

# Hon David Parker, Minister of Revenue

## Information Release

### Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2023

April 2023

#### Availability

This information release is available on Inland Revenue's tax policy website at <https://taxpolicy.ird.govt.nz/publications/2023/2023-ir-cab-23-sub-0032>

#### Documents in this information release

#	Reference	Type	Title	Date
1	IR2022/554	Policy report	Donated Trading Stock – extension of current income tax concession period and next steps	14 December 2022
2	IR2023/015	Policy report	Extension of end date for tax relief for donations of trading stock made by businesses in response to Covid-19	20 January 2023
3	CAB-23-SUB-0032	Cabinet paper	Extension of end date for tax relief for donations of trading stock made by businesses in response to Covid-19	20 February 2023
4	CAB-23-MIN-0032	Cabinet minute	Tax Administration (Extension of period of relief for certain disposals of trading stock) Order 2023	20 February 2023

#### Additional information

The Cabinet paper was considered and confirmed by Cabinet on 20 February 2023.

Two attachments to the Cabinet paper are not included in this information release as they are publicly available:

- Order in Council: Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2023<sup>1</sup>
- Supplementary Order Paper: North Island Floods<sup>2</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

9(2)(f)(iv) to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

<sup>1</sup> <https://www.legislation.govt.nz/regulation/public/2023/0016/latest/whole.html>

<sup>2</sup> <https://legislation.govt.nz/sop/government/2023/0319/latest/whole.html#LMS821973>

## **Accessibility**

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## POLICY AND REGULATORY STEWARDSHIP

**Tax policy report: Donated Trading Stock – extension of current income tax concession period and next steps**

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<b>Date:</b>	14 December 2022	<b>Priority:</b>	High
<b>Security level:</b>	In Confidence	<b>Report number:</b>	IR2022/554

### Action sought

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	<b>Action sought</b>	<b>Deadline</b>
Minister of Finance	<b>Agree</b> to recommendations	16 January 2023
Minister of Revenue	<b>Agree</b> to recommendations	16 January 2023

### Contact for telephone discussion (if required)

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Stewart Donaldson	Principal Policy Advisor	s 9(2)(a)
Brandon Sloan	Principal Policy Advisor	

14 December 2022

Minister of Finance  
Minister of Revenue

## **Donated Trading Stock – extension of current income tax concession and next steps**

### **Purpose**

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1. We recommend that a COVID-19-related income tax concession to support businesses donating trading stock, due to expire on 31 March 2023, be renewed for a further 12-month period by way of an Order in Council. Alternatively, a 12-month extension could be achieved by way of a Supplementary Order Paper at the Committee of the whole House stage of the Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Bill No 2.
2. This report outlines integrity issues and fiscal costs with further extensions and recommends a review of policy settings.

### **Context and background**

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3. A trading stock concession was introduced to support the Government’s economic response to the COVID-19 outbreak.
4. In 2020, stakeholders from both the charitable and commercial sectors informed the (then) Minister of Revenue about their concerns that an anti-avoidance rule in the Income Tax Act disincentivises businesses from donating goods. At the time a number of businesses were donating goods, such as medical consumables, hand sanitiser and food to assist with the immediate effects of the lockdown response to COVID-19.
5. The tax rule at issue requires businesses to report the disposal of trading stock at market value as part of their taxable income, even if it is donated or sold to unrelated parties at below market value. This means businesses are effectively taxed on a deemed profit margin for the trading stock they donate. This rule is designed to stop the transfer of business assets from the tax base for insufficient consideration. It also supports the policy setting that only gifts of money to certain approved donee organisations will qualify for tax gift concessions.
6. The rule is consistent with the policy setting that requires market value adjustments when other property is transferred out of the tax base. We also note that businesses have the option of reducing the rule’s effect if they sell their trading stock on the open market and donate the proceeds to charity.
7. However, we consider that this rule, which was introduced principally as an integrity measure, can overreach in some situations by imposing tax when tax avoidance is not a concern. The overreach is not limited to COVID-19 but has been exacerbated by it because some businesses made more donations of trading stock in response to the COVID-19 outbreak.
8. There was a precedent for temporarily switching off the rule, which occurred for an 18-month period in response to the Canterbury earthquakes in 2010-2012.
9. You agreed to amendments which were included in the Taxation (Annual Rates for 2020–21, Feasibility Expenditure, and Remedial Matters) Act 2021. The

amendments provided relief for disposals of trading stock, excluding land, forestry and other similar items, to the following classes of person:

