Hon Simon Watts, Minister of Revenue

Information Release

Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025

January 2026

Availability

This information release is available on Inland Revenue's tax policy website at: https://taxpolicy.ird.govt.nz/publications/2026/ir-leg-25-sub-0251

Documents in this information release

#	Reference	Type	Title	Date
01	IR2025/437	Policy Report	Draft Cabinet paper: Taxation (Use of Money Interest Rates) Amendment Regulations 2025 (No.2)	12 November 2025
02	LEG-25-SUB-0251	Cabinet paper	Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025	4 December 2025
03	LEG-25-MIN-0251	Minute of Decision	Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025	4 December 2025

Additional information

The Cabinet paper was considered by the Cabinet Legislation Committee on 4 December 2025 and confirmed by Cabinet on 8 December 2025.

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

1. Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025 (SL 2025/310) – New Zealand Legislation

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

Accessibility

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Inland Revenue
Te Tari Taake

POLICY

Tax policy report:	**Draft Cabinet paper: Taxation (Use of Money Interest Rates) Amendment Regulations 2025 (No.2)**

Date:	12 November 2025	**Priority:**	Medium
Security level:	In Confidence	**Report number:**	IR2025/437

Action sought

	Action sought	Deadline
Minister of Finance	**Agree** to recommendations	10am 27 November 2025
Minister of Revenue	**Agree** to recommendations. **Authorise** the lodgement of the attached Cabinet paper	10am 27 November 2025

Contact for telephone discussion (if required)

Name	Position	Telephone	Suggested first contact
Melissa Siegel	Acting Policy Lead	s 9(2)(a)	☒
Yan Wu	Policy Advisor	s 9(2)(a)	☐

13 November 2025

Minister of Finance
Minister of Revenue

Draft Cabinet paper: Taxation (Use of Money Interest Rates) Amendment Regulations 2025 (No.2)

Purpose

1. This report seeks your agreement to decrease the use of money interest (UOMI) rates in line with the latest changes in market interest rates.

Context and background

2. UOMI is interest that Inland Revenue charges on overdue or underpaid tax payments. The UOMI rates, along with other rates used in the tax system, are reviewed regularly to ensure that they align with market interest rates. The rates are calculated using formulae based on the Reserve Bank of New Zealand (Reserve Bank) survey of interest rates.

3. The UOMI rates are an important component of tax compliance rules. By changing with the underlying market rates, the UOMI rates provide taxpayers with the incentive to pay the right amount of tax at the right time. They apply to all revenue and duties.

4. The last UOMI rate change was triggered in December 2024, with updated rates applying from May 2025.

UOMI rates

5. There are two UOMI rates:

   5.1 the taxpayer's paying rate (also known as the UOMI underpayment rate), which is charged on underpayments of tax to Inland Revenue;

   5.2 the Commissioner of Inland Revenue's paying rate (also known as the UOMI overpayment rate), which is paid by the Commissioner on money paid to Inland Revenue above a taxpayer's tax liability.

6. The underpayment rate is currently 9.89% while the overpayment rate is currently 3.27%, based on Reserve Bank figures for December 2024 and applying since 8 May 2025.[1]

Principles for updating the rates

7. Longstanding administrative principles in setting the rates provide that both UOMI rates should be adjusted if:

   7.1 the Reserve Bank 90-day bank bill rate or the floating first mortgage new customer housing rate moves by 100 basis points or more from the figures used to calculate the last rate change; or

[1] Taxation (Use of Money Interest Rates) Amendment Regulations 2025, made on 7 April 2025.

7.2 one of these indexes moves by 20 basis points or more and the UOMI rates have not been adjusted in the last 12 months.

8. When regulations are made to alter the UOMI rates, the new rates apply from the day after the next standard provisional tax payment date – which, in this case, would be 16 January 2026.

9. The formula for setting the rates is set out in the Taxation (Use of Money Interest Rates Setting Process) Regulations 1997 ("the Regulations") as follows:

9.1 Section 2 provides that the taxpayer's paying rate is set at the RBNZ floating first mortgage new customer housing rate plus 250 basis points (or 2.5%);

9.2 Section 3 provides that the Commissioner's paying rate is set at the Reserve Bank 90-day bank bill rate less 100 basis points (or 1%). However, if this calculation would produce a figure lower than 0%, the rate is instead set at 0%, to ensure overpayments do not accrue negative interest.

