedule 1, part A, after clause 14, insert:</p>	10
15 Schedules 15 and 16 amended (Schedular taxable income: assessable withdrawal amounts)	
<p>The basic rate of income tax for a person on each dollar of the person’s schedular taxable income that is an assessable withdrawal amount for which the person chooses to have a transfer scheme pay an amount of TSWT under subpart RI (Transfer scheme withholding tax) is 0.28.</p>	20
114 Schedule 25 amended (Foreign investment funds)	
<p>In schedule 25 heading,—</p> <p>(a) after “EX 29,”, insert “EX 30,”; and</p> <p>(b) replace “EX 35–EX 39, EX 46, EZ 32” with “EX 36, EX 37, EX 38”.</p>	
115 Schedule 32 amended (Recipients of charitable or other public benefit gifts)	
<p>(1) This section amends schedule 32.</p> <p>(2) Insert, in appropriate alphabetical order:</p> <p>(a) “Altus Resource Trust”; and</p> <p>(b) “Kapuna Education Charitable Trust”; and</p> <p>(c) “Kiwi Trust for Palestinian Children Relief”; and</p> <p>(d) “ReliefAid”; and</p> <p>(e) “Rescue and Prevent Trust”; and</p> <p>(f) “Support Services for Humanity”.</p> <p>(3) Delete “Help a Child Foundation New Zealand” and “SpinningTop Trust”.</p> <p>(4) Delete “Support Services for Humanity”.</p>	25
	30
	35

Part 3

Amendments to Tax Administration Act 1994

116 Amendments to Tax Administration Act 1994

This Part amends the Tax Administration Act 1994.

117 Section 3 amended (Interpretation) 5

- (1) This section amends section 3(1).
- (2) Insert, in appropriate alphabetical order:

assessable withdrawal amount has the same meaning as in section YA 1 of the Income Tax Act 2007
- (3) Insert, in appropriate alphabetical order: 10

CARF document means *International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 update to the Common Reporting Standard*, as amended from time to time, which is a standard—

 - (a) developed by the Organisation for Economic Co-operation and Development and the Group of Twenty countries; and 15
 - (b) adopted by the Council for the Organisation for Economic Co-operation and Development
- (4) In the definition of **civil penalty**, paragraph (cc), replace “or 142K” with “142K, **142L, or 142M**”. 20
- (5) Insert, in appropriate alphabetical order:

crypto-asset reporting framework means Part I of the CARF document, as amended from time to time
- (6) Insert, in appropriate alphabetical order: 25

emergency event—

 - (a) means an emergency as defined in section 4 of the Civil Defence Emergency Management Act 2002 that is—
 - (i) declared as a state of emergency under that Act;
 - (ii) subject to a power exercised under section 121 of the Biosecurity Act 1993: 30
 - (iii) subject to a direction given under section 122 of the Biosecurity Act 1993:
 - (b) for the purposes of section 91AAS, means an event declared to be an emergency event by the Commissioner in a determination under that section 35
- (7) Insert, in appropriate alphabetical order:

foreign superannuation withdrawal has the same meaning as in section YA 1 of the Income Tax Act 2007

- (8) In the definition of **passive income**,—
- (a) in the words before the paragraphs, replace “financial assets” with “financial assets, including relevant crypto-assets,”: 5
 - (b) after paragraph (d), insert:
 - (db) income derived from relevant crypto-assets:
 - (c) in paragraph (f), replace “for financial assets” with “for financial assets, including relevant crypto-assets,”:
 - (d) in paragraph (g), replace “financial assets” with “financial assets, including relevant crypto-assets,”. 10
- (9) Insert, in appropriate alphabetical order:
- transfer scheme** has the same meaning as in section YA 1 of the Income Tax Act 2007
- (10) Insert, in appropriate alphabetical order: 15
- TSWT** has the same meaning as in section YA 1 of the Income Tax Act 2007

118 New section 6J inserted (Tax relief for emergencies)

After section 6I, insert:

6J Tax relief for emergencies

- (1) If there is an emergency event, the Governor-General may, by Order in Council made on the recommendation of the Minister of Revenue, make regulations specifying— 20
- (a) that 1 or both of the following apply:
 - (i) any 1 or more of **sections FP 3 to FP 17** of the Income Tax Act 2007: 25
 - (ii) **schedule 7, part C, subpart 1, clause 23C**, if the emergency event has been declared a state of national emergency under section 66 of the Civil Defence Emergency Management Act 2002:
 - (b) the period for which a section or clause referred to in **paragraph (a)** applies. 30
- (2) Regulations made under this section may be expressed to come into force on a day that is before, on, or after the date on which they are made, but not earlier than the first day of the relevant emergency event, and the regulations come into force or, as the case may be, are deemed to have come into force accordingly. 35
- (3) Regulations made under this section may be retrospective only to the extent provided for in **subsection (2)**.

- (4) If regulations made under **subsection (1)** specify that **section FP 15** applies, the time limit imposed by **section FP 15(3)** may be extended by Order in Council made—
- (a) on the recommendation of the Minister of Revenue; and
- (b) before the expiry of the relevant time limit in **section FP 15(3)** that applies immediately before the Order in Council comes into force. 5
- (5) Regulations made under this section are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).
- 119 Section 22D amended (Key terms)**
- (1) After section 22D(3)(a)(v), insert: 10
- (vi) an assessable withdrawal amount; and
- (2) After section 22D(3)(c)(ii), insert:
- (iii) for the item referred to in **paragraph (a)(vi)**, the date referred to in **section 25LB**.
- (3) After section 22D(3), insert: 15
- Reportable income: assessable withdrawal amounts*
- (3B) For the purposes of subsection (3)(b), a transfer scheme is treated as the person paying an assessable withdrawal amount.
- 120 Section 25B amended (Investment income information: outline of provisions)** 20
- After section 25B(4), insert:
- Transfer schemes*
- (5) For the purposes of subsection (2), a transfer scheme is treated as the payer of an assessable withdrawal amount.
- 121 Section 25C amended (Investment income)** 25
- After section 25C(c), insert:
- (d) assessable withdrawal amounts that are part of foreign superannuation withdrawals that are income under section CF 3(2)(b) of that Act if the superannuation scheme in New Zealand is a transfer scheme.
- 122 Section 25E amended (Who must provide investment income information to Commissioner)** 30
- After section 25E(1)(h), insert:
- (hb) a transfer scheme that pays an assessable withdrawal amount, see **section 25LB**:

123 New section 25LB inserted (Information on assessable withdrawal amounts)

After section 25L, insert:

25LB Information on assessable withdrawal amounts

A payer referred to in **section 25E(1)(hb)** must deliver the investment income information for an assessable withdrawal amount as set out in schedule 6, table 1, rows 1, 2, 5, 8, 9, and 22, as applicable, to the Commissioner—

- (a) in electronic form and by means of an electronic communication as prescribed by the Commissioner; and
- (b) by the 20th of the month following the month in which the amount of investment income is derived by the payee.

124 New section 31D inserted (Notification requirements for assessable withdrawal amounts)

After section 31C, insert:

31D Notification requirements for assessable withdrawal amounts

- (1) This section applies when—
 - (a) a person derives a foreign superannuation withdrawal that is income in the form of a benefit under section CF 3(2)(b) of the Income Tax Act 2007 from an interest in a foreign superannuation scheme that is withdrawn and reinvested as an interest in a superannuation scheme in New Zealand; and
 - (b) the superannuation scheme in New Zealand is a transfer scheme; and
 - (c) part of the foreign superannuation withdrawal is an assessable withdrawal amount for the person.
- (2) No later than the time the person derives the foreign superannuation withdrawal, the person must notify the transfer scheme of—
 - (a) the amount of the assessable withdrawal amount; and
 - (b) the information the transfer scheme requires to enable it to provide the investment income information under **section 25LB**; and
 - (c) whether the person has made an election under **subpart RI** of the Income Tax Act 2007 for the transfer scheme to pay the amount of TSWT.