- 9.1 Public authorities and donee organisations (the latter are organisations whose donors can claim a tax benefit, such as the donation tax credit, for monetary donations made to the organisation), and
- 9.2 Non-associated persons (which are not public authorities or donee organisations) if the business:
  - 9.2.1 can demonstrate the disposal is made for business purposes (in this case a full deduction is permitted and a market-value income adjustment is not required) or
  - 9.2.2 makes a gift (in this case no deduction is permitted and a market-value income adjustment is not required).
10. The amendments also authorised the making of an Order in Council to extend the relief if the Minister of Revenue is satisfied that people in New Zealand are significantly adversely affected by COVID-19 or if there is an emergency event that significantly adversely affects people in New Zealand.
11. Cabinet initially approved relief from the rule for a two-year period from 17 March 2020 to 16 March 2022 (CAB-21-MIN-0013.02 refers). Cabinet then approved relief for a further one-year period from 17 March 2022 to 31 March 2023 (DEV-22-MIN-0015 refers).
12. There is public interest in this issue. We understand that members of the Corporate Taxpayers Group discussed the treatment of donated trading stock with the Minister of Revenue on 8 December 2022. A submitter has also raised the issue with the Finance and Expenditure Select Committee as part of the hearings on the Taxation (Annual Rates for 2022-23, Platform Economy, and Remedial Matters) Bill (No. 2).
13. s 9(2)(f)(iv)  
[Redacted text]

## Proposal

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14. We recommend extending the temporary relief, for business taxpayers that dispose of trading stock at below market value, for a further 12-month period ending 31 March 2024.
15. The Income Tax Act 2007 allows the COVID-19 response measure to be extended by Order in Council if you are satisfied that people in New Zealand are likely to continue to be significantly adversely affected by COVID-19 beyond 31 March 2023.
16. Alternatively, a 12-month extension could be achieved through primary legislation, by way of a Supplementary Order Paper at the Committee of the whole House stage of the Taxation (Annual Rates for 2022-23, Platform Economy, and Remedial Matters) Bill No 2.

## **Rationale for extending the relief**

### ***New Zealand's approach to COVID-19 relief measures***

17. Under the Epidemic Preparedness Act 2006, the Prime Minister declared by notice that COVID-19 was likely to significantly disrupt essential governmental and business activity in New Zealand. That Epidemic Notice was first issued in March 2020 and was renewed every three months until October 2022. In October, the decision was taken to allow the Epidemic Notice to expire, because significant disruption was no longer likely.
18. The current use of COVID-19 Orders has been authorised under the COVID-19 Public Health Response Act 2020. Some measures such as the seven-day isolation period for cases remain, based on evidence that there is a risk of an outbreak or the spread of COVID-19.
19. In addition, the Government is continuing to provide some financial support. For example, support is provided to people who are required to isolate through the Leave Support Scheme. People affected by COVID can also access support through the Care in the Community welfare response, which includes the provision of food parcels.
20. However, the emergency COVID provisions and almost all economic support schemes have been stopped.

### ***Inland Revenue's approach to COVID-19 relief measures***

21. Inland Revenue's current position is that we are unlikely to extend other COVID-19 determinations. For example, for the purpose of remission of interest, the Minister of Revenue can only make an Order in Council to extend the time limit of the COVID-19 concession if the Minister is satisfied that ***the ability of taxpayers to pay tax on time*** is likely to continue to be significantly adversely affected by COVID-19. Inland Revenue has taken the view not to extend the COVID-19 determinations on the basis that the consequences for taxpayers are not as severe as was the case during the lockdowns.