10. The floating first mortgage new customer housing rate is a proxy for a debt that a taxpayer might prioritise over their tax obligations. In the absence of a UOMI charge, a taxpayer wanting to borrow money could simply underpay their tax and use Inland Revenue like a bank rather than borrow from a bank at a commercial interest rate. A conservative margin of 250 basis points is added to the mortgage rate in calculating the underpayment UOMI rate because the Commissioner does not have information about the likelihood of any individual taxpayer paying the UOMI charged to them (i.e., the taxpayer's creditworthiness).

11. The Regulations provide that the methodology for setting the interest rate for overpaid tax is the latest Reserve Bank 90-day bank bill rate less 100 basis points. The Reserve Bank 90-day bank bill rate is the monthly average of the daily standard rates and approximates the return a taxpayer might expect on a low-risk investment in the New Zealand Government. Ensuring that the Commissioner pays less interest to the taxpayer on overpaid tax than the taxpayer would receive as a return from a low-risk bond aims to prevent a payment of tax to Inland Revenue being used as an investment.

Results of latest RBNZ figure review

12. According to Reserve Bank figures for July 2025, the Reserve Bank 90-day bank bill rate has fallen by 102 basis points from its rate when last used to adjust UOMI rates in December 2024, which triggers both UOMI rates to be reset.

13. Based on July 2025 figures when the reset was first triggered, the UOMI underpayment rate should be decreased to **8.97%**, while the UOMI overpayment rate should be decreased to **2.25%**, as follows:

13.1 The Reserve Bank floating first mortgage new customer housing rate has fallen by 92 basis points since December 2024 (the index at the last time the UOMI rates were set). Accordingly, the underpayment rate should also decrease by 92 basis points, from 9.89% to 8.97%.

13.2 The Reserve Bank 90-day bank bill rate has fallen by 102 basis points since December 2024. Accordingly, the overpayment rate should also decrease by 102 basis points, from 3.27% to 2.25%.

14. As the 90-day bank bill rate has decreased more than the Reserve Bank floating first mortgage new customer housing rate, the gap between the UOMI underpayment and overpayment rates would increase from 6.62% to 6.72%.

15. Changing the rates would result in the threshold for future rate changes being reset to a 100 basis points or more movement. A threshold of 20 basis points or more

would only apply if there is no further reset within 12 months of the new UOMI rates coming into force in January 2026.

Updating UOMI rates

16. UOMI rates are set by Order in Council. While administrative principles guide when officials recommend that UOMI rates be changed to stay aligned with market interest rates, you have discretion on whether to progress these changes. If you decide to not proceed with the adjustment, UOMI rates would be out of step with market rates and could impact incentives for taxpayers to pay the right amount of tax at the right time.

17. Depending on the future path of interest rates, if you agree to proceed with the adjustment, it is possible that another change to UOMI rates could be triggered again in the next few months. However, there is a proposal in the Taxation (Annual Rates for 2025–26, Compliance Simplification and Remedial Measures) Bill for UOMI changes to be made by a determination of the Commissioner of Inland Revenue. As such, if the Bill is enacted, this will likely be the final time UOMI rates are updated by Order in Council.

Fiscal impact

18. UOMI applies to both overpayments and underpayments of tax. More is charged by the Commissioner on underpayments than is paid to the taxpayer on overpayments. However, the charges to underpayments are impaired in the Crown accounts to reflect that most UOMI charged is never paid, and therefore must be written off. This means that a decrease in the underpayment rate also produces a decrease in impairment expenditure. The rate of impairment reflects the average repayment rate of recent debt, updated in October each year. The impairment rate for the year ended 30 June 2025 was 61.33% which is used throughout 2025/26.

