

Families Package (Income Tax and Benefits) Bill

Government Bill

Explanatory note

General policy statement

This Bill gives effect to policy changes announced in the Speech from the Throne. These form a Families Package of changes to income tax and benefits. The Families Package replaces part of the earlier Budget 2017 Family Incomes Package, which was mostly enacted in the *Taxation (Budget Measures: Family Incomes Package) Act 2017*.

Objectives

The Families Package is designed to provide targeted social assistance to improve incomes for low- and middle-income families with children, and to reduce child poverty. It is part of the Government's focus on ensuring children get the best start in life, and complements other legislation to increase the number of weeks of paid parental leave from 1 July 2018 and 1 July 2020.

The Package also provides income support for some families without children through the reinstatement of the independent earner tax credit, the introduction of the Winter Energy Payment, and some changes to Accommodation Supplement.

The Families Package will:

- repeal the tax threshold changes, reinstate the independent earner tax credit, and repeal *Working for Families* tax credit changes legislated as part of the Budget 2017 Family Incomes Package:
- boost incomes for low- and middle-income families by increasing payments of family tax credit, and raising the *Working for Families* tax credit abatement threshold:
- increase financial assistance provided to caregivers receiving Orphan's Benefit and Unsupported Child's Benefit:

- introduce a Best Start tax credit to help families with costs in a child's early years:
- introduce a Winter Energy Payment to help older New Zealanders and those in receipt of a main benefit to heat their homes over winter:
- implement changes to Accommodation Supplement.

The other measures announced as part of the Families Package, including changes to the Accommodation Supplement and Accommodation Benefit maximum rates of payment, are dealt with separately to this Bill through regulations (2 of which were enacted as part of the Budget 2017 Family Incomes Package and reconfirmed in the Families Package).

Specific changes

The following is a brief summary of the policy measures contained in this Bill.

Personal tax changes

This Bill repeals the personal tax changes enacted by the *Taxation (Budget Measures: Family Incomes Package) Act 2017*. This will allow for revenue to instead be targeted to various social assistance programmes through the income tax and benefit systems. The personal income tax thresholds from 1 April 2018 for the 2018–19 income year and later will be those currently applying for the 2017–18 income year. Repealing the current legislated change in tax thresholds, which would have applied from 1 April 2018, will change the tax thresholds as set out in Table 1.

Table 1: Personal income tax thresholds

Current legislated bracket from 1 April 2018 (\$)	New bracket from 1 April 2018 (\$)	Rate
1 – 22,000	1 – 14,000	10.5%
22,001 – 52,000	14,001 – 48,000	17.5%
52,001 – 70,000	48,001 – 70,000	30%
70,001+	70,001+	33%

The consequential amendments that are in the *Taxation (Budget Measures: Family Incomes Package) Act 2017* will be similarly repealed, including changes to fringe benefit tax attribution thresholds, employer superannuation contribution tax thresholds, portfolio investment entity thresholds, PAYE codes, non-filing thresholds, extra pays, and secondary tax. The uplift factor for individual provisional taxpayers who use the uplift method is also reinstated.

Independent earner tax credit

This Bill reinstates the independent earner tax credit from 1 April 2018 (which is the date it was going to be repealed). The independent earner tax credit will be reinstated as it is currently: an annual tax credit of \$520 a year applying to individual incomes of \$24,000 to \$44,000 a year, and abated from \$44,000 at a rate of 13% (fully abated by \$48,000).

A person cannot claim the independent earner tax credit if they, or their partner, are eligible for a Best Start tax credit. This is achieved from defining a Best Start tax credit as a *Working for Families* tax credit in *section MA 8* of the *Income Tax Act 2007*. The eligibility criteria for the independent earner tax credit already excludes people eligible for *Working for Families* tax credits.

Working for families tax credits

This Bill repeals the *Working for Families* tax credit changes enacted by the *Taxation (Budget Measures: Family Incomes Package) Act 2017*. As a result, the family tax credit amounts, *Working for Families* tax credit abatement rate, and threshold from 1 April 2018 will be the same as they were on 1 April 2017.