125 Section 32 amended (Records of specified charitable, benevolent, philanthropic, or cultural bodies)

- (1) In section 32(1), replace “in the English language” with “in English or te reo Māori”.
- (2) After section 32(1), insert:

- (1B) For the purposes of subsection (1), a gift-exempt body must take reasonable steps to ensure the safe-keeping of their records relating to donations received or applied by them for a period of not less than 7 years after receiving a donation or applying an amount from their funds, except to the extent to which the Commissioner has notified them that retention of the records is not required or they have delivered the records to the Commissioner. 5
- (3) In section 32(2), replace “English” with “English or te reo Māori”.
- 126 New section 32IB inserted (Calculation of amounts for limited partnerships)**
- (1) After section 32I, insert: 10
- 32IB Calculation of amounts for limited partnerships**
- For the purposes of sections 32E(2)(f), (i), and (j) and 32I, when the person is a limited partnership, the following amounts are determined ignoring section HG 2 of the Income Tax Act 2007:
- (a) the person’s annual gross income: 15
- (b) the person’s—
- (i) total amount of assessable income:
- (ii) total deductions:
- (iii) tax credits for resident passive income: 20
- (iv) income tax liability.
- (2) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (1)** applies for income years commencing on or after 1 April 2008.
- 127 Section 32J amended (RWT-exempt status for unincorporated bodies)**
- (1) In the heading to section 32J, after “bodies”, insert “and limited partnerships”. 25
- (2) In section 32J(1), in the words before the paragraphs, after “body”, insert “or limited partnership (the body)”.
- (3) **Subsections (1) and (2)** apply for the 2008–09 and later income years.
- 128 Section 32M amended (Persons with approved issuer status)** 30
- (1) After section 32M(1), insert:
- (1B) A limited partnership that lends money, ignoring section HG 2 of the Income Tax Act 2007, is also a person who is eligible to elect to pay approved issuer levy in relation to a security for the purposes of—
- (a) the NRWT rules: 35
- (b) an exemption under a double tax agreement.

- (2) In section 32M(2), replace “subsection (1)” with “subsections (1) and **(1B)**”.
- (3) After section 32M(2B), insert:
- (2C) Despite subsection (2B), if the Commissioner backdates a person’s date of registration of a security under section 86H(3) of the Stamp and Cheque Duties Act 1971, the person is treated as being an approved issuer from that backdated date of registration. 5
- 129 Section 33 amended (Returns of income)**
- In section 33(1), after “person”, insert “, other than a person who derives only exempt income,”.
- 130 Section 41 amended (Annual returns by persons who receive credit under family scheme)** 10
- In section 41(6), replace “of that Act” with “of the Income Tax Act 2007”.
- 131 Section 42 amended (Returns by joint venturers, partners, and partnerships)**
- (1) After section 42(3)(b), insert: 15
- (c) for the purposes of paragraph (b), if the partnership has a non-standard balance date, each partner may make a return of, or include in a return, the income derived by the partner as a member of the partnership and the partner’s deductions as if they also had that non-standard balance date:
- (d) paragraph (b) does not apply to a non-resident partner in a partnership when the partner— 20
- (i) does not derive income from any source in New Zealand; or
- (ii) derives only non-resident passive income to which section RF 2(3) and (4) of the Income Tax Act 2007 applies.
- (2) For a person who is a partner of a limited partnership registered under the Limited Partnerships Act 2008, **subsection (1)** applies for income years commencing on or after 1 April 2008. However, **subsection (1)** does not apply to a person in relation to a tax position taken by the person— 25
- (a) in the period that starts on 1 April 2008 and ends on the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill; and 30
- (b) that is inconsistent with the amendment made to section 42 by **subsection (1)**.
- 132 Section 46C amended (FBT returns for years)**
- Repeal section 46C(3B). 35
- 133 New section 57C inserted (Return by transfer scheme withholding TSWT)**
- After section 57B, insert:

- 57C Return by transfer scheme withholding TSWT**
- (1) This section applies when a transfer scheme withholds in a period an amount of TSWT from a person’s foreign superannuation withdrawal in accordance with **subpart RI** of the Income Tax Act 2007.
- (2) The transfer scheme must, at the time of payment of the TSWT, file a return in the prescribed form—
- (a) showing the total amount of TSWT withheld for the period; and
 - (b) showing the total amount of foreign superannuation withdrawals from which TSWT has been withheld for the period; and
 - (c) providing further information that the Commissioner considers relevant.
- 134 Section 68CB amended (Research and development tax credits: general approval)**
- (1) In section 68CB(2), replace “the 7th day of the 2nd month” with “the last day of the 3rd month”.
- (2) In section 68CB(7), replace “the 7th day of the 2nd month” with “the last day of the 3rd month”.
- (3) In section 68CB(7B), replace “the 7th day of the 14th month” with “the last day of the 15th month”.
- 135 Section 89C amended (Notices of proposed adjustment required to be issued by Commissioner)**
- (1) In section 89C, after paragraph (ka), insert:
- (kb) the taxpayer, who is a qualifying individual, has provided information to the Commissioner and the assessment is made following the subsequent failure by the taxpayer to respond within 2 months to a request by the Commissioner for additional information; or
- (2) In section 89C(1ba), replace “or 142K” with “142K, **142L, or 142M**”.
- 136 Section 89M amended (Disclosure notices)**
- After section 89M(6BA), insert:
- (6BAB) If the Commissioner does not respond to the disputant’s statement of position as required by subsection (6BA) within the response period, the Commissioner is treated as having accepted the disputant’s statement of position.
- 137 Section 94A amended (Assessment of shortfall penalties)**
- In section 94A(1), replace “or 142K” with “142K, **142L, or 142M**”.
- 138 New section 94E inserted (Assessment of penalties related to crypto-asset reporting framework)**
- After section 94D, insert:

- 94E Assessment of penalties related to crypto-asset reporting framework**
- (1) The Commissioner may make an assessment of the amount of a penalty under **sections 142L and 142M** that, in the Commissioner’s opinion, ought to be imposed on a person, and the person is liable to pay the penalty assessed.
 - (2) This section does not apply to the extent to which the person establishes in proceedings challenging the assessment that the assessment is excessive or that they are not chargeable with the penalty. 5
- 139 New section 98C inserted (Assessment of transfer scheme withholding tax)**
After section 98B, insert:
- 98C Assessment of transfer scheme withholding tax** 10
- (1) The Commissioner may, for any person who is liable to withhold and pay TSWT under **section RI 3** of the Income Tax Act 2007, make an assessment of the amount of the assessable withdrawal amount on which, in the Commissioner’s judgment, TSWT ought to be imposed and an assessment of that tax.
 - (2) The person is liable to pay the tax so assessed except to the extent to which the person establishes in proceedings challenging the assessment that the assessment is excessive or that the person is not chargeable with the tax assessed. 15
 - (3) Sections 111 and 113 apply, so far as may be, with respect to an assessment made under **subsection (1)** of this section as if—
 - (a) the term **taxpayer** in sections 111 and 113 included a person who is assessed or liable to be assessed under **subsection (1)** of this section; and 20
 - (b) the term **tax already assessed** in section 113 included TSWT already assessed under **subsection (1)** of this section.
 - (4) An assessment made under this section is subject to challenge in the same manner as an assessment of income tax imposed under section BB 1 of the Income Tax Act 2007, and Part 8A of this Act applies accordingly. 25
- 140 Section 108 amended (Time bar for amendment of income tax assessment)**
After section 108(1C)(a)(ii), insert:
- (iib) provides a return under **section 57C** in relation to an amount of TSWT withheld for a period which, for the purposes of this section, is treated as the making of an assessment of the amount of TSWT by the taxpayer: 30
- 141 Section 138E amended (Certain rights of challenge not conferred)**
After section 138E(1)(e)(ii), insert: 35
- (iib) section 86H(3) of the Stamp and Cheque Duties Act 1971; or