19. With both impacts combined, there is an estimated net increase to total Operating of $10.8 million for the 2025/26 fiscal year and $23.6 million per annum for 2026/27 and later years. The net increase of $10.8 million for the 2025/26 fiscal year comprises a $31.4 million decrease in tax revenue and a $20.6 million decrease in impairment expenditure. The net increase to total Operating of $23.6 million per annum for 2026/27 and later years comprises a $69.0 million decrease in tax revenue and a $45.4 million reduction in impairment expenditure.

20. These impacts are shown in the following tables:

	$m - increase/(decrease)				
Vote Revenue Minister of Revenue	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Crown Revenue and Receipts:					
Tax Revenue:					
GST	(12.500)	(27.300)	(27.300)	(27.300)	(27.300)
Other Persons	(8.600)	(19.000)	(19.000)	(19.000)	(19.000)
Company tax	(5.700)	(12.600)	(12.600)	(12.600)	(12.600)
PAYE	(4.600)	(10.100)	(10.100)	(10.100)	(10.100)
Net impact on tax revenue	(31.400)	(69.000)	(69.000)	(69.000)	(69.000)
Total Operating	**31.400**	**69.000**	**69.000**	**69.000**	**69.000**

	$m - increase/(decrease)				
Vote Revenue **Minister of Revenue**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Non-Departmental Other Expenses: Impairment of Debt and Debt Write-Offs	(20.600)	(45.400)	(45.400)	(45.400)	(45.400)
Total Operating	**(20.600)**	**(45.400)**	**(45.400)**	**(45.400)**	**(45.400)**

21. As the proposed changes are consistent with the current policy, the fiscal impacts are forecast changes. This means the fiscal impacts flow through to OBEGALx and have no impact on allowances.

Consultation

22. Inland Revenue has consulted with the Treasury and the New Zealand Customs Service (Customs) on this report. They agree with the recommendations. The Department of the Prime Minister and Cabinet was informed.

23. Customs' compensatory interest has the same purpose as UOMI for the revenue that Customs collects for the Crown. For consistency, Customs aligns its compensatory interest rates with UOMI rates and would reflect any changes to UOMI rates in its compensatory rates. Customs advises that this change would have some small operational and financial impacts.

Next steps

24. Attached is a paper to take to the Cabinet Legislation Committee that recommends the approval of the Order in Council and the authorisation of its submission to the Executive Council. If you agree to adjust the UOMI rates, the paper should be lodged with the Cabinet Office by 10am, Thursday 27 November 2025. This would enable the Cabinet Legislation Committee to consider the paper at its meeting on 4 December 2025.

Recommended action

We recommend that you:

	Minister of Finance	*Minister of Revenue*

a) **note** that you have discretion on whether to progress changes to use of money interest (UOMI) rates, and that the thresholds for changing UOMI rates could be triggered several times within a short timeframe if interest rates continue to decrease quickly;

Noted Noted

b) **agree** to decrease the UOMI underpayment rate to 8.97% (from 9.89%) and to decrease the UOMI overpayment rate to 2.25% (from 3.27%), effective from 16 January 2026;

Agreed/Not agreed Agreed/Not agreed

c) **note** the following changes as a result of the decision in recommendation b) above, with a corresponding impact on the operating balance and/or net core Crown debt;

	$m - increase/(decrease)				
Vote Revenue **Minister of Revenue**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Crown Revenue and Receipts:					
Tax Revenue:					
GST	(12.500)	(27.300)	(27.300)	(27.300)	(27.300)
Other Persons	(8.600)	(19.000)	(19.000)	(19.000)	(19.000)
Company tax	(5.700)	(12.600)	(12.600)	(12.600)	(12.600)
PAYE	(4.600)	(10.100)	(10.100)	(10.100)	(10.100)
Net impact on tax revenue	(31.400)	(69.000)	(69.000)	(69.000)	(69.000)
Total Operating	**31.400**	**69.000**	**69.000**	**69.000**	**69.000**

Noted Noted

d) **approve** the following forecast change in appropriations for Non-Departmental Other Expense as a result of the decision in recommendation b) above, with a corresponding impact on the operating balance and/or net core Crown debt;

	$m - increase/(decrease)				
Vote Revenue **Minister of Revenue**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Non-Departmental Other Expenses: Impairment of Debt and Debt Write-Offs	(20.600)	(45.400)	(45.400)	(45.400)	(45.400)
Total Operating	**(20.600)**	**(45.400)**	**(45.400)**	**(45.400)**	**(45.400)**