The abatement rate for the *Working for Families* tax credits will increase from 22.5% to 25% from 1 July 2018. For the 2018–19 tax year only, the abatement rate for the year will be 24.38%.

The abatement threshold for the *Working for Families* tax credits will increase from \$36,350 a year to \$42,700 a year from 1 July 2018. For the 2018–19 tax year only, the abatement threshold for the year will be \$41,116.

As a consequence of the changes to abatement rate and abatement threshold, this Bill repeals sections in a number of Acts that were to phase the abatement rate up to 25% and the abatement threshold down to \$35,000 over time. These sections are no longer required given the change in policy settings.

The consequential changes in the *Taxation (Budget Measures: Family Incomes Package) Act 2017* for *Working for Families* tax credits around the indexation of family tax credits are re-enacted in this Bill. The date from which the *Consumers Price Index: All Groups excluding cigarettes and tobacco* is measured from is amended from 1 April 2018 to 1 July 2018 to reflect the new date on which the amounts of family tax credit are increased.

Family tax credit

This Bill will increase the family tax credit amounts from 1 July 2018. This will increase the interim weekly or fortnightly payments of family tax credit from 1 July 2018. It will also increase the annual entitlement amount for family tax credit, but not by the full amount in the 2018–19 tax year. The annual amount in the 2018–19 tax year will be an average of the 2 amounts reflecting the amounts are increasing part-way through the tax year. From the 2019–20 tax year onwards the annual amounts will be the same as the amounts listed for 1 July 2018 in the table below.

Table 2: Family tax credit amounts

	1 April 2018	1 July 2018	Annual amount for 2018–19 tax year	Weekly increase from 1 July 2018
Eldest child, 16-18	\$5,303		\$5,734	\$11.06
Eldest child, 0-15	\$4,822	\$5,878	\$5,614	\$20.31
Subsequent child, 16-18	\$4,745		\$4,745	–
Subsequent child, 13-15	\$3,822	\$4,745	\$4,514	\$17.75
Subsequent child, 0-12	\$3,351		\$4,397	\$26.80

The combination of the increase in family tax credit amounts and increase in abatement threshold will mean a significant increase in payments to lower-income families with younger children.

Orphan's benefit and unsupported child's benefit

This Bill increases the rates of payment for the Orphan's Benefit and Unsupported Child's Benefit by \$20.31 per week, from 1 July 2018. This increase reflects the increase in the eldest child amount of family tax credit for children aged 0-15 years old from the same date. There will be similar increases in the Foster Care Allowance paid to foster caregivers. No legislative changes are required to increase the rates of Foster Care Allowance as *section 363 of the Oranga Tamariki Act 1989* gives the Chief Executive of the Ministry for Vulnerable Children, Oranga Tamariki, the authority to determine and therefore increase the rates of Foster Care Allowance.

Caregivers in receipt of the Orphan's Benefit and Unsupported Child's Benefit, and the Foster Care Allowance, will also be able to apply for the Best Start tax credit.

Minimum family tax credit

This Bill increases the threshold of the minimum family tax credit from \$23,816 to \$26,156 for the 2018–19 tax year and later years to ensure the policy objective is maintained, that beneficiaries with children will be better off in full-time work, following the introduction of the Winter Energy Payment and the annual indexation of main benefit rates.

Parental tax credit

The Best Start tax credit will replace the parental tax credit from 1 July 2018. This Bill will change the eligibility criteria for the parental tax credit so it no longer applies to children born on or after 1 July 2018. A principal caregiver will not be eligible to receive the parental tax credit and the Best Start tax credit for the same child.

Best Start tax credit

This Bill introduces a new tax credit in the Income Tax Act 2007 for families of children under the age of three, referred to as the Best Start tax credit (**Best Start**). Best

Start will be defined as a *Working for Families* tax credit in *section MA 8 of the Income Tax Act 2007*.