142 Section 138L amended (Challenging civil penalties)

- (1) In section 138L(1),—
- (a) in the words before the paragraphs, replace “taxpayer” with “person”;
 - (b) in paragraph (a), replace “taxpayer” with “person”;
 - (c) after paragraph (a), insert: 5
 - (ab) may challenge a penalty relating to a reporting obligation or otherwise unrelated to an assessment of tax by following the requirements of section 138B(3), treating the denial of liability for the penalty, whether in whole or in part, as an adjustment proposed by the person; and
- (2) In section 138L(2), replace “taxpayer” with “person”. 10

143 Section 139AB amended (Penalty for member of large multinational group failing to provide information)

In section 139AB(1)(a), replace “section 17” with “section 17B”.

144 New sections 142L and 142M inserted

After section 142K, insert: 15

142L Non-compliance with crypto-asset reporting framework: reporting crypto-asset service providers

- (1) This section applies when a reporting crypto-asset service provider does not comply with the requirements they have in New Zealand under **section 185U**.
- (2) The reporting crypto-asset service provider is liable to pay a penalty of \$300 for each occasion on which they do not comply. 20
- (3) Despite **subsection (2)**, the reporting crypto-asset service provider is not liable if their non-compliance is due to circumstances outside of their control. However, they are still liable if a circumstance relates to a crypto-asset user’s failure to provide a valid self-certification to them. 25
- (4) If the reporting crypto-asset service provider does not take reasonable care to comply with the requirements, and no penalty is imposed under **subsection (2)**, they are liable to pay a penalty of—
- (a) \$20,000 for the first occasion on which they do not comply;
 - (b) \$40,000 for each further occasion on which they do not comply. 30
- (5) The total amount of penalties for a tax year must not be more than—
- (a) \$10,000 for penalties under **subsection (2)**;
 - (b) \$100,000 for penalties under **subsection (4)**.
- (6) The due date for payment of a penalty imposed under this section is the later of— 35
- (a) 30 days after the date on which the Commissioner makes the assessment for the penalty;

- (b) the date set out by the Commissioner in the notice of assessment for the penalty as being the due date for the payment of the penalty.

142M Non-compliance with crypto-asset reporting framework: crypto-asset users

- (1) A crypto-asset user is liable to pay a penalty of \$1,000 for a failure to provide to a person (**person A**) information that the crypto-asset user holds in relation to themselves or a person related to them if the information is necessary for person A to comply with the requirements of the crypto-asset reporting framework. 5
- (2) The due date for payment of a penalty imposed under this section is the later of— 10
 - (a) 30 days after the date on which the Commissioner makes the assessment for the penalty:
 - (b) the date set out by the Commissioner in the notice of assessment for the penalty as being the due date for the payment of the penalty. 15

145 Section 143 amended (Absolute liability offences and strict liability offences)

In section 143(2C), replace “the CRS applied standard” with “the CRS applied standard or the crypto-asset reporting framework,”.

146 Section 157 amended (Deduction of tax from payments due to defaulters) 20

In section 157(10), definition of **amount payable**,—

- (a) in paragraph (cb), delete “;—”:
- (b) in the words before paragraph (d), delete “but does not include money deposited in any account that is—”:
- (c) repeal paragraph (d). 25

147 Section 183ABA replaced (Remission in circumstances of emergency event)

Replace section 183ABA with:

183ABA Remission in circumstances of emergency event

- (1) This section applies for a taxpayer if— 30
 - (a) the taxpayer fails to make a payment required by a tax law (the **required payment**) on or before the due date for the required payment; and
 - (b) the failure is a consequence of an emergency event that significantly adversely affects the ability of the taxpayer to do either or both of— 35
 - (i) make a reasonably accurate forecast, on 1 or more provisional tax instalment dates for a tax year, of the taxpayer’s residual income tax for the tax year:

- (ii) make the required payment on or before the due date for the required payment; and
- (c) the taxpayer is charged with interest under Part 7 for failing to make the payment by the due date.
- (2) The taxpayer may ask the Commissioner to remit the interest. 5
- (3) The Commissioner may remit the interest if the Commissioner is satisfied that—
 - (a) it is equitable that the interest be remitted; and
 - (b) the taxpayer asked for the relief as soon as practicable; and
 - (c) the taxpayer made the required payment as soon as practicable. 10
- (4) Despite the definition of emergency event, the Governor-General may from time to time by Order in Council—
 - (a) declare an event that meets the requirements of paragraphs (a) and (b) of the definition of emergency in section 4 of the Civil Defence Emergency Management Act 2002 to be an emergency event: 15
 - (b) describe a class or classes of persons to whom a remission under this section is available in relation to the emergency event.
- (5) An Order in Council made under **subsection (4)**—
 - (a) may be expressed to come into force on a day that is before, on, or after the date on which it is made, but not earlier than the first day of the relevant emergency event referred to in **subsection (4)**, and the Order in Council comes into force or, as the case may be, is deemed to have come into force accordingly: 20
 - (b) expires after—
 - (i) the period given in the Order in Council, if such a period is given; 25
 - or
 - (ii) if no such period is given, 6 months from the promulgation of the Order in Council.
- (6) An Order in Council made under this section is secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements). 30

148 Section 185E amended (Purpose)

After section 185E(5), insert:

- (6) **Section 185U** imposes requirements on a person in relation to the crypto-asset reporting framework.

149 Section 185N amended (Requirements for financial institution) 35

- (1) After section 185N(7)(b), insert:
 - (c) 30 June 2027, if the financial account is identified before that date as being a reportable account that is a pre-existing individual account or

pre-existing entity account solely by virtue of the amendments to the Common Reporting Standard.

- (2) In section 185N(12), replace “subparagraph D(1)” with “subparagraph E(1)”.

150 New cross-heading and section 185U inserted

After section 185T, insert:

5

Crypto-asset reporting framework

185U Requirements for reporting crypto-asset service providers and crypto-asset users

- (1) For the purposes of this Act, unless the context otherwise requires, terms used in this Act in provisions that relate to the crypto-asset reporting framework have the same meanings as they have in the crypto-asset reporting framework. 10
- (2) A reporting crypto-asset service provider must comply with the requirements of the crypto-asset reporting framework.
- (3) A crypto-asset user must provide to a person (**person A**) information that the crypto-asset user holds in relation to themselves or a person related to them if the information is necessary for person A to comply with the requirements of the crypto-asset reporting framework. 15
- (4) In the crypto-asset reporting framework,—
- (a) the “Jurisdiction” is New Zealand, unless the context otherwise requires:
- (b) the “effective date” is 1 April 2026: 20
- (c) the “reporting period” for Section II is a tax year, not a calendar year (*refer*: Section II, paragraph A):
- (d) despite Section II, paragraph G, the information pursuant to Section II, paragraph A must be reported within 3 months of the end of the tax year to which the information relates: 25
- (e) despite Section III, paragraph D, subparagraph 3, a reporting crypto-asset service provider must maintain all documentation and data for a period of not less than 7 years after the end of the period within which the reporting crypto-asset service provider must report the information required to be reported pursuant to Section II: 30
- (f) the relevant date for the definition of “Preexisting Individual Crypto-Asset User” is 31 March 2026 (*refer*: Section IV, paragraph D, subparagraph 4):
- (g) the relevant date for the definition of “Preexisting Entity Crypto-Asset User” is 31 March 2026 (*refer*: Section IV, paragraph D, subparagraph 6). 35

151 Section 226E amended (Application of changes to CRS standard)

- (1) In the heading to section 226E, replace “CRS standard” with “CRS standard and crypto-asset reporting framework”.
- (2) In section 226E(1), in the words before the paragraphs, replace “the CRS standard or the CRS publication” with “the CRS standard, the CRS publication, or the crypto-asset reporting framework”. 5
- (3) After section 226E(1)(a), insert:
- (ab) the effect or lack of effect of the change on the application of the crypto-asset reporting framework under this Act:
- (4) After section 226E(1)(c), insert: 10
- (cb) the effect or lack of effect of a change to the application of the crypto-asset reporting framework under this Act on the obligations and liabilities of a person or entity or class of persons or entities.

