



Taxation (Budget Measures) Act 2012

Public Act 2012 No 38
Date of assent 29 May 2012
Commencement see section 2

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Taxation (Budget Measures) Act 2012.

2 Commencement

- (1) This Act comes into force on the day on which it receives the Royal assent, except as provided in this section.
- (2) Section 5 comes into force on 18 August 2011.
- (3) Sections 8, 10, and 11 come into force on 1 April 2013.

Part 1

Amendments to Income Tax Act 2007

3 Income Tax Act 2007

This Part amends the Income Tax Act 2007.

4 New section CW 55BB inserted (Minors' income, to limited extent)

- (1) After section CW 55BA, insert:

“CW 55BB Minors' income, to limited extent

“When this section applies

- “(1) This section applies for a tax year to a person, other than an absentee, when the person is—
 - “(a) younger than 15:
 - “(b) younger than 18, and attends—
 - “(i) a private primary school, state primary school, private secondary school, or state secondary school, in each case as defined in the Education Act 1964:
 - “(ii) an integrated school as defined in section 2 of the Private Schools Conditional Integration Act 1975:

- “(iii) a school providing special education as defined in the Education Act 1964 and the Education Act 1989:
- “(c) younger than 19, and—
- “(i) was a person to whom paragraph (b) applied during the previous tax year; and
- “(ii) turned 18 on or after 1 January in that previous tax year; and
- “(iii) continues to attend a school of a kind referred to in paragraph (b).
- “*Exempt income—if less than limit*
- “(2) An amount of income derived by the person in the tax year is exempt income if—
- “(a) the income is none of—
- “(i) a PAYE income payment;
- “(ii) resident passive income;
- “(iii) non-resident passive income;
- “(iv) excluded income;
- “(v) exempt income under another provision; and
- “(b) the person derives in the tax year a total amount of income meeting the requirements of paragraph (a) that is less than \$2,340.
- “Defined in this Act: absentee, excluded income, exempt income, income, non-resident passive income, PAYE income payment, resident passive income, tax year”.
- (2) Subsection (1) applies for the 2012–13 and later tax years.

5 Section EC 8 amended (Restrictions on use of herd scheme)

- (1) In section EC 8, heading, replace “on” with “arising from”.
- (2) After section EC 8(2), insert:
- “*No election after 18 August 2011 to change from use of herd scheme*
- “(3) A valuation method other than the herd scheme is not available to a person, in an income year after the 2011–12 income year, for a type of specified livestock if the person—
- “(a) gives a notice of election, with application beginning for or before the income year, to use the herd scheme for the type of specified livestock; and

“(b) does not give before 18 August 2011 a later notice of election, with application beginning for or before the income year, to use another valuation method for the type of specified livestock.”

6 Sections and headings in subpart LC repealed (Tax credits for natural persons)

- (1) Repeal—
 - (a) the heading before section LC 3:
 - (b) section LC 3:
 - (c) the heading before section LC 4:
 - (d) sections LC 4 and LC 5:
 - (e) the heading before section LC 6:
 - (f) sections LC 6 to LC 8:
 - (g) the heading before section LC 9:
 - (h) section LC 9:
 - (i) the heading before section LC 10:
 - (j) sections LC 10 to LC 12.
- (2) Subsection (1) applies for the 2012–13 and later tax years, except as given by subsection (3).
- (3) For the purposes of schedule 2, and of sections 24B and 24H(7) of the Tax Administration Act 1994, subsection (1)(d) applies for PAYE income payments made on or after 1 April 2013.

7 Section YA 1 amended (Definitions)

- (1) This section amends section YA 1.
- (2) In the definition of **civil union partner**, replace “sections LC 4 and LC 13 (which relate to tax credits for natural persons)” with “section LC 13 (Tax credits for independent earners)”.
- (3) Repeal the definition of **compensation**.
- (4) Repeal the definition of **engaged in full-time work**.
- (5) Repeal the definition of **home**.
- (6) Repeal the definition of **household member**.
- (7) Repeal the definition of **housekeeper**.
- (8) Repeal the definition of **housekeeping payments**.
- (9) Repeal the definition of **institution**.

- (10) In the definition of **non-refundable tax credit**, paragraph (a), delete “, excluding section LC 6 (Tax credits for housekeeping)”.
- (11) Repeal the definition of **paid work**.
- (12) Repeal the definition of **personal injury by accident**.
- (13) In the definition of **separated person**, delete “section LC 7 (Meaning of housekeeper),”.
- (14) In the definition of **spouse**, delete “section LC 4 (Tax credits for transitional circumstances) and”.
- (15) Subsections (2) to (14) apply for the 2012–13 and later tax years except as given by subsection (16).
- (16) For the purposes of sections LC 4 and LC 5 and schedule 2, and of sections 24B and 24H(7) of the Tax Administration Act 1994, subsections (2), (3), (4), (11), (12), and (14) apply for PAYE income payments made on or after 1 April 2013.

8 Schedule 2—Basic tax rates for PAYE income payments

- (1) In schedule 2, part A, clause 1—
 - (a) in the heading, replace “‘M’ , ‘ME’ , and ‘ML’ ” with “‘M’ and ‘ME’ ”:
 - (b) in paragraph (b), replace “ ‘M’ , ‘ME’ , or ‘ML’ ” with “ ‘M’ or ‘ME’ ”.
- (2) In schedule 2, part A, clause 2—
 - (a) in the heading, replace “‘M’ , ‘ME’ , and ‘ML’ ” with “‘M’ and ‘ME’ ”:
 - (b) in the words before the formula, replace “ ‘M’ , ‘ME’ , or ‘ML’ ” with “ ‘M’ or ‘ME’ ”.

Part 2

Amendments to Tax Administration Act 1994

9 Tax Administration Act 1994

This Part amends the Tax Administration Act 1994.

10 Section 24B amended (PAYE tax codes)

- (1) In section 24B(3)(a), delete “LC 4 or”.
- (2) Repeal section 24B(3)(b).

- (3) Subsections (1) and (2) apply for the 2013–14 and later tax years.

11 Section 24H amended (When entitlement to use tax code ends)

- (1) Repeal section 24H(7).
(2) Subsection (1) applies for the 2012–13 and later tax years.

12 Section 41A amended (Returns by persons with tax credits for housekeeping payments and charitable or other public benefit gifts)

- (1) In the heading to section 41A, delete “**housekeeping payments and**”.
- (2) In section 41A(1), delete “section LC 6 or”.
- (3) In section 41A(3),—
- (a) delete “housekeeping payments under section LC 6 of that Act and”;
 - (b) replace “payment or gift, or both,” with “gift”.
- (4) In section 41A(4),—
- (a) delete “, in equal portions,”;
 - (b) delete “housekeeping payments and”;
 - (c) replace “payment or gift, or both,” with “gift”.
- (5) Repeal section 41A(5)(a).
- (6) In section 41A(10), delete “section LC 6 or”.
- (7) Subsections (1) to (6) apply for the 2012–13 and later tax years.
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Legislative history

24 May 2012	Introduction (Bill 23–1), first reading, second reading, committee of the whole House, and third reading
29 May 2012	Royal assent

This Act is administered by the Inland Revenue Department.