Best Start is a payment of up to \$3,120 a year per child to help families with the costs in a child's early years, up until the child turns 3. It is intended to give all families extra support in the first year of a child's life and targeted support for low- and middle-income families with children aged 1 or 2.

In the first year of a child's life, there is no income abatement applied to the Best Start payment. If the principal caregiver is also receiving a paid parental leave payment, they cannot also receive Best Start payments for the same period of time as paid parental leave payments for the same child. Once paid parental leave ceases to be payable, Best Start payments can be made for the rest of the eligible period. A principal caregiver cannot receive a parental tax credit and Best Start payment for the same child.

In the second and third years of a child's life, Best Start payments will be abated at 21% for family income over \$79,000 a year. Where payments are made for more than 1 child, they will be abated sequentially. Payments will cease when the child turns 3 years old, or the child or the principal caregiver no longer meets the eligibility criteria. If a child dies before they turn 3, payments can continue for 4 weeks before they cease.

Best Start will come into effect from 1 July 2018 and will apply to:

- children born on or after 1 July 2018; and
- children born before 1 July 2018 where there was an expected due date on or after 1 July 2018.

Payments will be made to principal caregivers of dependent children, who meet the specified eligibility criteria. These criteria are similar to those that apply for the family tax credit, with some exceptions. Best Start will be available to caregivers who receive Orphan's Benefit, Unsupported Child's Benefit, or Foster Care Allowances for that child.

The Best Start payment amount of \$3,120 will be able to be increased by Order in Council when the *Consumers Price Index: All Groups excluding cigarettes and tobacco* exceeds a cumulative 5%. The first Order in Council increase would be measured from 1 July 2018. The Order in Council provision would also allow for an increase in the Best Start abatement threshold (currently \$79,000).

Best Start will primarily be paid by Inland Revenue. There is provision in the *Tax Administration Act 1994* for payments to be made by the Ministry of Social Development to principal caregivers who are in receipt of a main benefit under the *Social Security Act 1964*.

Winter Energy Payment

This Bill introduces a new Winter Energy Payment (**WEP**) in the Social Security Act 1964 for recipients of main benefits, New Zealand Superannuation, and Veteran's

Pension. The WEP will support those recipients to meet their household heating costs during the winter period.

As such, the WEP will not be available to people who are receiving long-term residential care in a hospital or rest home or who are receiving residential care services (where that care is or those services are funded under the New Zealand Public Health and Disability Act 2000). It will be reviewed and may be terminated for people who have their rate of main benefit reduced because they are a long-term hospital patient. A person must be in New Zealand over the winter period in order to receive the WEP. As such, the WEP is only payable to a beneficiary (who continues to receive their main benefit, veteran's pension, or New Zealand superannuation) for 1 or more days during any absence of the beneficiary from New Zealand if that absence is equal to or shorter than 4 weeks during the winter period.

People may also elect not to receive the WEP and inform the Ministry of Social Development accordingly. However, they may revoke this election and receive the WEP again.

The amount of payment for the full winter period will be:

- \$450 for single people without dependent children:
- \$700 for couples and for single people with dependent children.

Children for whom an Orphan's Benefit, Unsupported Child's Benefit, and Foster Care allowance are paid will be counted as dependent children for the purposes of the rate of WEP.

The WEP will be payable from 1 May each year for the following 22 weeks. Instalments will be paid fortnightly for New Zealand Superannuation and Veteran's Pension recipients, and weekly for main benefit recipients.

In the first year, the WEP will be paid from 1 July 2018 for the following 13 weeks (or 6 fortnights). The amount of the payment for the 2018 winter period will accordingly be \$265.91 for single people and \$413.64 for couples and single people with dependent children.

Accommodation supplement

This Bill removes the requirement that the area boundaries be updated from time to time as defined by the Government Statistician and confirms the area boundaries as defined by the Government Statistician as at 26 June 2017, while still allowing the changes to area boundaries that will be made on 1 April 2018 by the *Social Security (Budget 2017—Rates of, and Area for, Accommodation Supplement) Order 2017* to proceed. The Bill provides the ability to make regulations to define the Accommodation Supplement area boundaries. Once the first regulations are made, the area boundary definitions in the Act will be repealed.