### ***Extending donated trading stock relief***


22. The provision for donated trading stock deliberately takes a broader view and requires the Minister of Revenue to be satisfied that ***"people in New Zealand"*** are likely to continue to be significantly adversely affected by COVID-19. The Minister is not required to be satisfied that COVID-19 has impacted on matters directly relevant to their tax behaviour, nor is he required to be satisfied that the recipients of donations are significantly adversely affected by COVID-19.
23. At the time of preparing this report there has been an uptick in cases and hospitalisations (there are currently over 400 people in hospital with/for COVID-19, including 10 in intensive care). While there is no longer a significant adverse impact for people collectively, reflected in the decision to not renew the Epidemic Notice, there will be a significant adverse impact for a number of individuals and families (at any point in time, and over the course of a year).
24. Proportionate measures are still necessary to protect the most vulnerable. On balance, we consider that there are people in New Zealand who are significantly adversely affected by COVID-19 and this could justify an extension of the donated trading stock relief provision.

25. We note that our recommended extension is likely to be the last one that can be permitted under current law, unless there is a further resurgence of COVID-19 or another national emergency occurs after 31 March 2024.

***Legislating donated trading stock relief for a 12-month period***

26. If the current COVID-19-related Order in Council relief is not extended because the Minister of Revenue may not consider that the threshold (that people in New Zealand are likely to be significantly affected by COVID-19) is met, the Minister could authorise a Supplementary Order Paper to the current bill, extending the relief for a 12-month period. This will allow time for officials to develop, and recommend if appropriate, a permanent solution for donated trading stock.

s 9(2)(f)(iv)

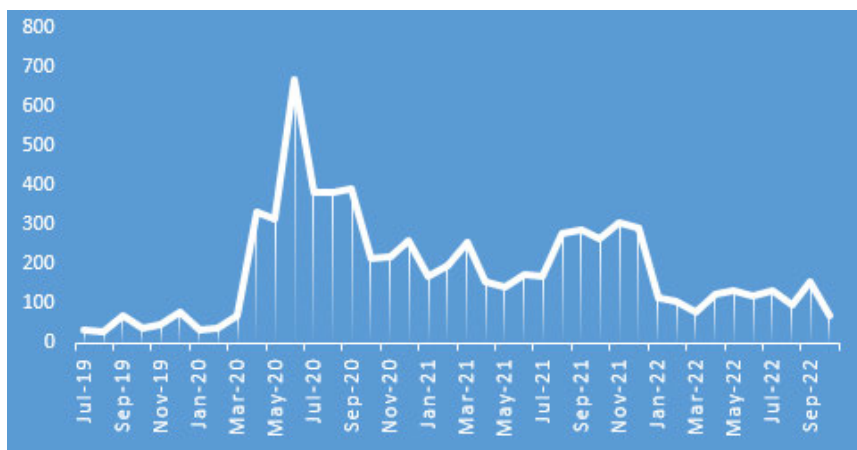


s 9(2)(f)(iv)

## Fiscal implications

32. The original fiscal cost of the tax relief provided by the changes enacted in 2021 was estimated to be \$10 million, which was spread across the 2020/21 to 2022/23 fiscal years (the relief applied to one tax year, but the impact was spread across multiple fiscal years because taxpayers file at different times). The extension agreed to earlier this year,<sup>1</sup> had an estimated fiscal cost of \$5 million spread across the 2022/23 and 2023/24 fiscal years.
33. The fiscal cost of the further extension recommended in this report is expected to have lower fiscal cost of \$2.5 million spread over the 2023/24 and 2024/25 fiscal years. This is based on an assumption that gifting is slowly reducing to pre-COVID levels. For example, the Auckland City Mission provided us with the below graph, which shows that upticks in donated goods related primarily to the COVID-19 directed lockdowns (April 2020, August 2021). The volume of donated goods since then has fallen, but as at October 2022 remains about twice that of pre-COVID levels.

