

[IN CONFIDENCE]



Inland Revenue
Te Tari Taake

POLICY AND REGULATORY STEWARDSHIP

Tax policy report: **Cabinet paper: Extension of end date for tax relief for donations of trading stock made by businesses in response to Covid-19**

Date:	27 January 2022	Priority:	Medium
Security level:	In Confidence	Report number:	IR2022/029

Action sought

	Action sought	Deadline
Minister of Revenue	<p>Approve and lodge the attached paper to Cabinet office</p> <p>Refer a copy of this report and the attached Cabinet paper to the Minister of Finance</p>	2 March 2022

Contact for telephone discussion (if required)

Name	Position	Telephone
Peter Frawley	Policy Lead	s 9(2)(a)
Brandon Sloan	Principal Policy Advisor	s 9(2)(a)

27 January 2022

Minister of Revenue

Cabinet paper: Extension of end date for tax relief for donations of trading stock made by businesses in response to Covid-19

Purpose

1. This report recommends you approve and lodge the attached paper seeking Cabinet Economic Development Committee's approval to:
 - 1.1 extend the end date of a tax relief measure for donations of trading stock (IR2021/624 refers).
 - 1.2 authorise the submission to the Executive Council of the Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2022 (IR2021/624 refers).
2. For the paper to be considered at Cabinet Economic Development Committee's meeting on 2 March 2022 it needs to be lodged by 24 February 2022.

Order in Council: Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2022

3. On 9 December 2021 we reported to the Minister of Finance and the Minister of Revenue recommending an extension of tax relief for donations of trading stock made by businesses in response to COVID-19 which currently ends on 17 March 2022 (IR2021/624 refers).
4. The Minister of Revenue and the Minister of Finance directed officials to prepare a paper for Cabinet seeking approval to extend the tax relief for donations of trading stock until 31 March 2023.
5. The Minister of Revenue and the Minister of Finance also directed officials to instruct the Parliamentary Counsel Office to draft an Order in Council to implement the extension. The attached Paper also seeks Cabinet approval to authorise the submission to the Executive Council of the Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2022.
6. Note that a waiver of the 28-day rule is sought on the basis that the exercise of the power will only positively affect taxpayers and so that the current temporary relief does not expire.

Proactive release considerations

7. Officials recommend that the attached Cabinet paper should be proactively released without redaction after the Order is gazetted.

Consultation

8. The Treasury have been informed of this report and consulted on the attached Cabinet paper and agree with its contents.

Next steps

9. If you agree to the recommendations in this report, we recommend you approve and lodge the attached paper with Cabinet Office on 24 February 2022, for consideration at Cabinet Economic Development Committee on 2 March 2022.
10. A copy of this report and the attached Cabinet paper should be referred to the Minister of Finance for his information.

Recommended action

We recommend that you:

1. **Approve** and **lodge** the attached paper to Cabinet Economic Development Committee for its meeting on 2 March 2022.

Approved and lodged

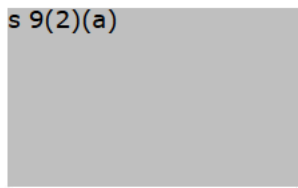
2. **Note** that a waiver of the 28-day rule is sought.

Noted

3. **Refer** a copy of this report to the Minister of Finance for his information.

Referred

s 9(2)(a)

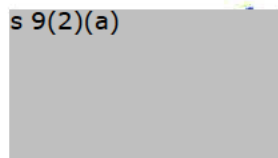


Peter Frawley

Policy Lead

Policy and Regulatory Stewardship

s 9(2)(a)



Hon David Parker

Minister of Revenue

31 / 1 / 2022