Departmental disclosure statement

The Inland Revenue Department and the Ministry of Social Development are required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure

statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2017&no=4>.

Regulatory impact statement

The Treasury produced a regulatory impact statement on 24 November 2017 to help inform the main policy decisions taken by the Government relating to the contents of this Bill.

A copy of this regulatory impact statement can be found at—

- <http://www.treasury.govt.nz/publications/informationreleases/ris/treasury/fp>

Clause by clause analysis

Clause 1 gives the title of the Act.

Clause 2 gives the dates on which clauses come into effect.

Part 1

Income tax

Subpart 1—Best Start tax credit

Clause 3 provides that *clauses 4 to 23* amend the *Income Tax Act 2007*.

Clauses 4 to 9, and 11 change cross-references in the *Income Tax Act 2007*, as a consequence of the Best Start tax credit.

Clauses 10, 12, and 13 insert references to the Best Start tax credit in appropriate core provisions within the *Working for Families* regime, to ensure that the base rules of the *Working for Families* regime apply for the Best Start tax credit.

Clause 14 amends *section MC 6*, to ensure that a person does not get the Best Start tax credit at the same time that they receive a parental tax credit, paid parental leave, or certain other forms of social assistance (ie a parent's allowance or a children's pension).

Clauses 15 and 16 change cross-references, as a consequence of the Best Start tax credit.

Clause 17 amends *section MD 11*, to stop a person receiving parental tax credit for children born on and after 1 July 2018 (ie the start date for the Best Start tax credit). For a child born before then, but with an expected due date of after then, the person may be entitled to the Best Start tax credit. However, they may elect to receive parental tax credit instead of the Best Start tax credit.

Clause 18 amends *section MF 1*, to provide an application for payment, by the Commissioner, by way of instalment for the Best Start tax credit, as per the usual *Working for Families* regime.

Clause 19 amends *section MF 2*, to provide that the Commissioner does not have to pay by way of instalment for the Best Start tax credit for certain beneficiaries, as per the usual *Working for Families* regime.

Clause 20 amends *section MF 4*, to provide for the calculation of a payment by the Commissioner, by way of instalment for the Best Start tax credit, as per the usual *Working for Families* regime.

Clause 21 amends *section MF 7*, to provide an inflation-linked Order in Council mechanism to enable changes to the amount of the Best Start tax credit, and an Order in Council mechanism to enable changes to the abatement threshold and abatement rate for the Best Start tax credit.

Clause 22 inserts a *new subpart MG*, to provide the Best Start tax credit. *New section MG 1* provides the base credit entitlement. A principal carer is entitled for a dependent child under 3 years old, if the relevant base criteria are met (eg residency). *New section MG 2* provides the Best Start credit amount of \$3,120 a year. It also provides for shared care of a child, and for continuation following the death of a child. An Order in Council mechanism to enable changes to the amount of the Best Start tax credit is included. *New section MG 3* provides for the abatement of a person's Best Start tax credit entitlement at the rate of 21 cents for every dollar over the threshold of \$79,000 of family scheme income. Also, an Order in Council mechanism is provided, to enable changes to the abatement threshold and abatement rate for the Best Start tax credit. *New section MG 4* provides for some persons, who have received an income-tested benefit, to have their entitlement to the Best Start tax credit protected, for the purposes of the abatement calculation in *new section MG 3*.

Clause 23 amends *section YA 1*, which contains definitions. *New subclauses (2) and (5) to (8)* make cross-reference changes for the Best Start tax credit. *New subclause (3)* provides a definition of *Best Start credit abatement*, as part of calculating a person's Best Start tax credit entitlement. *New subclause (4)* provides a definition of *Best Start tax credit*, as part of calculating a person's Best Start tax credit entitlement. *New subclause (9)* amends the definition of *dependent child*, to ensure that people in receipt of certain benefits for children are entitled to the Best Start tax credit. *New subclauses (10) to (20) and (22) to (25)* make cross-reference or consequential changes for the Best Start tax credit. *New subclause (21)* provides a definition of *protected Best Start tax credit*, to prevent abatement of the Best Start tax credit.

