



## **Taxation (Use of Money Interest Rates Setting Process) Amendment Regulations 2020**

Patsy Reddy, Governor-General

### **Order in Council**

At Wellington this 9th day of March 2020

Present:

Her Excellency the Governor-General in Council

These regulations are made under section 120H(a) of the Tax Administration Act 1994 on the advice and with the consent of the Executive Council.

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### **Regulations**

#### **1 Title**

These regulations are the Taxation (Use of Money Interest Rates Setting Process) Amendment Regulations 2020.

**2 Commencement**

These regulations come into force on 9 April 2020.

**3 Principal regulations**

These regulations amend the Taxation (Use of Money Interest Rates Setting Process) Regulations 1997 (the **principal regulations**).

**4 Regulation 2 amended (Taxpayer’s paying rate)**

In regulation 2,—

- (a) replace “must” with “will”; and
- (b) delete “series”.

**5 Regulation 3 replaced (Commissioner’s paying rate)**

Replace regulation 3 with:

**3 Commissioner’s paying rate**

For the purposes of section 120E(1)(b) of the Tax Administration Act 1994, the Commissioner’s paying rate will be set at the higher of—

- (a) the Reserve Bank of New Zealand 90-day bank bill rate less 100 basis points:
- (b) 0%.

Michael Webster,  
Clerk of the Executive Council.

**Explanatory note**

*This note is not part of the regulations, but is intended to indicate their general effect.*

These regulations, which come into force on 9 April 2020, change the setting process for the Commissioner’s paying rate, which is the rate of interest payable on overpaid tax.

The setting process as prescribed in 1997 is that the rate will be set at the Reserve Bank of New Zealand 90-day bank bill rate less 100 basis points. These regulations amend the setting process to specify a floor of 0%. This prevents the Commissioner’s paying rate from being set at a negative rate if the 90-day bank bill rate drops below 1%.

These regulations also make technical changes to the setting process for the taxpayer’s paying rate, which is the rate of interest payable on unpaid tax.

Section 120H of the Tax Administration Act 1994 provides that Orders in Council may be made to—

- specify the criteria and other requirements by and against which interest rates will be set or reset and notified for the purposes of Part 7 of that Act. These regulations are made under that provision:
- set the Commissioner's paying rate and taxpayer's paying rate. The actual rates are specified in the Taxation (Use of Money Interest Rates) Regulations 1998.

Issued under the authority of the Legislation Act 2012.

Date of notification in *Gazette*: 12 March 2020.

These regulations are administered by the Inland Revenue Department.