

# Hon David Parker, Minister of Revenue

## Information Release

### Information release: Working for Families Tax Credit

December 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-swc-22-sub-0190>

#### Documents in this information release

#	Reference	Type	Title	Date
1	IR2022/479	Policy report	CPI indexation of Family Tax Credit/Best Start Tax Credit and adjustment of Minimum Family Tax Credit: Cabinet documents	20 October 2022
2	IR2022/501	Policy report	Final amounts - CPI indexation of Family Tax Credit, Best Start Tax Credit and adjustment of Minimum Family Tax Credit	10 November 2022
3	SWC-22-SUB-0190	Cabinet paper	Order in Council: Increase Working for Families Tax Credit rates	26 October 2022
4	SWC-22-MIN-0190	Minute	Order in Council: Increase Working for Families Tax Credit rates	26 October 2022

#### Additional information

The Cabinet paper was considered by the Social Wellbeing Committee on 26 October 2022 and confirmed by Cabinet on 31 October 2022.

One attachment to the Cabinet paper is not included in this information release as it is publicly available:

- Order in Council 2022/296 - Income Tax (Tax Credit) Order 2022<sup>1</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

<sup>1</sup> <https://www.legislation.govt.nz/regulation/public/2022/0296/10.0/whole.html>

## **Accessibility**

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## POLICY AND REGULATORY STEWARDSHIP

**Tax policy report:** **CPI indexation of Family Tax Credit/Best Start Tax Credit and adjustment of Minimum Family Tax Credit: Cabinet documents**

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<b>Date:</b>	20 October 2022	<b>Priority:</b>	Medium
<b>Security level:</b>	In Confidence	<b>Report number:</b>	IR2022/479

### Action sought

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	<b>Action sought</b>	<b>Deadline</b>
Minister of Revenue	<p><b>Agree</b> to recommendations so officials can instruct PCO to begin drafting the regulations</p> <p><b>Authorise</b> the lodgement of the attached Cabinet paper</p>	<p>Lodge in time for Cabinet Legislation Committee at <b>9:15 a.m. on 27 October 2022.</b></p>

### 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)
Josh Fowler	Senior Policy Advisor	

20 October 2022

Minister of Revenue

## **CPI indexation of Family Tax Credit/Best Start Tax Credit and adjustment of Minimum Family Tax Credit: Cabinet documents**

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### **Discussion**

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#### ***Best Start and Family Tax Credits***

1. You will recall that under the Income Tax Act 2007, the Family Tax Credit (FTC) and Best Start Tax Credit (BSTC) must be adjusted for inflation once the cumulative value of quarterly increases in the CPI reaches 5% since the payment rates were last adjusted.
2. These adjustments ensure the FTC and BSTC retain their real value over time and are achieved through Orders in Council (OIC) under a process set out in the Income Tax Act 2007.
3. The FTC and BSTC were last adjusted with effect from 1 April 2022. Our cross-agency report late last month (IR2022-440 refers) drew Ministers' attention to the likelihood that the September CPI figures would indicate the 5% threshold would be reached. Ministers agreed that the FTC and BSTC rates should be increased to reflect CPI when this occurs.
4. On 18 October 2022, the CPI figures for the September 2022 quarter were released. As expected, these recent figures indicate that inflation has exceeded 5% since payment rates were last adjusted and that the current FTC and BSTC rates therefore need to be increased. This will mean that the:
  - 4.1 The FTC rate will increase from:
    - 4.1.1 For the eldest child, from \$6,642 to \$7,121 (i.e. from \$127 to \$136 per week) after tax;
    - 4.1.2 For a subsequent child, from \$5,412 to \$5,802 (i.e. from \$104 to \$111 per week) after tax; and
  - 4.2 BSTC rate will increase from \$3,388 to \$3,632 (i.e. from \$65 to \$69 per week) after tax.
5. Although the FTC has been increased by OIC before, this will be the first time the BSTC will have been increased using OIC.

#### ***Minimum Family Tax Credit***

6. The adjustment of the Minimum Family Tax Credit (MFTC) threshold is required under Cabinet policy rather than by legislation. The intention of the MFTC is to ensure low income working families remain better off financially in full time work than they would be on a main benefit.
7. Because benefit rates are expected to increase from 1 April 2023, the MFTC will similarly need to be increased to ensure that the policy intention is achieved. Based on the projected Half Yearly Economic Fiscal Update (HYEFU) figures, the MFTC will increase from \$32,864 to \$34,164 (after tax) per annum.

