



# Cabinet Economic Development Committee

## Minute of Decision

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### GST on Fees Charged to Managed Funds

#### Portfolio Revenue

On 22 June 2022, the Cabinet Economic Development Committee (DEV):

- 1 **noted** that:
  - 1.1 the current rules relating to the GST treatment of fund manager and investment manager fees are creating complexity and inconsistency across the managed funds industry;
  - 1.2 on 12 February 2020, DEV agreed to the release of an officials' issues paper on GST policy issues, including the issue referred to above [DEV-20-MIN-0005];
- 2 **agreed** to provide consistency by requiring fund manager and investment manager fees to be subject to 15 percent GST;
- 3 **agreed** that the above proposal apply from 1 April 2026 (approximately 36 months after enactment);
- 4 **noted** that the changes proposed above will impact some KiwiSaver members by slightly reducing their retirement savings in both KiwiSaver schemes and non-KiwiSaver funds, which investors may have invested in to save for their retirement;
- 5 **noted** that the proposed changes have the following estimated fiscal impact within the forecast period, with a corresponding impact on the operating balance and net debt:

	\$m – increase/(decrease)				
Vote Revenue Minister of Revenue	2022/23	2023/24	2024/25	2025/26	2026/27& outyears
Tax Revenue	-	-	-	37.000	247.000
Total Operating	-	-	-	(37.000)	(247.000)

- 6 **agreed** not to directly recognise any impact on allowances at this time as a result of this change;
- 7 **noted** that officials will report back when developing the Budget Policy Statement with further advice on managing the aggregate effect of recent tax policy changes;

- 8 **agreed** that the legislative amendments to the Goods and Services Tax Act 1985 required to give effect to the above paragraphs be included in the next omnibus tax bill, currently scheduled for introduction in August 2022;
- 9 **authorised** the Minister of Revenue, in consultation with the Minister of Finance, to make final policy decisions, in line with the above paragraphs.

Janine Harvey  
Committee Secretary

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**Present:**

Hon Grant Robertson (Chair)  
Hon Dr Megan Woods  
Hon David Parker  
Hon Poto Williams  
Hon Damien O'Connor  
Hon Stuart Nash  
Hon Michael Wood  
Hon Meka Whaitiri  
Hon Kieran McAnulty  
Rino Tirikatene, MP  
Dr Deborah Russell, MP

**Officials present from:**

Office of the Prime Minister  
DPMC