Cabinet Legislation Committee

**Minute of Decision**

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**Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations 2022**

**Portfolio Revenue**

On 31 March 2022, the Cabinet Legislation Committee:

1. **noted** that the Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations 2022 set the prescribed rate of interest for calculating the taxable benefit of low-interest, employment-related loans;
2. **agreed** that the fringe benefit tax (FBT) prescribed rate of interest should be increased from 4.50% to 4.78% from the quarter commencing on 1 July 2022;
3. **noted** the following changes as a result of the decision in paragraph 2, with a corresponding impact on the operating balance:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **$millions increase/(decrease)** | | | | |
| **Vote Revenue** | **2021/22** | **2022/23** | **2023/24** | **2024/25** | **2025/26 &**  **out years** |
| FBT Revenue | 0.00 | 0.82 | 0.82 | 0.82 | 0.82 |
| Company Tax | 0.00 | (0.23) | (0.23) | (0.23) | (0.23) |
| Net Revenue | 0.00 | 0.59 | 0.59 | 0.59 | 0.59 |
| Impact on Operating Balance | - | (0.59) | (0.59) | (0.59) | (0.59) |

1. **noted** that the changes are forecast changes and do not have appropriation implications;
2. **authorised** the submission to the Executive Council of the Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations 2022 [PCO 24578/3.0].

Rebecca Davies Committee Secretary

**Distribution: (see over)**

**Present: Officials present from:**

Hon Chris Hipkins Hon Andrew Little Hon David Parker Hon Poto Williams Hon Jan Tinetti

Hon Michael Wood (Chair) Hon Dr David Clark

Hon Phil Twyford

Keiran McAnulty, MP (Senior Government Whip)

Office of the Prime Minister Officials Committee for LEG