

Hon Todd McClay

Minister of Revenue

15 May 2014

Cheque duty to be abolished in July

Cheque duty will be abolished from 1 July 2014, Revenue Minister Todd McClay says.

“The Government’s focus is to ensure the fair treatment of taxpayers and to reduce customers’ compliance costs wherever possible,” he says.

“Cheque duty is a relic from a previous age and no longer serves the function it was intended for. It is also distortionary in that other methods of payment do not have an equivalent tax.”

Revenue raised from cheque duty has been in steady decline due to falling cheque use. Cheque duty raised \$17 million in 1991/92 and \$10 million in 2001/02, but it now raises only about \$4 million a year.

Removing it will cost \$15.5 million over four years.

The duty is applied at five cents per cheque. It will be repealed in Budget legislation introduced today.

“While the popularity of cheques has declined, they are still common enough for the duty to be a cost for a significant number of businesses and people.

“Repealing the tax will benefit those who still use cheques, and it will also reduce compliance costs for banks and printers of cheques.”

To seek a refund of cheque duty paid on any unused cheques, people should speak to their bank before 1 July 2014.

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