**Graph: Auckland City Mission – Pallets of donated food and toiletries**



34. We recommend that the fiscal cost be charged against the Tax Policy scorecard. We consider the change assists with taxpayer compliance until such time as we complete policy work on whether tax relief on donated trading stock should become a permanent feature of the income tax system.
35. The Treasury has concerns about the accuracy of the costings (although data limitations mean that there may not be a way to improve these) and has not formed a position on the proposal's value for money.

## Administrative implications

36. There are no material administrative implications connected with extending the tax relief for donated trading stock to 31 March 2024.

## Consultation

37. Officials undertook targeted consultation on this issue in 2020, which was largely focused on a temporary solution at the time. Feedback from stakeholders was incorporated into the temporary solution. We have not formally consulted with

<sup>1</sup> Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2022, SL 2022/55 IR2022/554: Donated Trading Stock – extension of current income tax concession period and next steps



stakeholders as part of the preparation of this advice, however we have had discussions with the Auckland City Mission over the last few weeks.

38. We have discussed the issues raised in this report with the Ministry of Health, s 9(2)(f)(iv)  
s 9(2)(f)(iv)
39. The Treasury was consulted in the preparation of this report.

### Next steps

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40. If you agree with the recommendations in this report we will:
- 40.1 Either prepare a paper to the Cabinet Legislation Committee seeking its approval to an Order in Council that would extend the current relief for donated trading stock to 31 March 2024. We will instruct the Parliamentary Counsel Office to draft an Order in Council, giving effect to the above,
- or
- 40.2 Draft a Supplementary Order Paper to the Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Bill No 2, to be included at the Committee of the whole House stage,
- and
- s 9(2)(f)(iv)

### Recommended action

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41. We recommend that you:

(a)(i) EITHER

**Agree** to use the existing COVID-19-related Order in Council process to extend the exclusion from the deemed income rule for trading stock disposed of at below market value to 31 March 2024, and that officials be directed to prepare a paper to Cabinet Legislation Committee seeking its approval to an Order in Council

Agreed/Not agreed

Agreed/Not agreed

(ii) OR

**Agree** to extend the exclusion from the deemed income rule for trading stock disposed of at below market value until 31 March 2024 by way of a Supplementary Order Paper at the Committee of the whole House stage of the Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Bill No 2.

Agreed/Not agreed

Agreed/Not agreed

- (b) **Note** the following change as a result of the decision in recommendation (a) above, with a corresponding impact on the operating balance and net core Crown debt.

Vote Revenue	\$m – increase/(decrease)				
	2022–23	2023–24	2024–25	2025–26	2026–27 & outyears
Crown Revenue and Receipts: Tax Revenue	(0.000)	(0.000)	(1.000)	(1.500)	(0.000)
<b>Total change in Revenue</b>	<b>0.000</b>	<b>0.000</b>	<b>1.000</b>	<b>1.500</b>	<b>0.000</b>

Noted

Noted

(c) **Agree** that the cost of the reduction in tax revenue shown in recommendation (b) above be charged against the Tax Policy Scorecard.

Agreed/Not agreed

Agreed/Not agreed

(d) s 9(2)(f)(iv)

Agreed/Not agreed

Agreed/Not agreed

s 9(2)(a)

**Stewart Donaldson**  
Principal Policy Advisor  
Policy and Regulatory Stewardship

**Hon Grant Robertson**  
Minister of Finance  
/ /

**Hon David Parker**  
Minister of Revenue  
/ /



## POLICY AND REGULATORY STEWARDSHIP

**Tax policy report:** **Cabinet paper: Extension of end date for tax relief for donations of trading stock made by businesses in response to Covid-19**

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<b>Date:</b>	20 January 2023	<b>Priority:</b>	Medium
<b>Security level:</b>	In Confidence	<b>Report number:</b>	IR2023/015

### Action sought

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	<b>Action sought</b>	<b>Deadline</b>
Minister of Revenue	<p><b>Approve</b> and <b>lodge</b> the attached paper to Cabinet office</p> <p><b>Refer</b> a copy of this report and the attached Cabinet paper to the Minister of Finance</p>	9 February 2023 (10am)

### Contact for telephone discussion (if required)

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Stewart Donaldson	Principal Policy Advisor	s 9(2)(a)
Brandon Sloan	Principal Policy Advisor	