Approved/Not approved Approved/Not approved

e) **note** that the proposed changes are consistent with the current policy so the fiscal impacts are forecast changes, and so will flow through to OBEGALx and have no impact on allowances;

Noted Noted

f) **agree** that Parliamentary Counsel Office draft an Order in Council to adjust the UOMI rates in line with recommendation b);

Agreed/Not agreed Agreed/Not agreed

g) **authorise** the lodgement of the attached Cabinet paper with the Cabinet Office by 10am, Thursday 27 November 2025 for consideration by the Cabinet Legislation Committee at its meeting on 4 December 2025.

Authorised/Not authorised

s 9(2)(a)

Melissa Siegel
Acting Policy Lead
Policy

Hon Nicola Willis	**Hon Simon Watts**
Minister of Finance	Minister of Revenue
/ /2025	/ /2025

In Confidence

Office of the Minister of Revenue

Chair, Cabinet Legislation Committee

Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025

Proposal

1 This paper seeks the Cabinet Legislation Committee's agreement to submit the Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025 to the Executive Council to amend the Taxation (Use of Money Interest Rates) Regulations 1998.

Executive summary

2 I propose to amend the Taxation (Use of Money Interest Rates) Regulations 1998 to reduce Inland Revenue's underpayment use of money interest (UOMI) rate to 8.97% and the overpayment UOMI rate to 2.25%.

Policy

3 The UOMI rates are an important component of tax compliance rules. By changing with the underlying market rates, the UOMI rates provide taxpayers with the incentive to pay the right amount of tax at the right time. They apply to all revenue and duties.

4 The Tax Administration Act 1994 provides for the UOMI underpayment and overpayment rates to be set by Order in Council. Once the rates are set, they remain the prescribed UOMI rates until subsequently changed by another Order in Council.

5 The rates are calculated using formulae established in the Taxation (Use of Money Interest Rates Setting Process) Regulations 1997 (the Regulations) and the Reserve Bank of New Zealand (RBNZ) survey of interest rates.

6 The Regulations provide that the interest rate for underpaid tax (the underpayment UOMI rate) should be set at the RBNZ floating first mortgage new customer housing rate plus 250 basis points. The floating first mortgage new customer housing rate reflects the variable interest rate offered by surveyed institutions to new borrowers for residential property, weighted by each surveyed institution's total lending outstanding for housing purposes.

7 The Regulations provide that the interest rate for overpaid tax (the overpayment UOMI rate) is set at the latest RBNZ 90-day bank bill rate less 100 basis points, or, if this would produce a negative figure, at 0%. The RBNZ 90-day bank bill rate is the monthly average of the daily standard rates.

8 The current underpayment and overpayment rates are 9.89% and 3.27% respectively. These rates were set by the Taxation (Use of Money Interest Rates) Amendment Regulations 2025 with effect from 8 May 2025 and were based on Reserve Bank figures for December 2024.

9 The RBNZ interest rates for July 2025 indicate that the 90-day bank bill rate has decreased by 102 basis points compared to the December 2024 figures used for the last adjustment. I consider that an adjustment of the UOMI rates is necessary to avoid a long-term misalignment. I therefore recommend the overpayment UOMI rate be decreased to 2.25%.

10 The floating first mortgage new customer housing rate used for the underpayment UOMI rate has decreased by 92 basis points since the last adjustment. Therefore, I also recommend that the underpayment UOMI rate be decreased to 8.97%.

Cost-of-living implications

11 The proposal effectively decreases the cost of tax debt for people and businesses that have underpaid their tax. Conversely, people and businesses that have overpaid their tax will receive slightly less compensation for doing so. These impacts are consistent with movements in market interest rates.

Timing

12 To minimise compliance costs, I propose that the new rates come into force on 16 January 2026, the day after the next standard provisional tax payment date. Therefore, I do not seek a waiver of the 28-day rule for the coming into force of the Order in Council.