8. However, because the HYEPU figures will not be available until 9 November 2022, our current projected change to the MFTC is based on preliminary HYEPU figures. We recommend the enclosed Cabinet Legislation Committee paper delegate authority to the Minister of Revenue to revise the MFTC as may be required once the confirmed HYEPU figures are available.
9. We will provide you with further policy advice on MFTC settings if the Sole Parent Benefit differs materially from its expected position once it is confirmed in February 2023.

### **Summary of changes**

10. The confirmed changes to the credits discussed above can be summarised below. No change is required to the In Work tax Credit as it is linked to work incentives and is not increased with price inflation.

<b>Tax credit payment:</b> (annualised)	<b>From</b> <b>(\$)</b>	<b>To</b> <b>(\$)</b>	<b>Change</b> <b>(\$)</b>	<b>Fiscal cost</b> <b>(\$m)</b>
<b>Family Tax Credit</b>				
Eldest child rate	6,642	7,121	479	249
Subsequent child rate	5,412	5,802	390	
<b>Best Start Tax Credit</b>	3,388	3,632	244	23
<b>Minimum Family Tax Credit threshold</b>	32,864	34,164	1,300	5
<b>In-work Tax Credit*</b>	3,770	3,770	n/a	19

\*The in-work tax credit cost increase is due to higher FTC payments.

### **Funding implications**

11. The higher than expected CPI of 7.2% released on 18 October 2022 will increase the costs of CPI indexation which had been estimated at Budget Economic and Fiscal Update 2022 (BEFU 2022) by \$5.7m in the 2022/23 Financial Year and \$20.0m in the 2023/24 Financial Year.
12. However, the preliminary results from the Half Year Economic and Fiscal Update 2022 (HYEPU 2022) indicate that the increased costs from the CPI indexation will be more than offset by other factors (e.g. wage growth) which will reduce the total cost of Working for Families in the 2022/23 and 2023/24 Financial Years. Any difference will be adjusted in the final HYEPU forecasts.

### **Compliance and administrative implications**

13. There are no compliance cost implications or changes in administration costs associated with increasing the value of the FTC, BSTC and MFTC. Publications and systems will be updated with the new level as part of the Ministry of Social Development and Inland Revenue's existing annual processes

## Communication

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14. We understand the Government would like to announce these changes following their consideration at Cabinet Legislation Committee on 27 October 2022. We are able to liaise with your office as required and provide you with supporting materials for an announcement.

## Consultation

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15. The Ministry of Social Development and the Treasury have been consulted during the preparation of this report and agree with its recommendations.

## Proactive release considerations

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16. Officials recommend that this Cabinet paper, associated minutes, and key advice papers should be proactively released within 30 working days of Cabinet making final decisions. Personal information will be redacted.

## Next steps

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17. Giving effect to your decisions will require the following administrative steps:
  - 17.1 Subject to your approval, lodging the Cabinet paper in time for Cabinet Legislation Committee on **27 October 2022**; and
  - 17.2 Providing drafting instructions to Parliamentary Counsel Office (PCO) so that the Order in Council can be prepared and provided to Executive Council for **14 November 2022**;
18. A draft Cabinet paper has been attached for you to take for consideration to the Cabinet Legislation Committee meeting on **27 October 2022**.
19. We will provide your Office with a set of speaking notes to assist you at that meeting.

## Recommended action

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We recommend that you:

### ***Changes to Working for Families Tax Credits***

1. **Note** that the recent decision to make CPI-indexation increases to FTC and BSTC rates will result in the:
  - a. FTC rate increasing:
    - i. For the eldest child, from \$6,642 to \$7,121 (i.e. from \$127 to \$136 per week) after tax;
    - ii. For a subsequent child, from \$5,412 to \$5,802 (i.e. from \$104 to \$111 per week) after tax; and
  - b. BSTC rate will increase from \$3,388 to \$3,632 (i.e. from \$65 to \$69 per week) after tax.

Noted

2. **Note** that the MFTC for the 2023/24 tax year is projected to increase from \$32,864 to \$34,164 after tax (or \$38,647 to \$40,223, gross).