20 January 2023

Minister of Revenue

## **Cabinet paper: Extension of end date for tax relief for donations of trading stock made by businesses in response to Covid-19**

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### **Purpose**

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1. This report recommends you approve and lodge the attached paper seeking Cabinet Legislation Committee's approval to:
  - 1.1 extend the end date of a tax relief measure for donations of trading stock (IR2022/554 refers).
  - 1.2 authorise the submission to the Executive Council of the Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2023 (IR2022/554 refers).
2. For the paper to be considered at Cabinet Legislation Committee's meeting on 16 February 2023 it needs to be lodged by 9 February 2023 (10am).

### **Order in Council: Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2023**

3. On 14 December 2022 we reported to the Minister of Finance and the Minister of Revenue recommending an extension of tax relief for donations of trading stock made by businesses in response to COVID-19 which currently ends on 31 March 2023 (IR2022/554 refers).
4. The Minister of Revenue and the Minister of Finance directed officials to prepare a paper for Cabinet seeking approval to extend the tax relief for donations of trading stock until 31 March 2024.
5. The Minister of Revenue and the Minister of Finance also directed officials to instruct the Parliamentary Counsel Office to draft an Order in Council to implement the extension. The attached Paper also seeks Cabinet approval to authorise the submission to the Executive Council of the Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2023.

### **Proactive release considerations**

6. Officials recommend that the attached Cabinet paper should be proactively released without redaction after the Order is gazetted.

### **Consultation**

7. The Treasury have been informed of this report and consulted on the attached Cabinet paper and agree with its contents.

## Next steps

8. If you agree to the recommendations in this report, we recommend you approve and lodge the attached paper with Cabinet Office on 9 February 2023 (10am), for consideration by Cabinet Legislation Committee on 16 February 2023.
9. A copy of this report and the attached Cabinet paper should be referred to the Minister of Finance for his information.

## Recommended action

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We recommend that you:

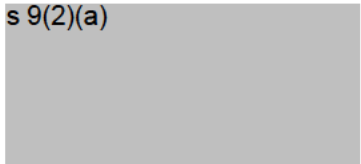
1. **Approve** and **lodge** the attached paper to Cabinet Legislation Committee for its meeting on 16 February 2023.

Approved and lodged

2. **Refer** a copy of this report to the Minister of Finance for his information.

Referred

s 9(2)(a)



**Stewart Donaldson**

Principal Policy Advisor

Policy and Regulatory Stewardship

**Hon David Parker**

Minister of Revenue

/ /2023



In Confidence

Office of the Minister of Revenue

Chair, Cabinet

## **EXTENSION OF END DATE FOR TAX RELIEF FOR DONATIONS OF TRADING STOCK MADE BY BUSINESSES IN RESPONSE TO COVID-19**

### **Proposal**

1. This paper seeks the Cabinet's agreement to an Order in Council extending the end date of a tax relief measure for donations of trading stock. The extension is part of the Government's wider COVID-19 relief strategy and is likely to be the last extension unless there is a further resurgence of COVID-19.

### **Policy**

2. The proposed Order extends a tax relief measure for trading stock donated by businesses in response to the COVID-19 outbreak, with the new end date being 31 March 2024.
3. As a relief measure, the Taxation (Annual Rates for 2020-21, Feasibility Expenditure, and Remedial Matters) Act 2021 provided time limited relief so that the Income Tax Act did not disincentivise businesses from donating trading stock to mitigate the economic and social impacts of COVID-19.
4. A donation of trading stock is deemed to be a disposal. A deemed income rule in the Income Tax Act effectively reverses the deduction that was claimed when the trading stock was purchased and imposes tax on a deemed profit.
5. Cabinet initially approved relief from the rule for a two-year period from 17 March 2020 to 16 March 2022 (CAB-21-MIN-0013.02 refers). Cabinet then approved relief for a further one-year period from 17 March 2022 to 31 March 2023 (DEV-22-MIN-0015 refers). As a result,
  - 5.1 when a business donates trading stock to a donee organisation or public authority, taxable income does not arise and a deduction is available; and
  - 5.2 when a business donates trading stock to a non-associated person (which are not public authorities or donee organisations) taxable income does not arise and a deduction is available if the disposal is made for a business purpose.
6. The current end date for this temporary relief measure is 31 March 2023.
7. This tax relief measure can be extended if people in New Zealand are likely to continue to be significantly adversely affected by COVID-19. While there is no longer a significant adverse impact for people collectively, there will be a significant adverse impact for a number of individuals and families (at any point in time, and over the course of a year). Proportionate measures such as this tax relief measure

