



Cabinet Legislation Committee

Minute of Decision

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Income Tax FBT Interest on Loans Amendment Regulations 2022 (No 2)

Portfolio Revenue

On 17 November 2022, the Cabinet Legislation Committee:

- 1 **noted** that the Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations (No 2) 2022 set the prescribed rate of interest for calculating the taxable benefit of low-interest, employment-related loans;
- 2 **agreed** that, consistent with the results of the Reserve Bank's survey for August 2022, the FBT prescribed rate of interest should be raised from 4.78% to 6.71% from the quarter commencing on 1 January 2023;
- 3 **noted** the following changes as a result of the decision in paragraph 2, with a corresponding impact on the operating balance:

Vote Revenue	2022/23	2023/24	\$millions increase/(decrease)		
			2024/25	2025/26	2026/27 & out years
FBT revenue	2.54	5.08	5.08	5.08	5.08
Company tax	(0.71)	(1.42)	(1.42)	(1.42)	(1.42)
Net Revenue	1.83	3.66	3.66	3.66	3.66
Impact on Operating balance	1.83	3.66	3.66	3.66	3.1

- 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 (No 2) 2022 [PCO 25134/4.0]

Rebecca Davies
Committee Secretary

Attendance: see over

Present:

Hon Andrew Little
Hon David Parker
Hon Nanaia Mahuta
Hon Poto Williams
Hon Michael Wood (Chair)
Hon Kiri Allan
Hon Dr David Clark
Hon Meka Whaitiri
Hon Kieran McAnulty
Dr Duncan Webb, MP

Officials present from:

Officials Committee for LEG