152 Schedule 2 amended (Application of CRS standard)

- (1) In schedule 2, part 1, replace items 2 to 10 with: 15
- 2 The CRS standard is treated as modified by the *Wider Approach to the Common Reporting Standard* in Annex 5 of the CRS publication, subject to the amendments to the CRS in the CARF document. However, despite the *Wider Approach to the Common Reporting Standard*, Section I, paragraph C of the CRS standard only applies to a Reportable Account that is a Preexisting Account. 20
- 3 Section I, paragraph F is disregarded.
- 4 Section III, subparagraph C(6) is replaced by:
6. The Reporting Financial Institution must complete the enhanced review procedures described in paragraph C with respect to an account of the type described in subparagraphs a) or b) within the 12-month period ending with 31 March following the year in which the account becomes a High Value Account. If based on this review the account is identified as a Reportable Account, the Reporting Financial Institution must report the required information about the account with respect to the year in which it is identified as a Reportable Account and subsequent years on an annual basis, unless the Account Holder ceases to be a Reportable Person. The types of accounts are— 30
- a) a Preexisting Individual Account that is treated as a Financial Account solely by virtue of the amendments to the Common Reporting Standard and is not a High Value Account as of 31 March 2026, but 35

	becomes a High Value Account as of the last day of a subsequent 12-month period ending with 31 March:	
	<i>b)</i> a Preexisting Individual Account that is not a High Value Account as of 30 June 2017, but becomes a High Value Account as of the last day of a subsequent 12-month period ending with 31 March.	5
5	Section III, paragraph D is replaced by:	
D.	Review of Preexisting Individual Accounts must be completed by 30 June 2018, for preexisting individual accounts that are High Value Accounts, or 30 June 2019 for preexisting individual accounts that are Lower Value Accounts. However, the review of Preexisting Individual Accounts that are treated as Financial Accounts solely by virtue of the amendments to the Common Reporting Standard must be completed by 31 March 2027.	10
6	In Section V, paragraph A, “a Preexisting Entity Account with an aggregate account balance or value that does not exceed USD 250 000 as of 31 December [xxxx]” is replaced by “a Preexisting Entity Account with an aggregate account balance or value that does not exceed USD 250 000 as of 30 June 2017 or, in the case of a Preexisting Entity Account that is treated as a Financial Account solely by virtue of the amendments to the Common Reporting Standard, does not exceed USD 250 000 as of 31 March 2026”.	15 20
7	Section V, paragraph B, is replaced by:	
B.	Entity Accounts Subject to Review. The following accounts must be reviewed in accordance with the procedures set forth in paragraph D:	
	1. A Preexisting Entity Account that has an aggregate account balance or value that exceeds USD 250 000 as of 30 June 2017:	25
	2. A Preexisting Entity Account that does not exceed USD 250 000 as of 30 June 2017 but the aggregate account balance or value of which exceeds USD 250 000 as of the last day of any subsequent 12-month period ending with 31 March:	
	3. A Preexisting Entity Account that is treated as a Financial Account solely by virtue of the amendments to the Common Reporting Standard and that has an aggregate account balance or value that exceeds USD 250 000 as of 31 March 2026:	30
	4. A Preexisting Entity Account that is treated as a Financial Account solely by virtue of the amendments to the Common Reporting Standard and that does not exceed USD 250 000 as of 31 March 2026 but the aggregate account balance or value of which exceeds USD 250 000 as of the last day of any subsequent 12-month period ending with 31 March.	35
8	In Section V, subparagraph E(1), the first date reference is replaced by 30 June 2017 and the second date reference is replaced by 30 June 2019.	40

- 9 In Section V, subparagraph E(2), the first date reference is replaced by 30 June
2017 and the second date reference is replaced by 31 March.
- 10 After section V, subparagraph E(2), insert:
- 2A. Review of Preexisting Entity Accounts that are treated as
Financial Accounts solely by virtue of the amendments to 5
the Common Reporting Standard with an aggregate account
balance or value that exceeds USD 250 000 as of 31 March
2026 must be completed by 31 March 2027:
- 2B. Review of Preexisting Entity Accounts that are treated as 10
Financial Accounts solely by virtue of the amendments to
the Common Reporting Standard with an aggregate account
balance or value that does not exceed USD 250 000 as of
31 March 2026 but exceeds USD 250 000 as of 31 March
of a subsequent year must be completed within the 12-
month period ending with 31 March following the year in 15
which the aggregate account balance or value exceeds
USD 250 000.
- (2) In schedule 2, part 1, replace item 17 with:
- 17 In Section VIII, subparagraph C(9), the definition of the term **Preexisting
Account** is the replacement definition given in paragraph 82 of the Commen- 20
tary on Section VIII, with the first date reference in subparagraph (a) of the
replacement definition being 30 June 2017 and the second date reference in
that subparagraph being 31 March 2026.
- (3) In schedule 2, part 1, replace items 19 and 20 with:
- 19 Section VII, subparagraphs C(14) and (15) are replaced by: 25
14. The term “**Lower Value Account**” means—
- a) a Preexisting Individual Account with an aggregate
balance or value that does not exceed USD 1 000 000
as of 30 June 2017:
- b) a Preexisting Individual Account that is treated as a 30
Financial Account solely by virtue of the amend-
ments to the Common Reporting Standard with an
aggregate account balance or value that does not
exceed USD 1 000 000 as of 31 March 2026.
15. The term “**High Value Account**” means— 35
- a) a Preexisting Individual Account with an aggregate
balance or value that exceeds USD 1 000 000 as of
30 June 2017 or 31 March of any subsequent year:
- b) a Preexisting Individual Account that is treated as a 40
Financial Account solely by virtue of the amend-
ments to the Common Reporting Standard with an

aggregate account balance or value that exceeds USD 1 000 000 as of 31 March 2026 or 31 March of any subsequent year.

- (4) In schedule 2, part 1, after item 25, insert:
- 26 In Section X, paragraph A, the date reference is replaced by 1 April 2026. 5
- 27 In Section X, paragraph B, the date reference is replaced by 31 March 2026.
- 28 The “effective date of the amended CRS” is 1 April 2026.
- 29 References to “amendments to the CRS”, “amendments to the Common Report Standard”, and other similar references are references to the amendments to the CRS standard in the CARF document. 10
- (5) In schedule 2, part 2, after item 1, insert:
- 2 In the application of the Commentary, the “effective date of the amended CRS” is 1 April 2026.