Noted

3. **Note** that there are no funding implications from increasing the FTC/BSTC rates or the MFTC threshold for the 2023/24 financial year as the increased costs from the CPI indexation will be more than offset by other factors (e.g. wage growth) which will reduce the total cost of Working for Families in the 2022/23 Fiscal Year.

Noted

### ***MFTC Policy Intention and Adjustments***

4. **Note** that the policy intention of the MFTC is to ensure that low income working families remain better off financially in full time work than they would be on a main benefit.

Noted

5. **Note** the current projected MFTC increase is based on preliminary Half Year Economic Fiscal Update (HYEFU) forecasts, which will be confirmed after 9 November 2022.

Noted

6. **Note** that the enclosed Cabinet Legislation Committee paper seeks the delegated authority for the Minister of Revenue to revise the MFTC as may be required once the confirmed HYEFU figures are available.

Noted

7. **Note** that we will provide you with further policy advice on MFTC settings if the rate of Sole Parent Support main benefit differs materially from its expected position once it is confirmed in February 2023.

Noted

### ***Procedure***

8. **Note** there is a legislative requirement under section MF 7 of the Income Tax Act 2007 for the rate and threshold amounts to be set via Order in Council by no later than 1 December 2022 if it is to apply from 1 April 2023 (in effect).

Noted

9. **Agree** that the Parliamentary Counsel Office be instructed to draft the necessary regulations to bring into effect the decision in recommendations (1) and (2), above, for consideration by Cabinet Legislation Committee.

Agreed/Not agreed

10. **Note** that we have proposed you seek Cabinet Legislation Committee's authorisation to allow you to submit the Order in Council (once drafted) to the Executive Council at its meeting on 14 November 2022.

Noted

11. **Note** that we will provide your office with speaking notes for you to take to the Cabinet Legislation Committee meeting on 27 October 2022.

Noted

12. **Agree** to proactively release this Cabinet paper, associated minutes, and key advice papers, in line with the provisions of the Official Information Act 1982, within 30 working days of Cabinet making final decisions.

Agreed/Not agreed

13. **Refer** this report to the Prime Minister/Minister for Child Poverty Reduction, Minister of Finance and Minister for Social Development and Employment.

Referred

**Timing**

14. **Note** that if you agree to the recommendations above, the following timeline will apply:

<b>27 October 2022</b>	Cabinet Legislation Committee meeting
<b>31 October 2022</b>	Cabinet confirms decision
<b>14 November</b>	Order signed at Executive Council
<b>Before December</b>	Public announcement and proactive release of papers
<b>1 April 2023</b>	Rate changes come into effect

Noted

s 9(2)(a)

**Maraina Hak**

Policy Lead

Policy and Regulatory Stewardship

**Hon David Parker**

Minister of Revenue

/ /2022





## POLICY AND REGULATORY STEWARDSHIP

**Tax policy report:** **Final amounts - CPI indexation of Family Tax Credit, Best Start Tax Credit and adjustment of Minimum Family Tax Credit**

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<b>Date:</b>	10 November 2022	<b>Priority:</b>	Medium
<b>Security level:</b>	In Confidence	<b>Report number:</b>	IR2022/501

### Action sought

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	<b>Action sought</b>	<b>Deadline</b>
Minister of Revenue	<b>Note</b> the updated figures <b>Agree</b> to lodge goatskin with Cabinet and attend Executive Council on 14 November	11 November 2022

### Contact for telephone discussion (if required)

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Mariana Hak	Policy Lead	s 9(2)(a)
Josh Fowler	Senior Policy Advisor	

10 November 2022

Minister of Revenue

## **Final amounts - CPI indexation of Family Tax Credit, Best Start Tax Credit and adjustment of Minimum Family Tax Credit**

### **Background**

1. On 20 October 2022, we provided you with a report (IR2022/470 refers) which advised you on the indexation of the Family Tax Credit (FTC), Best Start Credit (BSTC), and the adjustment of the Minimum Family Tax Credit (MFTC). The MFTC amount was based on provisional Half Year Economic and Fiscal Update (HYEFU) forecasts.
2. A Cabinet paper was considered by the Social Wellbeing Committee on 26 October 2022 (SWC-22-MIN-0190) and confirmed by Cabinet on 31 October 2022 (CAB-22-MIN-0469). The Cabinet paper sought authority to allow you to finalise the amount of the MFTC and submit the Order in Council to the Executive Council once the confirmed HYEFU figures were available after 9 November 2022.
3. On Sunday 6 November the Prime Minister announced these increases to the Family Tax Credit and Best Start Tax Credit as part of the Government's Cost of Living Package. The adjustment of the Minimum Family Tax Credit threshold has yet to be announced.