are still necessary to protect the most vulnerable. Businesses, including large corporates and Federated Farmers, whose members donate livestock to various charities and community foodbanks, have asked for the relief to be extended.

### Proposed Order in Council

8. The proposed Order, to be made under s 225ABA of the Tax Administration Act 1994, will extend the period of relief for certain disposals of trading stock. It will come into force on 1 April 2023 and extend the relief period so it ends on 31 March 2024.
9. I recommend this Order be made on the basis that the legal requirements of s 225ABA(4) of the Tax Administration Act have been met. In particular, I am satisfied that people in New Zealand are likely to continue, beyond the expiry of the existing period, to be significantly adversely affected by COVID-19. Stakeholders commented that the economic and social impacts of COVID-19 continue to impact for a number of individuals and families and this tax relief measure is a proportionate measure to support those groups.

### Timing

10. The proposed Order will come into force on 1 April 2023.

### Financial Implications

11. The estimated financial implications of extending the temporary relied period from the deemed income rule is shown in the table below. Over the forecast period 2022-23 to 2026-27 the estimated fiscal cost is \$2.5 million. This cost will be charged against the Tax Policy Scorecard.

Vote Revenue	\$m – increase/(decrease)				
	2022–23	2023–24	2024–25	2025–26	2026–27 & outyears
Crown Revenue and Receipts: Tax Revenue	(0.000)	(0.000)	(1.000)	(1.500)	(0.000)
<b>Total change in Revenue</b>	<b>0.000</b>	<b>0.000</b>	<b>1.000</b>	<b>1.500</b>	<b>0.000</b>

### Compliance

12. The order complies with:
  - 12.1 the principles of the Treaty of Waitangi;
  - 12.2 the rights and freedoms contained in the [New Zealand Bill of Rights Act 1990](#) and the [Human Rights Act 1993](#);



- 12.3 the principles and guidelines set out in the [Privacy Act 2020](#) (if the regulations raise privacy issues, indicate whether the Privacy Commissioner agrees that they comply with all relevant principles);
- 12.4 relevant international standards and obligations;
- 12.5 the [Legislation Guidelines](#) (2018 edition), which are maintained by the Legislation Design and Advisory Committee.

### **Regulations Review Committee**

13. Officials consider there are no grounds for the Regulations Review Committee to draw the Order to the attention of the House of Representatives under Standing Order 327.

### **Certification by Parliamentary Counsel**

14. The Parliamentary Counsel Office has certified the Order as being in order for submission to Cabinet, provided that the Minister is satisfied that people in New Zealand are likely to continue, beyond the expiry of the existing period, to be significantly adversely affected by COVID-19.
15. The reasons that the Minister is satisfied on this point are outlined in paragraphs 7 and 9 of this Cabinet paper.

### **Impact Analysis**

16. Treasury's Regulatory Impact Analysis team has determined that the extension of the end date for tax relief for donations of trading stock made by businesses in response to Covid-19 is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has been addressed by existing impact analysis [CAB-21-MIN-0013 and [RIA Pack for Supplementary Order Paper No 23 to the Taxation \(Annual Rates for 2020–21, Feasibility Expenditure, and Remedial Matters\) Bill \(March 2021\) \(ird.govt.nz\)](#)].

### **Communications**

17. I will issue a media statement once the Order in Council is made by the Executive Council.
18. Inland Revenue will publish an article about these changes in its *Tax Information Bulletin*.

