



# Cabinet Legislation Committee

## Minute of Decision

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### Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations 2019

**Portfolio**                      **Revenue**

On 19 November 2019, the Cabinet Legislation Committee:

- 1        **noted** that the Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations 2019 set the prescribed rate of interest for calculating the taxable benefit of low-interest, employment-related loans;
- 2        **noted** that, consistent with the latest results of the Reserve Bank's survey, the Fringe Benefit Tax (FBT) prescribed rate of interest should be lowered from 5.77 per cent to 5.26 per cent for the quarter which commenced on 1 October 2019;
- 3        **noted** that lowering the prescribed rate will have the following impact on Crown Revenue:

	\$m decrease				
Vote Revenue	2018/19	2019/20	2020/21	2021/22	2022/23 & Outyears
Decreased FBT revenue	(0.82)	(1.09)	(1.09)	(1.09)	(1.09)

- 4        **noted** that the impact in paragraph 3 is a forecast change and does not have appropriation implications;
- 5        **authorised** the submission to the Executive Council of the Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations 2019 [PCO 22508];
- 6        **noted** that a waiver of the 28-day rule is sought on the grounds that early commencement is necessary to enable the lower rate to apply from the start of the current quarter, and will only confer benefits on those affected;
- 7        **declined** a waiver of the 28-day rule;
- 8        **noted** that the Regulations will come into force 28 days after their notification in the Gazette;

- 9 **noted** that the Minister of Revenue will issue a press statement announcing the decrease once the Regulations are made.

Gerrard Carter  
Committee Secretary

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**Present:**

Hon Chris Hipkins (Chair)  
Hon Andrew Little  
Hon David Parker  
Hon Stuart Nash  
Hon Iain Lees-Galloway  
Hon Jenny Salesa  
Hon Tracey Martin  
Hon Eugenie Sage  
Michael Wood MP (Senior Government Whip)

**Officials present from:**

Office of the Prime Minister  
Officials Committee for LEG

**Hard-copy distribution:**

Minister of Revenue