Clause 24 provides that *clauses 25 to 40* amend the *Tax Administration Act 1994*.

Clauses 25 to 40 amend the *Tax Administration Act 1994*, to ensure that the standard administration and instalment payment provisions for *Working for Families* tax credits apply for the Best Start tax credit, as appropriate. The 1 departure from the standard administration is made for Best Start recipients who have no other *Working for Families* tax credits and 1 child under 1 year old: To lower these recipients' compliance burden, no income information is requested. See *clauses 28 and 36*.

Clause 41 amends the *Housing Restructuring and Tenancy Matters Act 1992*, as a consequential matter, to ensure that the Best Start tax credit is taken account of appropriately in that Act.

Clause 42 amends the *Social Security Act 1964*, as a consequential matter, to ensure that the Best Start tax credit is taken account of appropriately in that Act.

Clause 43 amends the *Social Security Act 1964*, as a consequential matter, to ensure that the Best Start tax credit is taken account of appropriately in the calculation of temporary additional support.

Clause 44 amends the *Privacy (Information Sharing Agreement between Inland Revenue and Ministry of Social Development) Order 2017*, as a consequential matter, to ensure that the Best Start tax credit is taken account of appropriately in that Order.

Clause 45 amends the *Taxation (Abated Interim Payments of subparts MA to MF and MZ Credit) Regulations 2002*, as a consequential matter, to ensure that the Best Start tax credit is taken account of appropriately in the interim payment of WFF tax credits.

Subpart 2—Working for Families

Clause 46 repeals the *Taxation (Budget Measures: Family Incomes Package) Act 2017*, to remove the personal tax cuts in that Act, and to re-instate the independent earner tax credit (IETC).

Clause 47 provides that *clauses 48 to 57* amend the *Income Tax Act 2007*.

Clause 48 amends *section MD 3*, to provide, for the 2018–19 tax year, average annual amounts of the family tax credit that take into account the increases to the tax credit on 1 July 2018.

Clause 49 amends *section MD 3*, to provide, for the 2019–20 and later tax years, the increased annual amounts of the family tax credit that take into account the increases to the tax credit on 1 July 2018.

Clause 50 amends *section MD 13*, to provide, for the 2018–19 tax year, average annual abatement thresholds and rates for the family tax credit that take into account the increases for the tax credit on 1 July 2018.

Clause 51 amends *section MD 13*, to provide, for the 2019–20 and later tax years, the increased annual abatement thresholds and rates for the family tax credit that take into account the increases for the tax credit on 1 July 2018.

Clause 52 amends *section ME 1*, to increase the minimum family tax credit, to align with the targeted social assistance increases in this Bill.

Clauses 53 and 54 repeal *sections MF 4D and MF 4E*. They are redundant.

Clause 55 inserts *new sections MF 4F and MF 4G*, to provide instalment amounts for the 2 parts of the 2018–19 tax year, to reflect increases in family tax credit from 1 July 2018.

Clause 56 amends *section MF 7*, to reset the inflation indexation to account for the 1 July 2018 increases to the family tax credit.

Clause 57 amends *section MF 7*, to change cross-references and repeal redundant provisions, consequential to the increases to the family tax credit.

Clause 58 amends the *Taxation (Annual Rates and Budget Measures) Act 2011*, by removing redundant provisions as a consequence of the increases to the family tax credit amounts, abatement thresholds, and rates on 1 July 2018.

Part 2 Benefits

Subpart 1—Winter energy payment

Clause 59 provides that *clauses 60 to 67* amend the Social Security Act 1964 (the **principal Act**).

Clause 60 amends section 3(1), which contains definitions, to define a winter energy payment, ensure that a winter energy payment is a benefit, and cross-refer to the special definition of dependent child in *new Schedule 18A* (inserted by *clause 66*).