### **Final amounts**

4. The confirmed HYEFU figures are now available. These do affect the previously indicated adjustment to the MFTC, increasing the amount from the provisional 34,164 to the finalised 34,216.
5. Accordingly, the final adjustments to the Working for Families Tax Credits are as follows:

<b>Tax credit payment</b> (annualised)	<b>From</b> <b>(\$)</b>	<b>To</b> <b>(\$)</b>	<b>Change</b> <b>(\$)</b>	<b>Fiscal cost</b> <b>(\$m)</b>
<b>Family Tax Credit</b>				
Eldest child rate	6,642	7,121	479	249
Subsequent child rate	5,412	5,802	390	
<b>Best Start Tax Credit</b>	3,388	3,632	244	23
<b>Minimum Family Tax Credit threshold</b>	32,864	34,216	1,352	5
<b>In-work Tax Credit*</b>	3,770	3,770	n/a	19

\* The in-work tax credit cost increase is due to higher FTC payments.

6. These adjustments are reflected in the drafting of the Order in Council (OIC) which Parliamentary Counsel Office (PCO) will provide to Cabinet Office. The title of this OIC is the **Income Tax (Tax Credit) Order 2022**.
7. A copy of the "goatskin" which accompanies the OIC will need to be provided to the Cabinet Office by 11 November 2022.
8. This, along with the OIC, will be present at Executive Council at its meeting at 4:00 p.m. on 14 November 2022.

### Consultation

9. The Ministry of Social Development and the Treasury were informed of the content of this report.

### Next steps

10. Finalising the above adjustments will require you to attend the Executive Council meeting of 14 November 2022, at 4:00 p.m.

### Recommended action

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We recommend that you:

11. **Note** that Cabinet agreed that you would finalise the Minimum Family Tax Credit (MFTC) amount and submit the Order in Council once the confirmed Half Year Economic and Fiscal Update forecasts were ready.  
  
Noted
12. **Note** the updated MFTC amount from the finalised Half Year Economic and Fiscal Update forecasts is now \$34,216.  
  
Noted
13. **Note** that the Order in Council will be at the Executive Council meeting at 4:00 p.m. on 14 November 2022.

s 9(2)(a)

**Maraina Hak**

Policy Lead

Policy and Regulatory Stewardship

**Hon David Parker**

Minister of Revenue

/ /2022



In Confidence

Office of the Minister of Revenue

Chair, Social Wellbeing Committee

## **Order in Council: Increase in Working for Families Tax Credit rates**

### **Proposal**

- 1 I seek Cabinet agreement to the increase in Working for Families tax credit rates. I also seek authority to make a submission to the Executive Council of 14 November of the Income Tax Increase in Working for Families Tax Credit Rates Order 2022 (WFF Order) once it is finalised.
- 2 A series of adjustments to the Family Tax Credit (FTC) and Best Start Tax Credit (BSTC) have been proposed to reflect annual price inflation of 7.2% since rates were last adjusted with effect from 1 April 2022.
- 3 Additionally, the after-tax value of the Minimum Family Tax Credit (MFTC) will also need to increase to reflect the anticipated wage-growth adjustment of main benefit rates from 1 April 2023.
- 4 In summary, I propose that, from 1 April 2023, the:
  - 4.1 FTC rates increase from:
    - 4.1.1 For the eldest child, from \$6,642 p.a. to \$7,121 (i.e. from \$127 to \$136 per week) after tax; and
    - 4.1.2 For a subsequent child, from \$5,412 p.a. to \$5,802 (i.e. from \$104 to \$111 per week) after tax.
  - 4.2 BSTC rate increase from \$3,388 p.a. to \$3,632 (i.e. from \$65 to \$69 per week) after tax; and
  - 4.3 MFTC rate increase from \$32,864 p.a. to \$34,164 p.a. after tax.

### **Policy**

#### **Best Start Tax Credit and Family Tax Credit**

- 5 The Income Tax Act 2007 requires that the FTC and BSTC payment rates must be adjusted for inflation once the total value of quarterly increases in the CPI reaches 5% since the payment rates were last adjusted.

