



# Cabinet

## Minute of Decision

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### Options for Taxing the Digital Economy

**Portfolios**                      **Finance / Revenue**

On 18 February 2019, Cabinet:

- 1        **noted** that the government is considering measures recommended by the Tax Working Group to improve the New Zealand tax system;
- 2        **noted** that there is a problem with the current taxation of the digital economy, both in New Zealand and internationally;
- 3        **noted** that a number of countries, including Australia, are investigating or implementing digital services taxes (DSTs);
- 4        **agreed** that New Zealand should continue to participate in the OECD discussions on the taxation of the digital economy, with a view to supporting a long-term solution (bearing in mind its effect on New Zealand exporters);
- 5        **agreed** that the government should also actively consider a possible DST as an option for taxing the digital economy, in case the OECD are unable to achieve sufficient progress in 2019;
- 6        **directed** officials to draft a discussion document to get public feedback on the options for taxing the digital economy (being the international solution and the DST);
- 7        **agreed** that the discussion document should state that:
  - 7.1      the government is determined to ensure that multinational companies pay their fair share of tax in New Zealand;
  - 7.2      the government is actively considering introducing a DST in advance of an international solution. While New Zealand is committed to finding a solution at the OECD, if sufficient progress is not made in 2019, a DST is a credible option;
  - 7.3      the government sees real benefits in aligning New Zealand's position on a DST with Australia;
  - 7.4      the DST initially proposed would be like the one proposed by the United Kingdom;
  - 7.5      the DST would be an interim measure that would cease to apply once an international solution was adopted;

- 7.6 the government would aim to design the DST so that it was consistent with New Zealand's international obligations (which is expected to be possible);
- 8 **authorised** the Prime Minister, Minister of Finance and the Minister of Revenue to decide when the discussion document will be released;
- 9 **noted** that the Minister of Finance and the Minister of Revenue, in consultation with the Prime Minister, will report back to Cabinet with a draft of the discussion document prior to its release.

Michael Webster  
Secretary of the Cabinet

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**Hard-copy distribution:**

Prime Minister  
Deputy Prime Minister  
Minister of Finance  
Minister of Revenue