Clause 61 inserts *new Part IKA* (winter energy payment), which contains *new sections 61FE to 61FJ*.

New section 61FE states the payment's purpose, which is to provide targeted financial assistance to help certain people meet their household heating costs during the winter period (as defined in *new section 61FF*).

New section 61FF defines the following 3 key terms:

- qualifying benefit, which means—
 - a main benefit under the principal Act (as defined in section 3(1) of that Act); or
 - New Zealand superannuation; or
 - veteran's pension:
- relevant payment date, which, for a person who is receiving a qualifying benefit (or a portion of it), either as the person granted that benefit or as the spouse or partner of that person, for 1 or more days during the winter period, means the date on which the person is paid a weekly or fortnightly instalment of the person's qualifying benefit (or a portion of it) for those days:
- winter period, which, for a calendar year, means the 22-week period starting on 1 May.

New section 61FG(1) (eligibility requirements) provides that a person is entitled to a winter energy payment for 1 or more days during the winter period if, for those days,—

- the person is receiving a qualifying benefit (or a portion of it), either as the person granted that benefit or as the spouse or partner of that person; and
- the qualifying benefit (or a portion of it) is payable to the person; and

- the person is not disqualified under *new section 61FG(2)*.

New section 61FG(2) ensures that the person is, however, not entitled to a winter energy payment for 1 or more days during the winter period if, for those days,—

- the qualifying benefit is payable at a rate prescribed in respect of a person who is married or in a civil union or in a de facto relationship, and the chief executive has determined under *new section 61FG(3)* that the person's spouse or partner is entitled to a winter energy payment; or
- the rate of the person's qualifying benefit is required by section 75(3) to be reduced to the rate payable to long-term hospital patients, and the payment has been reviewed under section 81(1) and terminated under *new section 81(5)*; or
- the person is receiving long-term residential care in a hospital or rest home, and that care is funded, in whole or in part, under the New Zealand Public Health and Disability Act 2000; or
- the person is receiving residential care services (as defined in section 3(1) of the principal Act), and those services are funded, in whole or in part, under the New Zealand Public Health and Disability Act 2000; or
- the person has made, and not revoked, an election not to receive the payment (*see new section 61FH*).

New section 61FG(3) requires the chief executive, if the qualifying benefit is payable at a rate prescribed in respect of a person who is married or in a civil union or in a de facto relationship, to determine which 1 of the spouses or partners is (as only 1 of them can be) entitled to a winter energy payment.

New section 61FH relates to an election not to receive the payment.

New section 61FI is about instalments, rates, and payment.

New section 61FJ indicates how the payment is affected by the beneficiary's absence from New Zealand.

Clause 62 amends section 61H, which enables an Order in Council to amend specified provisions by increasing the amount of a benefit set out in them. The amendment ensures that the specified provisions include *new Schedule 18A* (inserted by *clause 66*), and that an Order in Council can increase the amount of any winter energy payment set out in that schedule. No similar amendment is to be made to section 61HA (annual CPI adjustment of rates of certain benefits).

Clause 63 amends section 72(a), which ensures that no person is entitled to receive more than 1 benefit in the person's own right, but also lists sections that are exceptions to that rule. The amendment adds, to the sections listed, *new section 61FG* (inserted by *clause 61*), because it contemplates that a person is entitled to receive, in that person's own right, both a winter energy payment and another benefit.

Clause 64 amends section 81 (review of benefits). *New section 81(5)* enables the chief executive to terminate a winter energy payment if satisfied, after reviewing the payment under section 81(1), that—

- the rate of the beneficiary's qualifying benefit (under *new section 61FG(1)(a)*) is required by section 75(3) to be reduced to the rate payable to long-term hospital patients (even if a higher rate is paid under section 75(4)); and
- continuing the payment is not consistent with the purpose stated in *new section 61FE*.

Clause 65 amends section 82(2A) to make it clear that the winter energy payment is a benefit paid in respect of a 7-day week.

Clause 66 inserts *new Schedule 18A*. *New Schedule 18A* sets out the rates of the winter energy payment.