153 Schedule 7 amended (Disclosure rules)

- (1) In schedule 7, part C, subpart 1, after clause 23B, insert: 15

23C Disclosures for responding to emergency event

- (1) This section applies when regulations made under **section 6J** declare that it applies in relation to an emergency event.
- (2) Section 18 does not prevent the Commissioner disclosing to a government agency information about a person or entity for the purpose of enabling the government agency to provide or fulfil any duty, obligation, or other thing in relation to any person or entity in connection with an emergency event if— 20
- (a) the Commissioner is satisfied it is reasonable, practical, and not undesirable to do so; and
- (b) the information is readily available; and 25
- (c) the Commissioner and the government agency have entered into a written agreement that specifies the information that will be shared.
- (2) Replace schedule 7, part C, subpart 1, clause 25(1)(b) with:
- (b) is information communicated for a purpose set out in subclauses (2) to **(3B)**. 30
- (3) After schedule 7, part C, subpart 1, clause 25(3), insert:
- (3B) The Commissioner may disclose to an authorised officer of the department for the time being responsible for the administration of the New Zealand Business Number Act 2016 information held by the Commissioner related to the contact address or tax file number of an unincorporated body for the purpose of enabling the department to carry out the duties or functions of the department. 35

Part 4

Amendments to Goods and Services Tax Act 1985

154 Amendments to Goods and Services Tax Act 1985

This Part amends the Goods and Services Tax Act 1985.

155 Section 2 amended (Interpretation) 5

- (1) This section amends section 2(1).
- (2) Repeal the definition of **credit note**.
- (3) Repeal the definition of **debit note**.
- (4) Insert, in appropriate alphabetical order:
listing intermediary has the meaning set out in section 60CB(8) 10
- (5) In the definition of **name**, paragraph (b), replace “tax invoices and credit or debit notes” with “taxable supply information and supply correction information”.

156 Section 3A amended (Meaning of input tax)

- (1) Replace section 3A(3)(a)(i) with: 15
 - (i) the tax fraction of the original purchase price of the goods when they were received by the supplier or, if **subsection (3BB)** applies, the tax fraction given by **subsection (3BB)**; and
- (2) After subsection (3B), insert: 20

(3BB) For the purposes of **subsection (3)(a)(i)**, if the supplier received the goods from an associated person, the amount of input tax for the recipient is—

 - (a) the tax fraction of the purchase price of the goods when they were last supplied by a person who is not associated with the supplier; or
 - (b) if, after the supply referred to in **paragraph (a)** but before the supply referred to in subsection (2), the goods were supplied by a registered person associated with the supplier and the registered person accounted for output tax on the supply, the amount of output tax accounted for. 25
- (3) **Subsections (1) and (2)** apply to goods acquired by a person on and after 30 March 2022. However, **subsections (1) and (2)** do not apply to a person if the person has taken a tax position in respect of the goods before the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill and that tax position relied on section 3A(3)(a)(i) of the Goods and Services Tax Act 1985 as it was before the amendments made by **subsections (1) and (2)**. 30

157 Section 5 amended (Meaning of term supply) 35

- (1) In section 5(3C), replace “financial service” with “financial service or the transfer of an emissions unit”.

- (2) Replace section 5(6E) with:
- (6E) For the purposes of subsection (6D), a **payment in the nature of a grant or subsidy**—
- (a) includes a suspensory loan or advance when the loan or advance becomes non-repayable by reason of its conditions for non-repayment being satisfied: 5
 - (b) does not include—
 - (i) a non-taxable amount referred to in **schedule 2**:
 - (ii) a payment that is declared by the Governor-General by Order in Council to be a non-taxable amount for the purposes of subsection (6D) and listed in **schedule 2**. 10
- (3) In section 5(6EB), replace “subsection (6E)(a)(ii) or (b)(iii)” with “**subsection (6E)(b)(ii)**”.
- (4) In section 5(6ED)(a), replace “the schedule” with “schedule 1”.
- (5) In section 5(11GA), replace “(a)” with “(b)(i)”. 15
- (6) After section 5(13B), insert:
- (13C) **Subsection (13D)** applies when—
- (a) a registered person is a member of a unit title body corporate; and
 - (b) the unit title body corporate pays a distribution to the registered person for which the unit title body corporate is allowed a deduction under **section 20(3)(j)**. 20
- (13D) A distribution the registered person referred to in **subsection (13C)** receives from the unit title body corporate is deemed to be consideration received for a supply of services performed by the registered person—
- (a) to the extent to which the registered person is using the unit to make taxable supplies; and 25
 - (b) on the day the registered person receives the distribution; and
 - (c) in the course or furtherance of the registered person’s taxable activity.
- (7) In section 5(15), replace “either” with “any”.
- 158 Section 6 amended (Meaning of term taxable activity) 30**
- (1) In section 6(3)(c)(iia), after “1919”, insert “, subject to subsection (4)”.
 - (2) In section 6(3)(e), in the words before the subparagraphs, replace “by way of sale” with “, including a deemed supply under section 5(3),”.
 - (3) In section 6(4), after “(3)(b)”, insert “, (c)(iia),”.
 - (4) **Subsection (2)** applies to supplies made on or after 1 April 2011. However, **subsection (2)** does not apply to supplies for which an assessment has been made prior to 30 August 2022. 35

159 Section 11A amended (Zero-rating of services)

- (1) After section 11A(1)(i), insert—
- (iba) the services are supplied directly in connection with goods referred to in regulation 25(1)(b), (ba), or (c) of the Customs and Excise Regulations 1996; or 5
- (2) Replace section 11A(1)(jc) with:
- (jc) the services are a supply of services to which section 60(1C)(a) applies, being a supply from an underlying supplier to—
- (i) an operator of a marketplace; or
- (ii) for the purposes of section 60CB(7), a listing intermediary; or 10
- (3) In section 11A(7), replace “section 24(5B)” with “section 19K(9)”.

160 Section 15 amended (Taxable periods)

- (1) In section 15(1), delete “or a period described in section 15E(2) that is equivalent to one of the following”.
- (2) In section 15(5)(a), delete “and described in section 15E(2)”. 15
- (3) In section 15(6),—
- (a) replace “whose only supplies are supplies of” with “whose only supplies in New Zealand are supplies of”;
- (b) replace “distantly taxable goods or remote services to which section 8(3)(c) applies, or listed services referred to in section 8C,,” with “distantly taxable goods, or remote services to which section 8(3)(c) applies, or listed services referred to in section 8C,,”. 20

161 Section 15B amended (Taxable periods aligned with balance dates)

- (1) In section 15B(4), replace “person’s GST cycle” with “person’s cycle of taxable periods”. 25
- (2) Replace section 15B(4B) with:
- (4B) For the purposes of subsection (4), a person’s cycle of taxable periods is aligned with their balance date if the person’s last taxable period before the balance date ends on a date approved by the Commissioner under **section 15EB(2)**. 30

162 Section 15C amended (Changes in taxable periods)

- (1) In section 15C(1) and (3C), delete “, or to an equivalent period described in section 15E(2),”.
- (2) In section 15C(3) and (3B), delete “, or to an equivalent period described in section 15E(2)”. 35

163 Section 15D amended (When change in taxable period takes effect)

- (1) In section 15D, replace the section heading with “**When changes in basis of taxable periods take effect**”.
- (2) In section 15D(1)(a), delete “to a period consisting of calendar months”.
- (3) Repeal section 15D(1)(ab), (2B), and (3B).

5

164 Section 15E amended (Meaning of end of taxable period)

Replace section 15E(2) to (2C) with:

- (2) Despite subsection (1), a taxable period may have an end date that is not the last day of a month if the Commissioner approves a change in end date for a registered person under **section 15EB**. However, a registered person who has a change of end date approved under **section 15EB(2)** may subsequently choose to use the default end date under subsection (1).
- (2B) A person who chooses to use the default end date as described in **subsection (2)** must notify the Commissioner of the change.