- 6 The payment rates for the FTC and BSTC were last set by legislative amendment incorporating inflation up to the end of September 2021. Due to the current high rates of inflation, the 5% threshold was exceeded at the end of the September 2022 quarter. The annual inflation rate to the September 2022 quarter was 7.2%.
- 7 In line with current policy, I recommend that the MFTC threshold should be increased from \$32,864 p.a. to \$34,164 for the 2023/24 tax year. This increase reflects the average wage growth, and wage indexed main benefit rates that are expected to apply from 1 April 2023.
- 8 Because the new sole parent rates have not yet been determined and will not be available until February 2023, officials have adjusted the MFTC based on average wage change given by the preliminary Half Yearly Economic Fiscal Update (HYEFU) figures.
- 9 The confirmed HYEFU figures will be available after 9 November 2022. I recommend that the MFTC be revised, if required, once the confirmed HYEFU numbers are available.

### **Financial implications**

- 10 There are no financial implications associated with adjusting the rates of Working for Families Tax Credits by inflation. The higher than expected CPI of 7.2% will increase the forecast costs of CPI indexation, which had been estimated at Budget Economic and Fiscal Update 2022, by \$5.7m in the 2022/23 Fiscal Year and \$20.0m in the 2023/24 Fiscal Year.
- 11 However, the preliminary results from the Half Year Economic and Fiscal Update 2022 (HYEFU 2022) indicate that the increased costs from the CPI indexation will be more than offset by other factors (e.g. wage growth) which will reduce the total cost of Working for Families in the 2022/23 Fiscal Year.

### **Timing and 28-day rule**

- 12 The Income Tax Act 2007 requires the Order to be made no later than 1 December and to come into effect and apply from 1 April following that date. The Order therefore is in accordance with the rule that regulations must not come into force until at least 28 days after they have been notified in the New Zealand Gazette.

## **Compliance**

- 13 The Order complies with:
- a. the principles of the Treaty of Waitangi;
  - b. the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993;
  - c. the principles and guidelines set out in the Privacy Act 1993; and
  - d. relevant international standards and obligations.

## **Regulations Review Committee**

- 14 Officials consider that there are no grounds for the Regulations Review Committee to draw the WFF Order to the attention of the House under Standing Order 319.

## **Certification by Parliamentary Counsel**

- 15 The WFF Order will be certified by Parliamentary Counsel as being in order for submission to Cabinet.

## **Impact analysis**

### **Regulatory Impact Assessment**

- 16 The Treasury's Regulatory Impact Analysis team has determined that the proposals to adjust the FTC and the BSTC for inflation are exempt from the requirement to provide a Regulatory Impact Statement on the grounds that the government is required to make the adjustment by the Income Tax Act 2007.
- 17 The proposal to adjust the MFTC in line with increases to main benefit rates is also exempted by the Treasury's Regulatory Impact Analysis team. The exemption is on the grounds that it has no or minor impacts on businesses, individuals, and not-for-profit entities, as the adjustment maintains relativities and is required by established Cabinet policy.

### **Climate Implications of Policy Assessment**

- 18 The Climate Implications of Policy Assessment (CIPA) teams has been consulted and confirms the CIPA requirements to not apply to these proposals as the threshold for significance is not met.

## Publicity

- 19 I intend to make an announcement regarding the increase in the amount of the Working for Families tax credits after Cabinet has agreed to the recommendations. This may be before the Executive Council has authorised the Order on 14 November.
- 20 Inland Revenue will publish an item in its Tax Information Bulletin series, and relevant publications and material will be updated to incorporate the new amount. The Ministry for Social Development may also update its publicly available information.
- 21 Existing recipients will be contacted in early 2023 with an updated estimate of their Working for Families tax credits entitlement for the tax year beginning 1 April 2023.
- 22 The Order will be published in the New Zealand Gazette.

## Proactive release

- 23 I propose to proactively release this Cabinet paper, associated minutes, and key advice papers within 30 working days of Cabinet making final decisions.

## Consultation

- 24 The Treasury and Ministry of Social Development have been consulted on this paper.

