



# Cabinet Legislation Committee

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations 2023

**Portfolio**                      **Revenue**

On 23 February 2023, the Cabinet Legislation Committee:

- 1        **noted** that the Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations 2023 (the Regulations) set the prescribed rate of interest for calculating the taxable benefit of low-interest, employment-related loans;
- 2        **agreed** that, consistent with the results of the Reserve Bank's survey for December 2022, the FBT prescribed rate of interest should be raised from 6.71% to 7.89% from the quarter commencing on 1 April 2023;
- 3        **noted** the following changes as a result of the decision in paragraph 2, with a corresponding impact on the operating balance:

\$millions increase/(decrease)					
Vote Revenue	2022/23	2023/24	2024/25	2025/26	2026/27 & out years
FBT revenue	0.780	3.100	3.100	3.100	3.100
Company tax	(0.220)	(0.870)	(0.870)	(0.870)	(0.870)
Net revenue	0.560	2.230	2.230	2.230	2.230
Impact on operating balance	(0.560)	(2.230)	(2.230)	(2.230)	(2.230)

- 4        **noted** that the changes are forecast changes and do not have appropriation implications;
- 5        **authorised** the submission to the Executive Council of the Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations 2023 [PCO 25276/2.0];
- 6        **noted** that the Regulations come into force on 1 April 2023.

Rebecca Davies  
Committee Secretary

**Attendance: see over**

**Present:**

Hon Grant Robertson (Chair)  
Hon Andrew Little  
Hon Peeni Henare  
Hon Barbara Edmonds  
Tangi Utikere, MP (Chief Government Whip)

**Officials present from:**

Office of the Prime Minister  
Officials' Committee for LEG