10

165 Section 15EB replaced (Approval of taxable period not consisting of whole calendar months)

15

Replace section 15EB with:

15EB Commissioner’s approval for changes in end dates of taxable periods

- (1) Despite section 15E(1), the Commissioner may give approval under **subsection (2)** for a change in end date of a registered person’s taxable period in order to reduce the compliance costs that would arise if the person’s taxable period was required to end on the last day of a month. For example, they may have accounting systems that are not aligned with the cycle of calendar months, or they may intend to become a member of a GST group or leave a group during a taxable period.
- (2) On application by the person, the Commissioner may approve a change in the end date of their taxable period to a day that is not the last day of a month if the Commissioner is satisfied that—
 - (a) the person has good commercial reasons for the change of end date; and
 - (b) making the change is consistent with the purpose set out in **subsection (1)**.
- (3) The Commissioner may withdraw an approval of change of end date given under **subsection (2)** at any time if the Commissioner considers a requirement set out in **subsection (2)(a) or (b)** is not met.
- (4) **Subsection (5)** applies—
 - (a) to a registered person other than—
 - (i) a person whose taxable period is a 6-month period under section 15(1)(a):

20

25

30

35

- (ii) a non-resident supplier whose taxable period is a 3-month period under section 15(6); and
- (b) when the person—
- (i) has an accounting cycle that consists of 13 periods in a 12-month period that are each 4 weeks, or approximately 4 weeks, in length; and
- (ii) in relation to the accounting cycle, has a change of end date approved under **subsection (2)**.
- (5) For the purposes of **subsections (1) and (2)**, the Commissioner may prescribe a method that the person may use to determine an approved taxable period end date for their circumstances. The method must provide—
- (a) a system of deciding the end dates for the person’s taxable periods; and
- (b) a way to enable the person to determine the corresponding due dates for the person’s filing and payment obligations under this Act.
- 15EC When changes in end dates of taxable periods take effect: initial approval**
- (1) When a registered person has approval under **section 15EB(2)** to change the end date of their taxable period, the change takes effect at—
- (a) the end of the taxable period in which they make the application; or
- (b) the end of a later taxable period nominated by them and approved by the Commissioner; or
- (c) the date of their registration under this Act if they have applied for the change before the end of their first taxable period.
- (2) The approval of the change in end date continues to have effect until—
- (a) the Commissioner withdraws the approval under **section 15EB(3)**; or
- (b) the person chooses to have the taxable period end date determined under section 15E(1); or
- (c) the Commissioner approves a new end date for the taxable period under **section 15EB(2)**.
- 15ED When changes in end dates of taxable periods take effect: post-approval changes**
- (1) This section applies when a registered person, who has approval to change the end date of their taxable period under **section 15EB(2)**, subsequently—
- (a) chooses to use the default end date set out in section 15E(1);
- (b) is required to use the default end date set out in section 15E(1) because—
- (i) the Commissioner has withdrawn approval for the person’s change in end date under **section 15EB(3)**; and

(ii)	no other end date has been approved for the person’s taxable period under section 15EB(2) .	
(2)	The later change in end date takes effect at—	
(a)	the end of the taxable period in which, as applicable,—	
(i)	the person chooses to use the default end date; or	5
(ii)	the Commissioner withdraws approval for the change in end date under section 15EB(3) ; or	
(b)	the end of a later taxable period nominated by the person and approved by the Commissioner.	
166	Section 19 amended (Accounting basis)	10
	In section 19(1), replace “19D” with “ 19DB ”.	
167	New section 19DB inserted (Optional accounting rule for supplies of taxable accommodation through electronic marketplaces)	
	After section 19D, insert:	
19DB	Optional accounting rule for supplies of taxable accommodation through electronic marketplaces	15
(1)	This section applies in relation to a supply of listed services described in subsection (2) for which a registered person must account, as applicable, for—	
(a)	output tax on the supply:	
(b)	input tax for a flat-rate credit related to the supply referred to in sections 8C(3)(b)(ii) and 20(3)(de) that is passed on to an underlying supplier.	20
(2)	The services referred to in subsection (1) are—	
(a)	a listed service referred to in section 8C(2)(a) supplied through an electronic marketplace; and	
(b)	other services that are closely connected to the listed service as described in section 8C(7).	25
(3)	The person may choose to account for tax payable on the supply in or before the taxable period in which the performance of the services is completed.	
(4)	When the person chooses to account for tax payable on the supply under subsection (3) , the accounting rules in section 19(1) to (3) do not apply in relation to the supply.	30
168	Section 19N amended (Supply correction information)	
	Replace section 19N(7)(b) with:	
(b)	if the supply gives rise to an overpayment of tax that is described in section 45(1), (2), or (3) and the Commissioner is satisfied that the overpayment is a result of a clear mistake or simple oversight of the registered	35

person, the date that is 4 years from the end of the 4-year period referred to in the subsection that describes the overpayment:

169 Section 19NB amended (Taxable supply information and supply correction information for listed services)

In section 19NB, replace “For the avoidance of doubt, when section 60CB(7) applies to treat a listing intermediary as if they were the operator of an electronic marketplace, the responsibility for providing the information remains with the operator of the electronic marketplace.” with “Section 60CB(7) and **(7B)** provide for the circumstances in which the responsibility for providing the information falls on either the operator of the electronic marketplace or a listing intermediary.”

170 Section 20 amended (Calculation of tax payable)

(1) After section 20(3)(de), insert:

(df) in relation to a supply of distantly taxable goods to which section 8(1) applies, an amount included in the consideration for the supply that the supplier repays to a recipient under section 12B(2); and

(2) After section 20(3)(i), insert:

(j) the amount equal to the tax fraction of a payment by a unit title body corporate where the payment is a monetary distribution to its members to reimburse the members for a levy or other amount that is treated as consideration for a taxable supply under section 5(8A) or (8AB); and

(3) After section 20(4)(d), insert:

(e) in the case of a registered person who has chosen under **section 19DB(3)** to account for output tax on a supply of listed services made through an electronic marketplace, the taxable period in which the person chooses to account for the tax which may be no later than the taxable period in which the performance of the services is completed.

(4) In section 20(4C) replace “section 24(5B) or (5BB)” with “section 19K(8) or (9)”.

171 Section 20F replaced (Election that sections 11A(1)(q) and (r) and 20C apply)

(1) Replace section 20F, other than the heading, with:

A person may choose to apply the rules in sections 11A(1)(q) and (r) and 20C in relation to certain supplies of financial services. The person makes the election by taking a tax position in a return for the taxable period.

(2) **Subsection (1)** applies to taxable periods starting on or after 1 April 2025.