Compliance

13 The regulations comply with the principles, Acts, guidelines, and requirements set out below:

13.1	the principles of the Treaty of Waitangi	Not applicable
13.2	the New Zealand Bill of Rights Act 1990	Not applicable
13.3	the Human Rights Act 1993	Not applicable
13.4	the principles and guidelines set out in the Privacy Act 1993	Not applicable
13.5	relevant international standards and obligations	Not applicable
13.6	the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee	Complies

Regulations Review Committee

14 There are no anticipated grounds for the Regulations Review Committee to draw the Order in Council to the attention of the House under Standing Order 327.

Certification by Parliamentary Counsel

15 The amendment regulations will be certified by the Parliamentary Counsel Office as being in order for submission to Cabinet.

Impact analysis

Regulatory impact assessment

16 The Ministry for Regulation has determined that this proposal is exempt from the requirement to provide a separate Regulatory Impact Statement on the grounds that the government has limited decision-making discretion.

Climate implications of policy assessment

17 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the threshold for significance is not met.

Financial impact

18 The proposal to change the UOMI rates, with the effective date of 16 January 2026, is estimated to result in an increase in total Operating of approximately $105.2 million over the forecast period. The change is proposed via the 2025/26 Supplementary Estimates.

19 The forecast net tax revenue impact of the decreased revenue from the underpayment adjustment and overpayment adjustment is shown in the table below:

	$ millions increase / (decrease)				
Vote Revenue Minister of Revenue	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Crown Revenue and Receipts:					
Tax Revenue:	(12.500)	(27.300)	(27.300)	(27.300)	(27.300)
GST	(8.600)	(19.000)	(19.000)	(19.000)	(19.000)
Other Persons	(5.700)	(12.600)	(12.600)	(12.600)	(12.600)
Company tax	(4.600)	(10.100)	(10.100)	(10.100)	(10.100)
PAYE					
	(31.400)	(69.000)	(69.000)	(69.000)	(69.000)
Net impact on tax revenue					
Total Operating	31.400	69.000	69.000	69.000	69.000

20 However, as a large part of underpayment debt is typically written off, there is a larger change to revenue than is factored above. To represent estimated write-offs, underpayments are impaired in the Crown accounts. The rate of impairment reflects the average repayment rate of recent debt, updated in October each year. The impairment rate for the year ended 30 June 2025 was 61.33% which is used throughout 2025/26. Forecast impairment expenditure is presented in the table below:

	$ millions increase / (decrease)				
Vote Revenue Minister of Revenue	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Non-Departmental Other Expenses: Impairment of debt and debt write-offs	(20.600)	(45.400)	(45.400)	(45.400)	(45.400)
Total Operating	(20.600)	(45.400)	(45.400)	(45.400)	(45.400)

21 As the proposed changes are consistent with the current policy, the fiscal impacts are forecast changes. This means the fiscal impacts flow through to OBEGALx and have no impact on allowances.

Communications

22 Inland Revenue will publish an article about these changes in its *Tax Information Bulletin*.

Proactive release

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

Consultation

24 The Treasury and the New Zealand Customs Service have been consulted in the preparation of this paper. The Department of the Prime Minister and Cabinet was informed.

Recommendations

I recommend that the Committee:

1 **agree** that the underpayment use of money interest rate decrease from 9.89% to 8.97%;

2 **agree** that the overpayment use of money interest rate decrease from 3.27% to 2.25%;

3 **agree** that the Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025 give effect to the rates referred to in recommendations 1 and 2 above;

4 **agree** that the Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025 come into force on 16 January 2026;

5 **note** the following changes as a result of the decision in recommendations 1 and 2 above, with a corresponding impact on the operating balance and/or net core Crown debt:

	$ millions increase / (decrease)				
Vote Revenue Minister of Revenue	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Crown Revenue and Receipts:					
Tax Revenue:	(12.500)	(27.300)	(27.300)	(27.300)	(27.300)
GST	(8.600)	(19.000)	(19.000)	(19.000)	(19.000)
Other Persons	(5.700)	(12.600)	(12.600)	(12.600)	(12.600)
Company tax	(4.600)	(10.100)	(10.100)	(10.100)	(10.100)
PAYE					
	(31.400)	(69.000)	(69.000)	(69.000)	(69.000)
Net impact on tax revenue					
Total Operating	31.400	69.000	69.000	69.000	69.000