## Recommendations

I recommend that the Social Wellbeing Committee:

- 1 **Note** that Cabinet agreed:
  - a. in April 2004, to increase the Minimum Family Tax Credit from 1 April 2006 onwards by an amount sufficient to ensure that families do not suffer a reduction in income when moving off a welfare benefit and into full-time paid work [CAB Min (04) 13/4 refers];
  - b. in December 2020, to calculate the threshold based on sole parents moving off benefit at 20 hours being better off, rather than couples at 30 hours [CAB-2-MIN-0512 refers]; and
  - c. in April 2021, to change the approach to calculating the Minimum Family Tax Credit so that the Winter Energy Payment of the formula equates to five months of payments rather than 12 months of payments [CAB-21-MIN-0116.33 refers];
- 2 **Agree** that (subject to the finalised HYEPU figures) the annual amount of the Minimum Family Tax Credit increase from \$32,864 to \$34,164 (i.e. from \$38,647 to \$40,223 gross) for the tax year beginning 1 April 2023, as allowed under section MF 7 of the Income Tax Act 2007;



- 3 **Agree** that the amount of the Family Tax Credit increase from:
  - a. For the eldest child, \$6,642 p.a. to \$7,121 (i.e. from \$127 to \$136 per week) after tax; and
  - b. For a subsequent child, from \$5,412 p.a. to \$5,802 (i.e. from \$104 to \$111 per week) after tax;
  - c. as allowed under section MF 7 of the Income Tax Act 2007;
- 4 **Agree** that the Best Start Tax Credit rate increase from \$3,388 p.a. to \$3,632 (i.e. from \$65 to \$69 per week) after tax;
- 5 **Authorise** the Minister of Revenue to finalise the amount of the Minimum Family Tax Credit as may be required once the confirmed HYEPU figures are available after 9 November 2022; and
- 6 **Authorise** the submission of an Order in Council to the Executive Council at its meeting on 14 November 2022, giving effect to recommendations 2, 3 and 4, above.

Authorised for lodgement

Hon David Parker

Minister of Revenue





# Cabinet Social Wellbeing Committee

## Minute of Decision

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*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.*

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### Order in Council: Increase in Working for Families Tax Credit rates

**Portfolio**                      **Revenue**

On 26 October 2022, the Cabinet Social Wellbeing Committee:

- 1        **noted** that Cabinet agreed:
  - 1.1        in April 2004, to increase the Minimum Family Tax Credit from 1 April 2006 onwards by an amount sufficient to ensure that families do not suffer a reduction in income when moving off a welfare benefit and into full-time paid work [CAB Min (04) 13/4];
  - 1.2        in December 2020, to calculate the threshold based on sole parents moving off benefit at 20 hours being better off, rather than couples at 30 hours [CAB-20-MIN-0512];
  - 1.3        in April 2021, to change the approach to calculating the Minimum Family Tax Credit so that the Winter Energy Payment of the formula equates to five months of payments rather than 12 months of payments [CAB-21-MIN-0116.33];
- 2        **agreed**, subject to the finalised Half Year Economic and Fiscal Update (HYEFU) figures, that the annual amount of the Minimum Family Tax Credit increase from \$32,864 to \$34,164 (i.e. from \$38,647 to \$40,223 gross) for the tax year beginning 1 April 2023, as allowed under section MF 7 of the Income Tax Act 2007;
- 3        **agreed** that, as allowed under section MF 7 of the Income Tax Act 2007, the amount of the Family Tax Credit increase:
  - 3.1        for the eldest child, from \$6,642 p.a. to \$7,121 (i.e. from \$127 to \$136 per week) after tax;
  - 3.2        for a subsequent child, from \$5,412 p.a. to \$5,802 (i.e. from \$104 to \$111 per week) after tax;
- 4        **agreed** that the Best Start Tax Credit rate increase from \$3,388 p.a. to \$3,632 (i.e. from \$65 to \$69 per week) after tax;
- 5        **authorised** the Minister of Revenue to finalise the amount of the Minimum Family Tax Credit as may be required once the confirmed HYEFU figures are available after 9 November 2022;

6 **authorised** the submission of an Order in Council to the Executive Council at its meeting on 14 November 2022, to give effect to paragraphs 2, 3 and 4 above.

Rachel Clarke  
Committee Secretary

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**Present:**

Hon Grant Robertson  
Hon Kelvin Davis (Chair)  
Hon David Parker  
Hon Peeni Henare  
Hon Hon Jan Tinetti  
Hon Kiri Allan  
Hon Dr Ayesha Verrall  
Hon Priyanca Radhakrishnan

**Officials present from:**

Office of the Prime Minister  
Office of the Chair  
Officials Committee for SWC