- 172 Section 21 amended (Adjustments for apportioned supplies)**
 In section 21(2), replace “Despite subsection (1),” with “Despite subsection (1) but subject to subsections (4) and (4B),”.
- 173 Section 21F amended (Treatment on disposal)**
- (1) In section 21F(6), replace “developing land or dividing land into lots” with “developing land, dividing land into lots, dealing in land, or erecting buildings”. 5
- (2) **Subsection (1)** applies to a disposal of land on or after 24 February 2020. However, **subsection (1)** does not apply to a disposal of land if the person has taken a tax position in respect of the disposal of the land before the date of introduction of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill. 10
- 174 Section 21G amended (Definitions and requirements for apportioned supplies and adjustment periods)**
- After section 21G(1), insert: 15
- (1B) In the definition of **percentage actual use** in subsection (1), when the registered person is a non-resident person, the calculation of actual use is based on the total supplies made by the person, treating all those supplies as if they are made and received in New Zealand.
- 175 Section 25 amended (Adjustments for inaccuracies)** 20
- (1) In section 25(1), replace “a tax invoice, credit note, or debit note” with “taxable supply information or supply correction information”.
- (2) After section 25(1), insert:
- (1B) For the purposes of subsection (1)(d), the previously agreed consideration for the supply of a pharmaceutical is not an incorrect amount of consideration if part of the consideration for the supply has been rebated to Pharmac (acting on its own account or as an agent for a public authority) under a Pharmac agreement. 25
- (3) **Subsection (2)** applies for taxable periods starting on or after 1 April 2023.
- 176 Section 25AA amended (Consequences of change in contract for imported goods and services)** 30
- In section 25AA(1)(a)(v), replace “section 24(5B) or (5BB)” with “section 19K(8) or (9)”.
- 177 Section 43 amended (Deduction of tax from payment due to defaulters)**
- In section 43(1), definition of **amount payable**,— 35
- (a) paragraph (c), in the words after the subparagraphs, replace “the money,—” with “the money”:

- (b) in the words before paragraph (d), delete “but does not include money deposited in any account that is—”:
- (c) repeal paragraphs (d) and (e).
- 178 Section 51 amended (Persons making supplies in course of taxable activity to be registered)** 5
- In section 51(2), after “subsection (1)” insert “or **section 51B(4)**”.
- 179 Section 51B amended (Persons treated as registered)**
- (1) Replace section 51B(4) with:
- (4) A person to whom either section 5(16C) or (23B) applies—
- (a) becomes liable to be registered from the date of the supply under section 5(16C) or (23B), as applicable; and 10
- (b) must provide the Commissioner with the particulars the Commissioner may require to register the person as if the person were applying for registration under section 51(2).
- (2) In section 51B(5), replace— 15
- (a) “is treated as registered” with “becomes liable to be registered”; and
- (b) “section 5(23B)” with “section 5(16C) or (23B), as applicable”.
- (3) In section 51B(6)(a), replace “section 5(23B)” with “section 5(16C) or (23B), as applicable”.
- 180 Section 55 amended (GST groups)** 20
- (1) Replace section 55(1AC) with:
- (1AC) Subsections (1AD) to (1AI) apply to the members of a GST group except in relation to a supply of services that is treated by section 8(4B) as being made in New Zealand.
- (2) In section 55(1AF), after “is a supply”, insert “made as a registered person”. 25
- (3) In section 55(1AO)(b)(i), replace “24” with “19J, 19L,”.
- (4) **Subsection (3)** applies for taxable periods starting on or after 1 April 2023.
- 181 Section 60 amended (Agents and auctioneers)**
- (1) In section 60(1C), in the words before the paragraphs,—
- (a) replace “sections 60C and 60D” with “sections 60C, **60CB(7)**, and 60D”: 30
- (b) replace “an operator of a marketplace or a supplier who” with “an operator of a marketplace or an underlying supplier who”.
- (2) In section 60(1D), replace “and 60CB” with “and 60CB(2)”.

- 182 Section 60CB amended (Listing intermediaries and supply of listed services)**
- (1) In section 60CB(4), replace “subsection (2)(b) or (3)(a)” with “subsection (2)(a), (2)(b), or (3)(a)”.
- (2) In section 60CB(7),— 5
- (a) replace “sections 8C, 20(3)(de)” with “sections 8C, **11A(1)(jc)**, 20(3)(de)”:
- (b) replace “other than the provision of taxable supply information and supply correction information, as applicable, to the recipient as required under section 19NB.” with “other than, in the absence of an agreement under **subsection (7B)**, the provision of taxable supply information and supply correction information as required under section 19NB.” 10
- (3) After section 60CB(7), insert:
- (7B) When a listing intermediary and an operator of the electronic marketplace have made an agreement described in subsection (6)(c), the intermediary and the operator may also agree that the intermediary is required to provide the taxable supply information and supply correction information, as applicable, to the recipient as required under section 19NB. In these circumstances, despite **subsection (7)**, the intermediary is treated as the supplier for the purposes of the provision of the information. 15
20
- 183 Section 60H amended (Information requirements for underlying suppliers operating through electronic marketplaces)**
- (1) In section 60H(1B),—
- (a) replace “underlying supplier must also treat” with “underlying supplier must treat”: 25
- (b) replace “subsections (1), (2), and (4)” with “subsections (1) and (2) to (4)”.
- (2) In section 60H(3), replace “of the election.” with “of the election. Similarly, when the underlying supplier has notified a listing intermediary that they have chosen to be liable for the payment of tax on a supply of listed services, the listing intermediary must notify the operator of the electronic marketplace of the election when the operator would otherwise have been liable for the output tax on the supply.” 30
- 184 Section 75 amended (Keeping of records)**
- Repeal section 75(8). 35
- 185 Section 89 repealed (COVID-19-related payments made before commencement of Goods and Services Tax (Grants and Subsidies) Amendment Order 2020)**
- Repeal section 89.

186 New schedule 2 inserted (Government grants and subsidies: non-taxable amounts)

After the schedule, insert schedule 2 set out in schedule 1 of this Act.

Part 5**Amendments to other enactments**

5

*Amendments to KiwiSaver Act 2006***187 Amendments to KiwiSaver Act 2006**

Sections 188 to 191 amend the KiwiSaver Act 2006.

188 Section 4 amended (Interpretation)

(1) This section amends section 4(1). 10

(2) Insert, in appropriate alphabetical order:

foreign superannuation withdrawal has the same meaning as in section YA 1 of the Income Tax Act 2007

(3) In the definition of **net value**, paragraph (b),—

(a) after “a member’s accumulation,”, insert “a member’s QROPS accumulation,”: 15

(b) after “the member’s accumulation”, insert “, the member’s QROPS accumulation,”.

(4) Insert, in appropriate alphabetical order:

QROPS has the same meaning as in section YA 1 of the Income Tax Act 2007 20

(5) Insert, in appropriate alphabetical order:

QROPS accumulation, in relation to a member of a KiwiSaver scheme, means the net value of the amount of the foreign superannuation withdrawal derived by the member from an interest in a superannuation scheme constituted in the United Kingdom and reinvested in the KiwiSaver scheme in accordance with section CF 3(2)(b) of the Income Tax Act 2007 before 17 June 2015 25

189 Section 35 amended (Opting in by persons under 18)

In section 35(2), replace “all their guardians contract” with “a guardian contracts”.

190 New cross-heading and sections 220C and 220D inserted

30

After section 220B, insert:

Transfers of QROPS accumulation

220C Members may transfer QROPS accumulations to QROPS

- (1) A member may, at any time during that person’s membership of a KiwiSaver scheme, give notice to the provider of the scheme to transfer the member’s QROPS accumulation to a QROPS. 5
- (2) On notification by a member, the provider must, if the member has obtained the written consent of the QROPS to accept that transfer,—
- (a) transfer the member’s QROPS accumulation to the QROPS; and
 - (b) give notice to the member of the amount so transferred.

220D Providers may transfer QROPS accumulations to QROPS

- (1) A provider of a KiwiSaver scheme may, at any time during a person’s membership of that scheme, transfer the member’s QROPS accumulation to a QROPS in accordance with this section. 10
- (2) The provider must obtain the written consent of—
- (a) the member to the transfer of the member’s QROPS accumulation to the QROPS; and 15
 - (b) the QROPS to receive the transfer of the member’s QROPS accumulation.

