



Income Tax (Tax Credit) Order 2022

Cindy Kiro, Governor-General

Order in Council

At Wellington this 14th day of November 2022

Present:

Her Excellency the Governor-General in Council

This order is made under section MF 7(1), (2) and (2BA) of the Income Tax Act 2007 on the advice and with the consent of the Executive Council.

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Order

1 Title

This order is the Income Tax (Tax Credit) Order 2022.

2 Commencement

This order comes into force on 1 April 2023.

3 Principal Act

This order amends the Income Tax Act 2007.

4 Section MD 3 amended (Calculation of family tax credit)

- (1) In section MD 3(4)(a), replace “\$6,642” with “\$7,121”.
- (2) In section MD 3(4)(b), replace “\$5,412” with “\$5,802”.
- (3) Subclauses (1) and (2) apply for the 2023–24 tax year and later tax years.

5 Section ME 1 amended (Minimum family tax credit)

- (1) In section ME 1(3)(a), replace “\$32,864” with “\$34,216”.
- (2) Subclause (1) applies for the 2023–24 tax year and later tax years.

6 Section MG 2 amended (Best Start tax credit)

- (1) In section MG 2(2)(a), replace “\$3,388” with “\$3,632”.
- (2) Subclause (1) applies for the 2023–24 tax year and later tax years.

7 Revocation

The Income Tax (Minimum Family Tax Credit) Order 2019 (LI 2019/290) is revoked.

Rachel Hayward,
Clerk of the Executive Council.

Explanatory note

This note is not part of the order, but is intended to indicate its general effect.

This order comes into force on 1 April 2023. It amends the Income Tax Act 2007.

Under the Income Tax Act 2007, an inflation-indexed increase to the family tax credit and the Best Start tax credit is required once the cumulative value of quarterly increases in the New Zealand Consumers Price Index (**CPI**), measured from that applying on 1 October 2021, is 5% or more. CPI data indicates that the 5% threshold was exceeded by the end of the September 2022 quarter. An adjustment to the family tax credit and the Best Start tax credit is now required. This order—

- adjusts the family tax credit, increasing the eldest child rate from \$6,642 to \$7,121 and the subsequent child rate from \$5,412 to \$5,802; and
- increases the Best Start tax credit from \$3,388 to \$3,632.

The order also increases the minimum family tax credit threshold from \$32,864 to \$34,216 from 1 April 2023 to reflect main benefit increases applying from that date, and revokes the Income Tax (Minimum Family Tax Credit) Order 2019.

Issued under the authority of the Legislation Act 2019.
Date of notification in *Gazette*: 17 November 2022.
This order is administered by the Inland Revenue Department.