

# Hon David Parker, Minister of Revenue

## Information Release

### Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill: Approval for introduction

March 2022

#### Availability

This information release is available on Inland Revenue's tax policy website at <https://taxpolicy.ird.govt.nz/publications/2022/2022-ir-cab-leg-21-sub-0193>

#### Documents in this information release

#	Reference	Type	Title	Date
1	IR2021/543	Tax policy report	Draft Cabinet paper – Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill: Approval for introduction	10 November 2021
2	LEG-21-SUB-0193	Cabinet paper	Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill: Approval for introduction	18 November 2021
3	LEG-21-MIN-0193	Minute	Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill: Approval for introduction	18 November 2021

#### Additional information

The Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill was introduced on 23 November 2021, passed under urgency, and enacted as the Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Act 2021 on 25 November 2021.

The Cabinet paper in this information release covers the introduction of the Bill. It was considered by the Cabinet Legislation Committee on 18 November 2021 and confirmed by Cabinet on 22 November 2021.

Two attachments to this Cabinet paper are not included in the information release as they are publicly available:

- Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill<sup>1</sup>
- Departmental disclosure statement for the Bill (19 November 2021)<sup>2</sup>

The information releases for Cabinet papers covering the Working for Families and COVID-19 support payment changes are, or will be, available on the Ministry of Social Development and Treasury websites.

<sup>1</sup> Available at <https://www.legislation.govt.nz/bill/government/2021/0096/5.0/whole.html>

<sup>2</sup> Available at <http://disclosure.legislation.govt.nz/bill/government/2021/96/>

## Related documents and information releases

- Regulatory impact statement – April 2022 Working for Families changes (28 October 2021)<sup>3</sup>
- CAB-21-SUB-0457 – Initial Working for Families changes to support low-income families (5 November 2021)<sup>4</sup>
- CAB-21-SUB-0459 – The COVID-19 Resurgence Support Payment (8 November 2021)<sup>5</sup>

## Information withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply are identified. Where information is withheld, no public interest was identified that would outweigh the reasons for withholding it.

Sections of the Act under which information was withheld:

9(2)(a) to protect the privacy of natural persons, including deceased people

## Accessibility

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<sup>3</sup> Available at <https://taxpolicy.ird.govt.nz/publications/2021/2021-ris-working-for-families>

<sup>4</sup> Available at <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/information-releases/cabinet-papers/2021/initial-working-for-families-changes.html>

<sup>5</sup> Will be available at <https://www.treasury.govt.nz/publications/other-official-information/information-releases> and <https://www.treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/information-releases>



## POLICY AND STRATEGY

**Tax policy report:** Draft Cabinet paper – Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill: Approval for introduction

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<b>Date:</b>	10 November 2021	<b>Priority:</b>	High
<b>Security level:</b>	In Confidence	<b>Report number:</b>	IR2021/543

### Action sought

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	<b>Action sought</b>	<b>Deadline</b>
Minister of Revenue	<b>Agree</b> to recommendations <b>Authorise</b> the lodgement of the attached Cabinet paper	10 am, 11 November 2021

### Contact for telephone discussion (if required)

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Maraina Hak	Policy Lead	s 9(2)(a)
Philip Marshall	Bill Manager	

10 November 2021

Minister of Revenue

## **Draft Cabinet paper –Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill: Approval for introduction**

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1. This report asks you to approve and lodge the attached Cabinet paper, the draft legislation and draft disclosure statement with the Cabinet Office by 10am Thursday 11 November 2021 for consideration at the Cabinet Legislation Committee meeting on 18 November 2021.
2. The Cabinet paper seeks approval to introduce the Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill (the Bill) on 23 November 2021. It is recommended that the Bill be passed under urgency by 1 December 2022 to comply with legislative timeframes for the CPI indexation and Minimum Family Tax Credit increases, and to give Inland Revenue sufficient time to effect the Family Tax Credit and abatement rate changes by 1 April 2022.
3. A draft disclosure statement is attached to accompany the Cabinet paper in accordance with Cabinet guidelines. The draft disclosure statement is referred to Cabinet along with the Cabinet paper. The draft statement is finalised by Inland Revenue with the Parliamentary Counsel Office three days before the introduction of the Bill and is made public when the Bill is introduced.
4. The Bill contains the items listed below.

### **Policy items approved by Cabinet**

- COVID-19 support payment framework (CAB-21-MIN-0459 refers).
- Working for Families tax credit settings (CAB-21-MIN-0457 refers)

### **Legislative approval already given for COVID-19 support payments framework**

5. At the same time Cabinet gave policy approval for the COVID-19 support payments framework item, Cabinet also agreed to:
  - 5.1 authorise the Minister of Finance and the Minister of Revenue to make decisions on the detailed design of the amendments required to implement the COVID-19 support payment framework; and
  - 5.2 authorise the Minister of Revenue, in consultation with the Leader of the House, to introduce a Bill under urgency on 23 November 2021 containing the amendments required to implement the COVID-19 Support Payments framework.