191 Schedule 1 amended

In schedule 1, after clause 16, insert:

16B Transfer of QROPS accumulation

- (1) A member may, at any time during that person’s membership of a KiwiSaver scheme, give notice to the provider of the scheme to transfer the member’s QROPS accumulation to a QROPS.
- (2) On notification by a member, the provider must, if the member has obtained the written consent of the QROPS to accept that transfer, transfer the member’s QROPS accumulation to the QROPS in accordance with **section 220C**. 25
- (3) A member’s QROPS accumulation may, at any time during that person’s membership of a KiwiSaver scheme, be transferred to a QROPS by the provider in the circumstances provided for in **section 220D**. 30

Amendments to Gaming Duties Act 1971

192 Amendments to Gaming Duties Act 1971

Sections 193 to 196 amend the Gaming Duties Act 1971.

- 193 Section 12B amended (Interpretation)**
In section 12B, definition of **gaming machine operator**, replace “12D to 12F and section 12K” with “12D, 12E, and 12K”.
- 194 Section 12FA amended (Power of Commissioner in respect of small amounts)** 5
Repeal section 12FA(b).
- 195 Section 12G amended (Assessment of duty)**
In section 12G(1), in the words after the paragraphs, delete “and, if appropriate, the amount of any interest payable under section 12F”.
- 196 Section 12R amended (Assessments, objections, and recovery of duty)** 10
- (1) In the heading to section 12R, replace “**objections**” with “**challenges**”.
- (2) After section 12R(b), insert:
(bb) every reference in those provisions to gaming machine profits were a reference to casino wins; and
- (3) Repeal section 12R(e). 15
- Amendments to Stamp and Cheque Duties Act 1971*
- 197 Amendments to Stamp and Cheque Duties 1971**
Sections 198 and 199 amend the Stamp and Cheque Duties Act 1971.
- 198 Section 86G amended (Application to register securities)** 20
In section 86G, insert as subsection (2):
- (2) For the purposes of subsection (1), an approved issuer that is a limited partnership eligible to elect to pay approved issuer levy in relation to a security under **section 32M(1B)** of the Tax Administration Act 1994 may also apply for registration of any transaction or class of transactions involving money lent by that approved issuer. 25
- 199 Section 86H amended (Registration of securities by Commissioner)**
After section 86H(2), insert:
- (3) Despite subsections (1) and (2), if a person has not duly completed an application for registration of a security in accordance with section 86G by the date that the first interest payment is made for which an NRWT liability arises under a transaction or class of transactions, the Commissioner may backdate the date of registration if— 30
- (a) the application for registration is made within 2 years of the date that the first interest payment was made for which an NRWT liability arose; and

- (b) the Commissioner is satisfied that the delay in making the application was caused by an oversight.
- (4) For the purposes of **subsection (3)(b)**, the Commissioner may consider the following factors when determining whether the delay was caused by an oversight: 5
 - (a) the explanation and evidence that the person has provided as to the cause of the error:
 - (b) the person’s history of compliance with their tax obligations:
 - (c) whether the documentation recording the money lent includes a clause dealing with approved issuer levy: 10
 - (d) whether the person has already paid an amount that would have been approved issuer levy if the security or securities had been registered and the person had been an approved issuer:
 - (e) the tax residence of the person over the term of the security:
 - (f) whether the person is a natural person: 15
 - (g) whether the person has made a voluntary disclosure of the error.
- (5) The backdated date of registration referred to in **subsection (3)** must not be earlier than 1 April 2025.

Amendment to Income Tax Act 2004

- 200 Amendment to Income Tax Act 2004** 20
 - (1) This section amends the Income Tax Act 2004.
 - (2) In section OB 1, definition of **business use**, replace “wholly” with “wholly and exclusively”.
 - (3) **Subsection (2)** applies for the 2005–06 and later income years.

Amendment to Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Act 2023 25

- 201 Amendment to Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Act 2023**
 - (1) This section amends the Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Act 2023. 30
 - (2) Replace section 143(3) with:
 - (3) Subsection (2) applies to a registered person’s adjustments made in returns for taxable periods starting on or after 1 April 2023.

*Amendment to Child Support Act 1991***202 Amendment to Child Support Act 1991**

- (1) This section amends the Child Support Act 1991.
- (2) In section 276(2), after the last item in the table, insert the following items:

Part heading	Part of Schedule 1
Taxation (Annual Rates for 2019–20, GST Offshore Supplier Registration, and Remedial Matters) Act 2019	3
Provisions relating to Child Support Amendment Act 2021	4
Provisions relating to Taxation (Budget 2021 and Remedial Measures) Act 2021	5
Provisions relating to Taxation (Annual Rates for 2021–22, GST, and Remedial Matters) Act 2022	6
Provisions relating to Child Support (Pass On) Acts Amendment Act 2023	7
Provisions relating to Taxation (Annual Rates for 2023–24, Multinational Tax, and Remedial Matters) Act 2024	8

Amendment to Local Government Act 2002

5

203 Amendment to Local Government Act 2002

- (1) This section amends the Local Government Act 2002.
- (2) In schedule 9, clause 6(1) and (2), replace “CB 6 to CB 23” with “CB 6A to CB 23B”.

Goods and Services Tax (Grants and Subsidies) Order 1992

10

204 Goods and Services Tax (Grants and Subsidies) Order 1992 revoked

Revoke the Goods and Services Tax (Grants and Subsidies) Order 1992.

Schedule 1

New Schedule 2 inserted into Goods and Services Tax Act 1985

186

Schedule 2

Government grants and subsidies: non-taxable amounts 5

5(6D), (6E)

1 General

Clauses 2 to 8 set out the amounts that are, under **section 5(6E)**, excluded from being a payment in the nature of a grant or subsidy for the purposes of section 5(6D). 10

2 Benefits

An amount of a benefit paid under the Social Security Act 2018.

3 Payments for personal use and benefit

An amount paid to a person when the payment is for the personal use and benefit of the person or a relative (as defined in paragraph (a) of the definition of that term in section YA 1 of the Income Tax Act 2007) of the person. 15

4 Suspensory loans or advances

An amount that is a suspensory loan or advance made on behalf of the Crown or by a public authority before 1 January 1993, other than a suspensory loan or advance that, at the time it was made, was explicitly stated to include the amount of any goods and services tax payable by the person to whom or for whose benefit the loan or advance was made. 20

5 Payments made by NZ Agency for International Development

An amount paid by the New Zealand Agency for International Development to a New Zealand organisation to the extent to which, as a condition of the payment, it is— 25

- (a) transferred outside New Zealand; and
- (b) transferred to an organisation that is operating outside New Zealand at the time the payment is received by that organisation; and
- (c) used to acquire goods or services outside New Zealand. 30

6 Commissioner's tax credits

An amount that is a tax credit under the Income Tax Act 2007, Income Tax Act 2004, or the Tax Administration Act 1994 that the Commissioner credits, transfers, refunds, deals with, or otherwise pays, when the entitlement arises under— 35

- (a) subpart MK of the Income Tax Act 2007 or subpart KJ of the Income Tax Act 2004: or
 - (b) section LH 2 of the Income Tax Act 2007; or
 - (c) section MX 4 of the Income Tax Act 2007.
- 7 Earthquake support payments** 5
- An amount that is an earthquake support subsidy payment—
- (a) made on or before 30 June 2011 on behalf of the Crown in relation to the Canterbury earthquake aftershock centred in Lyttelton on 22 February 2011; or
 - (b) made on or before 26 May 2017 on behalf of the Crown in relation to the earthquakes that occurred on 14 November 2016 in Hurunui and Kaikōura or any of their aftershocks. 10
- 8 COVID-19 payments**
- An amount paid on or after 17 March 2020 by the Ministry of Social Development on behalf of the Crown in relation to— 15
- (a) wages or other income as a consequence of COVID-19; or
 - (b) leave taken as a consequence of COVID-19.