



POLICY AND REGULATORY STEWARDSHIP

Tax policy report: Taxation (Budget 2021 and Remedial Measures) Bill: Approval for introduction

Date:	14 May 2021	Priority:	High
Security level:	Sensitive - Budget	Report number:	IR2021/225

Action sought

	Action sought	Deadline
Minister of Revenue	Agree to introduce the Taxation (Budget 2021 and Remedial Measures) Bill and for it to be passed through all stages under urgency on Thursday 20 May 2021	20 May 2021
	Agree to forward a copy of this report to the Minister of Finance and to the Leader of the House	20 May 2021

Contact for telephone discussion (if required)

Name	Position	Telephone
Peter Frawley	Policy Lead	s 9(2)(a)
Philip Marshall	Senior Policy Advisor	

14 May 2021

Minister of Revenue

Taxation (Budget 2021 and Remedial Measures) Bill: Approval for introduction

Summary

1. This report seeks your approval to introduce the *Taxation (Budget 2021 and Remedial Measures) Bill* (the Bill) and for it to be passed through all stages under urgency on Thursday 20 May 2021.
2. A copy of the Bill is attached.
3. Cabinet has authorised you to introduce the Bill, after consultation with the Minister of Finance and the Leader of the House (CAB-21-MIN-0116.33 refers).

Contents of the Bill

4. The Bill contains proposed amendments to the Income Tax Act 2007 and the Child Support Act 1991.

Minimum Family Tax Credit threshold increase

5. The amendments to the Income Tax Act 2007 propose increasing the Minimum Family Tax Credit threshold from \$30,576 per annum (after tax) to \$31,096 per annum (after tax) from 1 July 2021 (the MFTC threshold increase).
6. The MFTC threshold increase is required as a consequence of the Budget 2021 benefit rate increases, and ensures that, on an annual basis, eligible low-income families continue to be better off in work and receiving the MFTC, than they would be on the benefit.
7. On 12 April 2021, Cabinet:
 - 7.1 agreed to the MFTC threshold increase;
 - 7.2 agreed that the legislative amendments implementing Minimum Family Tax Credit threshold increase be introduced and progressed under urgency on Budget Day 2021 (Thursday 20 May); and
 - 7.3 authorised you to introduce the Bill, after consultation with the Minister of Finance and the Leader of the House.

(CAB-21-MIN-0116.33 refers)

Correction of child support late payment penalty application date

8. The Bill also contains proposed amendments to the Child Support Act 1991. These amendments correct a small drafting error relating to the application date of late payment penalty changes made in the Child Support Amendment Act 2021.

9. These amendments have only been included in the Bill on a provisional basis, and are still subject to decisions that have been sought from you by officials in *Tax policy report: Child support penalty changes – application date correction* (IR2021/196).

Next steps

10. The Bill is scheduled to be introduced and passed through all stages under urgency on Thursday 20 May.

Recommended action

We recommend that you:


11. **agree** to introduce the Taxation (Budget 2021 and Remedial Measures) Bill and for it to be passed through all stages under urgency on Thursday 20 May 2021.

Agreed/Not agreed

12. **agree** to forward a copy of this report to the Minister of Finance and to the Leader of the House.

Agreed/Not agreed

s 9(2)(a)



Peter Frawley

Policy Lead

Policy and Regulatory Stewardship