(CAB-21-MIN-0459 at refers)
6. Accordingly, although the Bill includes the COVID-19 support payments framework amendments, the attached Cabinet paper seeks legislative approval in relation to the Working for Families tax credit amendments contained in the Bill only.

### Support party and caucus consultation

7. We recommend that the Bill is introduced on 23 November 2021, the day after Cabinet will meet to give approval for its introduction. To achieve this, support party and caucus consultation will need to occur in advance of Cabinet's final decision.

### Recommended action

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We recommend that you:

8. **note** the contents of this report, attached Cabinet paper, draft legislation, and draft disclosure statement;

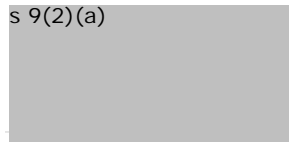
Noted

9. **sign** and **refer** the Cabinet paper, to the Cabinet Office by 10 am Thursday 11 November 2021.

Signed and referred/Not signed and referred

**Maraina Hak**  
Policy Lead  
Policy and Strategy

s 9(2)(a)



**Hon David Parker**  
Minister of Revenue  
/ /2021



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Office of the Minister of Revenue

Cabinet Legislation Committee

**Taxation (COVID-19 Support Payments and Working for Families Tax Credits)  
Bill: Approval for Introduction**

**Proposal**

1. This paper seeks the Cabinet Legislation Committee's authorisation for the introduction of the attached Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill (the Bill) under urgency on 23 November 2021.
2. The Bill introduces amendments to the Income Tax Act 2007 and the Tax Administration Act 1994.

**Policy**

3. The Bill will implement the policy items listed below. The Bill is necessary as amendments to existing legislation are required to implement most of the proposed policy changes.

*Working for Families amendments*

4. On 5 November 2021, Cabinet agreed to:
  - 4.1 increase the Family Tax Credit by \$5 per week per child in addition to a CPI-indexation increase to the Family Tax Credit scheduled for 1 April 2022;
  - 4.2 increase the Family Tax Credit and In Work Tax Credit abatement rate from 25% to 27% from 1 April 2022;
  - 4.3 implement by primary legislation rather than by Order in Council:
  - 4.4 a scheduled CPI-indexation increase to the Best Start Tax Credit to apply from 1 April 2022; and
  - 4.5 a previously agreed increase in the Minimum Family Tax Credit threshold to apply from 1 April 2022;
  - 4.6 a minor change to the Working for Families indexation settings, updating the measure used for indexation of the Family Tax Credit and Best Start Tax Credit to the Consumers Price Index (All groups) measure; (CAB-21-MIN-0457 refers)

### *COVID-19 support payment framework amendments*

5. On 8 November 2021, Cabinet agreed to amendments to the Tax Administration Act 1994 and Income Tax Act 2007 to modify the existing Resurgence Support Payment rules into a general COVID-19 support payment framework. At the same time, Cabinet also authorised the Minister of Revenue, in consultation with the Leader of the House, to introduce a Bill under urgency on 23 November 2021 containing these amendments (CAB-21-MIN-0459 refers).
6. These amendments are included in the Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill together with the Working for Families amendments. However, the COVID-19 support payment framework amendments are not covered by this Cabinet paper as they already have legislative approval.

### *Timeframes*

7. The Minister of Revenue recommends that the Bill be introduced on 23 November 2021 and passed under urgency by 1 December 2021 to comply with legislative timeframes for the CPI-indexation and Minimum Family Tax Credit increases and to give Inland Revenue sufficient time to effect the Family Tax Credit and abatement rate changes by 1 April 2022.

### **Impact analysis**

8. A regulatory impact assessment, entitled *April 2022 Working for Families changes*, was prepared in accordance with the necessary requirements and was submitted at the time that Cabinet approval of the policy relating to the Bill was sought [CAB-21-MIN-0457 refers].

### **Compliance**

#### *The Treaty of Waitangi*

9. No formal steps have been taken to determine whether the provisions in the Bill are consistent with the principles of the Treaty of Waitangi.

#### *The New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993*

10. The Bill has been provided to the Ministry of Justice to review whether it complies with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

#### *Departmental disclosure statement*

11. The Bill complies with the departmental disclosure statement requirements. A draft departmental disclosure statement has been prepared and is attached.

#### *The Privacy Act 2020*

12. The provisions in the Bill comply with the principles and guidelines set out in the Privacy Act 2020. The Privacy Commissioner was not consulted on the provisions in the Bill.



### *Relevant international standards and obligations*

13. No formal steps have been taken to determine whether the provisions in the Bill comply with New Zealand's international obligations.