### **Proactive Release**

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

## Consultation

20. In November 2021 officials consulted a group of interested stakeholders which included the Corporate Taxpayers Group, Chartered Accountants Australia New Zealand, Federated Farmers, Fonterra, EY, PwC, The New Zealand Law Society, and Auckland City Mission. This is the same group of stakeholders consulted on the introduction of the relief measures as a part of the Taxation (Annual Rates for 2020-21, Feasibility Expenditure, and Remedial Matters) Act 2021. All responses we received were in favour of an extension to provide certainty for businesses and donee organisations.
21. An extension of this relief was raised by the Corporate Taxpayers Group and Federated Farmers in 2022. In late 2022 officials discussed the matters raised in this report with the Ministry of Health, DPMC, the Prime Minister’s Chief Science Advisor and Auckland City Mission.
22. The Treasury was consulted on extending the temporary relief and its fiscal implications.

## Recommendations

The Minister of Revenue recommends that Cabinet:

1. **note** that the Taxation (Annual Rates for 2020-21, Feasibility Expenditure, and Remedial Matters) Act 2021 introduced temporary relief from a deemed income rule that is due to expire on 31 March 2023.
2. **note** that the Tax Administration Act 1994 allows the temporary relief from the deemed income rule to be extended by Order in Council.
3. **authorise** the submission to the Executive Council of the Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2023.
4. **note** that section 225ABA of the Tax Administration Act 1994 requires that the Minister of Revenue be satisfied that people in New Zealand are likely to continue, beyond the expiry of the existing period, to be significantly adversely affected by COVID-19.
5. **note** the advice of the Minister of Revenue that this requirement has been met.
6. **agree** that the proposed Order should come into force on 1 April 2023 and extend the period of relief until 31 March 2024.
7. **note** that agreeing to recommendations 3 and 6 has the following estimated fiscal costs, which will be charged against the Tax Policy Scorecard.

Vote Revenue	\$m – increase/(decrease)				
	2022–23	2023–24	2024–25	2025–26	2026–27 & outyears
Crown Revenue and Receipts:	(0.000)	(0.000)	(1.000)	(1.500)	(0.000)

Tax Revenue					
<b>Total change in Revenue</b>	<b>0.000</b>	<b>0.000</b>	<b>1.000</b>	<b>1.500</b>	<b>0.000</b>

Authorised for lodgement

Hon David Parker  
Minister of Revenue





# Cabinet

## Minute of Decision

*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.*

### Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2023

**Portfolio**                      **Revenue**

On 20 February 2023, Cabinet:

- 1        **noted** that the Taxation (Annual Rates for 2020-21, Feasibility Expenditure, and Remedial Matters) Act 2021 introduced temporary relief from a deemed income rule that is due to expire on 31 March 2023;
- 2        **noted** that the Tax Administration Act 1994 allows the temporary relief from the deemed income rule to be extended by Order in Council;
- 3        **authorised** the submission to the Executive Council of the Tax Administration (Extension of Period of Relief for Certain Disposals of Trading Stock) Order 2023 [PCO 25271/4.0] (the Order);
- 4        **noted** that section 225ABA of the Tax Administration Act 1994 requires that the Minister of Revenue be satisfied that people in New Zealand are likely to continue, beyond the expiry of the existing period, to be significantly adversely affected by COVID-19;
- 5        **noted** the advice of the Minister of Revenue that this requirement has been met;
- 6        **agreed** that the Order should come into force on 1 April 2023 and extend the period of relief until 31 March 2024;
- 7        **noted** that agreeing to recommendations 3 and 6 has the following estimated fiscal costs, which will be charged against the Tax Policy Scorecard:

Vote Revenue	\$m – increase/(decrease)				
	2022–23	2023–24	2024–25	2025–26	2026–27 & outyears
Crown Revenue and Receipts:					
Tax Revenue	(0.000)	(0.000)	(1.000)	(1.500)	(0.000)
<b>Total change in Revenue</b>	<b>0.000</b>	<b>0.000</b>	<b>1.000</b>	<b>1.500</b>	<b>0.000</b>

Rachel Hayward  
Secretary of the Cabinet