6 **approve** the following forecast change in appropriations for Non-Departmental Other Expenses as a result of the decision in recommendations 1 and 2, with a corresponding impact on the operating balance and/or net core Crown debt:

	$ millions increase / (decrease)				
Vote Revenue Minister of Revenue	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Non-Departmental Other Expenses: Impairment of debt and debt write-offs	(20.600)	(45.400)	(45.400)	(45.400)	(45.400)
Total Operating	(20.600)	(45.400)	(45.400)	(45.400)	(45.400)

7 **note** that the proposed changes are consistent with the current policy so the fiscal impacts are forecast changes, and so will flow through to OBEGALx and have no impact on allowances.

8 **agree** that the proposed change to appropriations for 2025/26 above be included in the 2025/26 Supplementary Estimates.

9 **authorise** the submission of the Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025 to the Executive Council.

10 **note** that the New Zealand Customs Service (Customs) compensatory interest rates have the same purpose as use of money interest for the revenue that Customs collects for the Crown, and for consistency Customs should reflect the changes to use of money interest rates in its compensatory interest rates.

Authorised for lodgement

Hon Simon Watts

Minister of Revenue

LEG-25-MIN-0251

Cabinet Legislation Committee

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.

Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025

Portfolio **Revenue**

On 4 December 2025, the Cabinet Legislation Committee:

1 **agreed** that the underpayment use of money interest rate decrease from 9.89 percent to 8.97 percent;

2 **agreed** that the overpayment use of money interest rate decrease from 3.27 percent to 2.25 percent;

3 **noted** that the Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025 give effect to the decisions above;

4 **noted** that the Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025 will come into force on 16 January 2026;

5 **noted** the following changes as a result of the decisions in paragraphs 1 and 2 above, with a corresponding impact on the operating balance and/or net core Crown debt:

	$ millions increase / (decrease)				
Vote Revenue Minister of Revenue	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Crown Revenue and Receipts:					
Tax Revenue:	(12.500)	(27.300)	(27.300)	(27.300)	(27.300)
GST	(8.600)	(19.000)	(19.000)	(19.000)	(19.000)
Other Persons	(5.700)	(12.600)	(12.600)	(12.600)	(12.600)
Company tax	(4.600)	(10.100)	(10.100)	(10.100)	(10.100)
PAYE					
	(31.400)	(69.000)	(69.000)	(69.000)	(69.000)
Net impact on tax revenue					
Total Operating	31.400	69.000	69.000	69.000	69.000

6 **approved** the following forecast change in appropriations for Non-Departmental Other Expenses as a result of the decisions in paragraphs 1 and 2, with a corresponding impact on the operating balance and/or net core Crown debt:

	$ millions increase / (decrease)				
Vote Revenue **Minister of Revenue**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Non-Departmental Other Expenses: Impairment of debt and debt write-offs	(20.600)	(45.400)	(45.400)	(45.400)	(45.400)
Total Operating	(20.600)	(45.400)	(45.400)	(45.400)	(45.400)

7 **noted** that the above changes are consistent with the current policy so the fiscal impacts are forecast changes, and so will flow through to OBEGALx and have no impact on allowances;

8 **agreed** that the change to appropriations for 2025/26 above be included in the 2025/26 Supplementary Estimates;

9 **authorised** the submission of the Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025 [PCO 28547/3.0] to the Executive Council;

10 **noted** that the New Zealand Customs Service (Customs) compensatory interest rates have the same purpose as use of money interest for the revenue that Customs collects for the Crown, and, for consistency, Customs should reflect the changes to use of money interest rates in its compensatory interest rates.

Tom Kelly
Committee Secretary

Present:
Hon David Seymour
Hon Chris Bishop (Chair)
Hon Paul Goldsmith
Hon Shane Jones
Hon Nicole McKee
Hon Casey Costello
Hon James Meager
Stuart Smith, MP

Officials present from:
Officials Committee for LEG
Office of the Associate Minister of Justice (Hon Nicole McKee)