



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:

Vote Revenue	\$millions increase/(decrease)				
	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)

- 4 **noted** that the changes are forecast changes and do not have appropriation implications;
- 5 **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:

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)

Officials present from:

Office of the Prime Minister
Officials Committee for LEG