Clause 67 inserts *new Part 7 of Schedule 32*. The new Part contains transitional provisions related to the winter energy payment. *Clause 29* in the new Part clarifies aspects of eligibility based on a qualifying benefit. *Clause 30* in the new Part provides for a special winter period, instalments, and rates for 2018.

Clause 68 makes consequential amendments to the Acts listed in *Schedule 3*.

Subpart 2—Rates of orphan's benefit and unsupported child's benefit

Clause 69 provides that *clause 70* amends the Social Security Act 1964.

Clause 70 amends Schedule 4 (maximum rates of orphans' benefits and unsupported child's benefits). The amendments increase the rates by \$20.31 per week, to reflect the increase in the eldest child family tax credit rate for children aged 0–15 years.

Subpart 3—Accommodation supplement areas (fixing as on 26 June 2017)

Clause 71 provides that *clauses 72 to 74* amend the Social Security Act 1964.

Clauses 72 and 73 make amendments to ensure accommodation supplement areas are based on urban areas, urban zones, or area units *as on 26 June 2017* (not, as under current law, *as from time to time*) defined by the Government Statistician (and so are unaffected by any later new or altered definitions adopted by the Government Statistician). The provisions amended are section 61I – which authorises orders altering, in stated ways, the definitions in clause 1 of Part 1 of Schedule 18 of accommodation supplement Area 1, Area 2, and Area 3 – and those definitions.

Clause 74 inserts *new Part 6 of Schedule 32*. The new Part contains transitional provisions related to accommodation supplement areas. *Clause 27* in the new Part requires parts of New Zealand, on and after 26 June 2017 and until the commencement of that *clause 27*, to be taken to be as defined on 26 June 2017 by the Government Statistician. *Clause 28* in the new Part is about the continuation of the Social Security (Budget 2017—Rates of, and Areas for, Accommodation Supplement) Order 2017.

Subpart 4—Accommodation supplement areas (regulations)

Clause 75 provides that *clauses 76 to 78* amend the Social Security Act 1964.

Clause 76 amends section 3(1), which contains definitions. The amendment inserts a new definition, for accommodation supplement purposes, of the terms Area 1, Area 2, Area 3, and Area 4. The new definition makes clear that those terms—

- are defined in regulations made under *new section 61I* (inserted by *clause 77*) for the purposes of Part 1K and Schedule 18 (accommodation supplement); but
- until the commencement of the first regulations made under that section, refer to the terms defined in clause 1 of Part 1 of Schedule 18.

Clause 77 replaces section 61I, which authorises orders altering, in stated ways, accommodation supplement Area 1, Area 2, and Area 3 (as defined in clause 1 of Part 1 of Schedule 18). Under section 61I (as earlier amended by this Bill), the alterations must be based on urban areas, urban zones, or area units (as those terms were on 26 June 2017 defined by the Government Statistician). *New section 61I* instead enables regulations that define fully, for accommodation supplement purposes, the terms Area 1, Area 2, Area 3, and Area 4.

Clause 78 amends Part 1 of Schedule 18, which contains preliminary provisions about the accommodation supplement. The amendment repeals the definitions, in clause 1, of Area 1, Area 2, Area 3, and Area 4, on the commencement of the first regulations made under *new section 61I* (inserted by *clause 77*).

Hon Grant Robertson

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40	Section 185 amended (Payment out of Crown Bank Account)	17

Families Package (Income Tax and Benefits) Bill

Amendments to other enactments

41	Schedule 2 of the Housing Restructuring and Tenancy Matters Act 1992 amended (Prescribed elements of calculation mechanism)	18
42	Section 3 of the Social Security Act 1964 amended (Interpretation)	18
43	Section 61G of the Social Security Act 1964 amended (Temporary additional support)	18
44	Clause 13 of the Privacy (Information Sharing Agreement between Inland Revenue and Ministry of Social Development) Order 2017 amended (Procedure before adverse action taken)	18
45	Clause 1 of the Taxation (Abated Interim Payments of subparts MA to MF and MZ Credit) Regulations 2002 amended (Title)	18

