

House of Representatives

Supplementary Order Paper

Tuesday, 20 March 2018

Taxation (Annual Rates for 2017-18, Employment and Investment Income, and Remedial Matters) Bill

Proposed amendments

Hon Stuart Nash, in Committee, to move the following amendments:

Clause 2 amended

Replace *clause 2(27)* (page 22, line 18) with:

- (27) **Sections 106B, 182B, 308, and 310** come into force on 1 July 2018.

Clause 5B amended

In *clause 5B(3)*, *new section CB 32C(7C)(a)* (page 23, line 33), replace “of credits” with “of the balance”.

Clause 14 amended

In *clause 14*, replace *new section CE 7(b)(iii)* (page 33, lines 17 to 19) with:

- (iii) requires a person described in **paragraph (a)** to put shares, acquired by them for market value consideration, at risk, if the arrangement provides no protection against a fall in the value of the shares and none of the consideration for acquiring the shares is provided to the person under an agreement that it is used for acquiring the shares.

Clause 32C amended

In *clause 32C(3)* (page 47, line 13), replace “**Subsection (1)** applies” with “**Subsections (1) and (2)** apply”.

**Proposed amendments to
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SOP No 16

Clause 70 amended

In *clause 70, new section GB 49B(1)* (page 64, lines 15 and 16), replace “the definition of **share scheme taxing date**” with “the definition of **employee share scheme** or the definition of **share scheme taxing date**”.

Replace *clause 70, new section GB 49B(2), other than the heading* (page 64, lines 18 to 20), with:

- (2) The Commissioner may classify the arrangement or set a share scheme taxing date as the Commissioner considers appropriate to counteract a tax advantage obtained by the person from or under the agreement.

Clause 73B amended

In *clause 73B(1), new section HC 6(1C)* (page 65, line 1), replace “RWT substitution payment made” with “RWT substitution payment made to a beneficiary”.

Clause 106 amended

Delete *clause 106(2)* (page 78, lines 19 to 24).

Replace *clause 106(3), new sections LB 3(5) and (6)* (page 79, lines 1 to 12) with:

Allocation and tax credits

- (5) The trustee may, in a return of income for the income year referred to in **subsection (4)(a)**, choose to allocate, for that year, an amount to a beneficiary of the trust that is equal to some or all of the amount of the detached tax credit referred to in **subsection (4)**. The trustee has a tax credit equal to the amount that is not allocated to a beneficiary, and a beneficiary has a tax credit for the amount that is allocated to them.

Treatment of amounts

- (6) Despite subsection (1), an amount of a tax credit that person A would have under this section in the absence of **subsections (4) and (5)** must be reduced by an amount equal to the RWT substitution payment received by person A.

After *clause 106* (page 79, after line 32), insert:

106B Section LB 4 amended (Tax credits for families)

In section LB 4(1), replace “and their minimum family tax credit under subpart ME (Minimum family tax credit)” with “, their minimum family tax credit under subpart ME (Minimum family tax credit), and their Best Start tax credit under subpart MG (Best Start tax credit)”.

Clause 168C amended

After *clause 168C(2)* (page 112, after line 6), insert:

- (2B) In section RP 4(4)(a), replace “the employer monthly schedule” with “the employment income information”.

Replace *clause 168C(3)* (page 112, lines 7 and 8) with:

- (3) In section RP 4, in the list of defined terms,—
- (a) insert “employer’s superannuation cash contribution”, “employment income information”, “gross”, and “tax year”:
 - (b) delete “employer monthly schedule”.

New clause 182B

After *clause 182* (page 124, after line 17), insert:

182B Schedule 31 amended (Annualised equivalent amount for Part M)

- (1) In schedule 31, column 1, replace the first 6 rows with:

Amount does not exceed \$42,700
Amount exceeds \$42,700 but does not exceed \$44,000

- (2) In schedule 31, column 2, replace the first 5 rows with:

\$42,700

Clause 187B amended

In *clause 187B*, new *section 14G(2)* (page 127, lines 32 to 34), delete “with which they conduct correspondence, or intend to conduct correspondence, with the Commissioner”.

Clause 264E amended

In *clause 264E*, new *section 120LB(2)*, the words before the paragraphs (page 164, line 11), replace “overpaid” with “overpaid tax”.

Clause 282 amended

In *clause 282*, after new *section 227C(5)* (page 174, after line 21), insert:

- (5B) For the purposes of the correction of errors in employment income information that is provided in the transitional period, a regulation-making power is set out in **section 46(8) and (9)**.

Schedule 2 amended

Replace *schedule 2*, new *schedule 5, part A, tax code table, row 1* (page 196, line 30) with:

1	M	for primary employment earnings when the employee is not entitled to a tax credit under
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1B

ME

section LC 13 of the
Income Tax Act 2007
for primary employment
earnings when the
employee is entitled to a
tax credit under section
LC 13 of the Income
Tax Act 2007

Explanatory note

This Supplementary Order Paper makes minor amendments of a technical nature, to ensure the drafting of the Bill works as intended.

An amendment to *clause 5B, new section CB 32C(7C)(a)* corrects a fault of expression, by replacing “of credit” with “of the balance”.

An amendment to *clause 14, new section CE 7(b)(iii)* corrects a fault of expression in an exclusion from the proposed definition of **employee share scheme**.

An amendment to *clause 32C* corrects a numerical error in the application subclause.

Amendments to *clause 70, new section GB 49B(1)* add the definition of **employee share scheme** to the list of provisions covered by the proposed specific anti-avoidance provision for employee share schemes.

An amendment to *clause 73B* corrects a fault of expression.

Amendments to *clause 106* clarify how a trustee may allocate a tax credit for an RWT substitution payment.

New clause 106B and a consequential amendment to *clause 2* correct a cross-reference.

Amendments to *clause 168C* update a defined term.

New clause 182B and a consequential amendment to *clause 2* correct a numerical error.

An amendment to *clause 187B, new section 14G(2)* corrects a fault of expression, by deleting superfluous words.

An amendment to *clause 264E, new section 120LB(2)* corrects a fault of expression.

An amendment to *clause 282* inserts a missing link between provisions.

An amendment to *Schedule 2, new schedule 5* re-instates items mistakenly changed, as a drafting matter.

Departmental disclosure statement

Inland Revenue considers that a departmental disclosure statement is not required to be prepared for this Supplementary Order Paper.