



Cabinet Legislation Committee

Minute of Decision

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Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2022

Portfolio Revenue

On 11 August 2022, the Cabinet Legislation Committee:

- 1 **noted** that the Use of Money Interest (UOMI) rates provide taxpayers with the incentive to pay the right amount of tax at the right time, by moving in line with underlying market rates;
- 2 **agreed** that the UOMI underpayment rate increase from 7.28 percent to 7.96 percent;
- 3 **agreed** that the UOMI overpayment rate increase from 0 percent to 1.22 percent;
- 4 **agreed** that the Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2022 (the Amendment Regulations) give effect to the rates referred to in paragraphs 1 and 2 above;
- 5 **agreed** that the Amendment Regulations come into force on 30 August 2022;
- 6 **noted** the following changes as a result of the decision in paragraphs 1 and 2 above, with a corresponding impact on the operating balance:

Vote Revenue	\$ millions increase / (decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 and outyears
Crown Revenue and Receipts:	-	(12.000)	(14.000)	(14.000)	(14.000)
Tax Revenue					
Non-Departmental Other Expense: Impairment of debt and debt write-offs	-	14.000	17.000	17.000	17.000
Total operating	-	26.000	31.000	31.000	31.000

- 7 **approved** the forecast change in appropriations for Non-Departmental Other Expenses set out in paragraph 5, as a result of the decision in paragraphs 1 and 2, with a corresponding impact on the operating balance;

- 8 **noted** that a waiver of the 28-day rule is sought:
- 8.1 so that the Amendment Regulations can come into force on 30 August 2022;
- 8.2 on the grounds that the next possible date for updating the use of money interest rates is the day after 15 January 2023, and delaying the update until then is likely to result in serious misalignment of the use of money interest rates and the relevant market interest rates;
- 9 **agreed** to waive the 28-day rule so that the Amendment Regulations comes into force on 30 August 2022;
- 10 **authorised** the submission to the Executive Council of the Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2022 [PCO 24946/3.0].

Rebecca Davies
Committee Secretary

Present:

Hon Grant Robertson
Hon David Parker (Chair)
Hon Aupito William Sio
Dr Duncan Webb, MP

Officials present from:

Office of the Prime Minister
Officials Committee for LEG