### *The Legislation Guidelines*

14. The Bill complies with the Legislation Guidelines (2018) which are maintained by the Legislation Design and Advisory Committee.

### **Consultation**

15. Consultation on the provisions in this Bill with stakeholders other than government departments did not occur due to time constraints and budget sensitivities.

### **Binding on the Crown**

16. The Bill amends the Income Tax Act 2007, which is binding on the Crown, and the Tax Administration Act 1994, which is not currently binding on the Crown.

### **Creating new agencies or amending law relating to existing agencies.**

17. The Bill will not create a new agency or amend law relating to existing agencies.

### **Allocation of decision-making powers**

18. The Bill does not allocate decision-making powers.

### **Associated regulations**

19. The Bill does not include associated regulations.

### **Other instruments**

20. The Bill does not include any provision empowering the making of other instruments that are deemed to be legislative instruments or disallowable instruments (or both).

### **Definition of Minister/department**

21. The Bill does not contain a definition of Minister, department (or equivalent government agency), or chief executive of a department (or equivalent position).

### **Commencement of legislation**

22. All Working for Families amendments except the minor change to indexation settings will come into force on 1 April 2022. The minor change to indexation settings will come into force on the day after the date the Bill receives Royal assent.

## Parliamentary stages

23. The Minister of Revenue recommends that the Bill be introduced on 23 November 2021 and passed under urgency by 1 December 2021.

## Proactive Release

24. The Minister of Revenue proposes to release this paper proactively, subject to redaction as appropriate under the Official Information Act 1982.

## Recommendations

The Minister of Revenue recommends that the Committee:

- 1 **note** that this paper does not address the COVID-19 support payment framework amendments included in the Bill as these have already received legislative approval;
- 2 **note** that the Bill proposes increases to the Family Tax Credit and Best Start Tax Credit rates, the Minimum Family Tax Credit threshold, and the Family Tax Credit and In Work Tax Credit abatement rate. It also proposes a minor remedial change to the Working for Families indexation settings;
- 3 **approve** the Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill for introduction, subject to the final approval of the government caucus and sufficient support in the House of Representatives;
- 4 **agree** that the Bill be introduced on 23 November 2021;
- 5 **agree** that the government propose that the Bill be:
  - 5.1 passed under urgency;
  - 5.2 enacted by 1 December 2021.

Authorised for lodgement

Hon David Parker  
Minister of Revenue



# Cabinet Legislation Committee

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill: Approval for introduction

#### Portfolio Revenue

On 18 November 2021, the Cabinet Legislation Committee:

- 1 **noted** that on 5 November 2021, Cabinet agreed to:
  - 1.1 the following changes to take effect from 1 April 2022:
    - 1.1.1 increase the Family Tax Credit rates by \$5 per child per week;
    - 1.1.2 increase the Family Tax Credit and In Work Tax Credit abatement rate to 27 percent;
    - 1.1.3 pass on the \$5 increase to the Family Tax Credit to increase the base rates of the Orphan's Benefit, Unsupported Child's Benefit, and Foster Care Allowance by \$5 per week per child;
  - 1.2 increase the abatement rate, as outlined in paragraph 1.1 via an amendment to the Income Tax Act 2007;
  - 1.3 give effect to the change in CPI measure via an amendment to the Income Tax Act 2007;
  - 1.4 give effect to the new Family Tax Credit and Best Start Tax Credit rates via amendments to the Income Tax Act 2007 rather than by Order in Council as would otherwise be required;
  - 1.5 give effect to the adjustment to the Minimum Family Tax Credit on 1 April 2022 via an amendment to the Income Tax Act 2007 rather than via an Order in Council as previously agreed by Cabinet;

[CAB-21-MIN-0457]
- 2 **noted** that on 8 November 2021, Cabinet:
  - 2.1 agreed to amendments to the Tax Administration Act 1994 and Income Tax Act 2007 to modify the existing Resurgence Support Payment rules into a general COVID-19 support payment framework;

2.2 authorised the Minister of Revenue, in consultation with the Leader of the House, to introduce a Bill under urgency on 23 November 2021 containing the amendments;

[CAB-21-MIN-0459]

3 **noted** that the Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill gives effect to the above decisions;

4 **approved** for introduction the Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill [IRD 24229/3.0], subject to the final approval of the government caucus and sufficient support in the House of Representatives;

5 **agreed** that the Bill be introduced on 23 November 2021;

6 **agreed** that the government propose that the Bill be:

6.1 passed under urgency;

6.2 enacted by 1 December 2021.

Rebecca Davies  
Committee Secretary

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**Present:**

Hon David Parker (Chair)  
Hon Poto Williams  
Hon Kris Faafoi  
Keiran McAnulty, MP (Senior Government Whip)

**Officials present from:**

Office of the Prime Minister  
Officials Committee for LEG