



Cabinet

Minute of Decision

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Taxation (Use of Money Interest Rates) Amendment Regulations 2020

Portfolio Revenue

On 4 May 2020, Cabinet:

- 1 **agreed** that the use of money interest rate on underpayments of tax be changed to 7.00% from 8.35%;
- 2 **agreed** that the use of money interest rate on overpayments of tax be changed to 0.00% from 0.81%;
- 3 **noted** that the Taxation (Use of Money Interest Rates) Amendment Regulations 2020 give effect to the new rates above;
- 4 **noted** the following changes as a result of the decisions in paragraphs 1 and 2 above, with a corresponding impact on the operating balance:

Vote Revenue Minister of Revenue	2019/20	\$ millions increase (decrease)			2023/24 & outyears
		2020/21	2021/22	2022/23	
Crown Revenue and Receipts: Tax Revenue	(3.000)	(19.000)	(19.000)	(19.000)	(19.000)
Total Operating	3.000	19.000	19.000	19.000	19.000

- 5 **approved** the following forecast change in appropriations for Non-Departmental Other Expense as a result of the decisions in paragraphs 1 and 2 above, with a corresponding impact on the operating balance:

Vote Revenue Minister of Revenue	2019/20	\$ millions increase (decrease)			2023/24 & outyears
		2020/21	2021/22	2022/23	
Non-Departmental Other Expense: Impairment of debt and debt write-offs (funded by Revenue Crown)	(6.000)	(39.000)	(39.000)	(39.000)	(39.000)
Total Operating	(6.000)	(39.000)	(39.000)	(39.000)	(39.000)

- 6 **authorised** the submission to the Executive Council of the Taxation (Use of Money Interest Rates) Amendment Regulations 2020 [PCO 22913/2.0];
- 7 **noted** that a waiver of the 28-day rule is sought:
 - 7.1 so that the regulations can come into force on 8 May 2020;
 - 7.2 on the grounds that this will allow the regulations to be in force for the day immediately following the next standard instalment of provisional tax, which will have the benefit of providing support for some taxpayers to help cushion the economic impacts of COVID-19;
- 8 **agreed** to a waiver of the 28-day rule so that the regulations can come into force on 8 May 2020;

Michael Webster
Secretary of the Cabinet