Subpart 2—Working for families

Taxation (Budget Measures: Family Incomes Package) Act 2017 amended

46	Taxation (Budget Measures: Family Incomes Package) Act 2017 repealed	19
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Income Tax Act 2007 amended

47	Income Tax Act 2007 amended	19
48	Section MD 3 amended (Calculation of family tax credit)	19
49	Section MD 3 amended (Calculation of family tax credit)	19
50	Section MD 13 amended (Calculation of family credit abatement)	20
51	Section MD 13 amended (Calculation of family credit abatement)	20
52	Section ME 1 amended (Minimum family tax credit)	20
53	Section MF 4D repealed (Calculation of instalments: 1 April 2010 to 30 September 2010)	20
54	Section MF 4E repealed (Calculation of instalments: 1 October 2010 to 31 March 2011)	20
55	New sections MF 4F and MF 4G inserted	20
	MF 4F Calculation of instalments: 1 April 2018 to 30 June 2018	21
	MF 4G Calculation of instalments: 1 July 2018 to 31 March 2019	23
56	Section MF 7 amended (Orders in Council)	25
57	Section MF 7 amended (Orders in Council)	26

Amendments to Taxation (Annual Rates and Budget Measures) Act 2011

58	Taxation (Annual Rates and Budget Measures) Act 2011 amended	26
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**Part 2
Benefits**

Subpart 1—Winter energy payment

59	Social Security Act 1964 amended	26
60	Section 3 amended (Interpretation)	26
61	New Part 1KA inserted	26

Families Package (Income Tax and Benefits) Bill

Part 1KA		
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62	Section 61H amended (Rates of benefits, etc, may be increased by Order in Council)	29
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64	Section 81 amended (Review of benefits)	29
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71	Social Security Act 1964 amended	30
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75	Social Security Act 1964 amended	31
76	Section 3 amended (Interpretation)	31
77	Section 61I replaced (Areas for accommodation supplement purposes may be altered by Order in Council)	31
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78	Schedule 18 amended	31
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The Parliament of New Zealand enacts as follows:**1 Title**

This Act is the Families Package (Income Tax and Benefits) Act **2017**.

2 Commencement

- (1) This Act comes into force on the date on which it receives the Royal assent, 5
except as provided in this section.
- (2) **Subpart 1 of Part 1** (Best Start tax credit) comes into force on 1 July 2018.
- (3) **Section 46** is treated as coming into force on 29 May 2017.
- (4) **Sections 48, 50, 52, 55, 56, and 58** come into force on 1 April 2018.
- (5) **Sections 49, 51, and 57** come into force on 1 April 2019. 10
- (6) **Subpart 1 of Part 2** (winter energy payment) comes into force on
1 July 2018.
- (7) **Subpart 2 of Part 2** (rates of orphan’s benefit and unsupported child’s bene-
fit) comes into force on 1 July 2018.
- (8) **Subpart 3 of Part 2** (accommodation supplement areas (fixing as 15
on 26 June 2017)) comes into force on the day after the date on which this Act
receives the Royal assent.
- (9) **Subpart 4 of Part 2** (accommodation supplement areas (regulations)) comes
into force immediately after the commencement (immediately after the start of
1 April 2018) of clause 5(3) and (4) of the Social Security (Budget 2017— 20
Rates of, and Areas for, Accommodation Supplement) Order 2017.

Part 1**Income tax**

Subpart 1—Best Start tax credit

Amendments to Income Tax Act 2007 25**3 Income Tax Act 2007 amended**

Sections 4 to 23 amend the Income Tax Act 2007.

4 Section GB 44 amended (Arrangements involving tax credits for families)

- (1) In section GB 44(1)(b), replace “subparts MA to MF” with “subparts MA to 30
MG”.
- (2) In section GB 44(2), replace “subparts MA to MF” with “subparts MA to **MG**”.

5 Section HR 8 amended (Transitional residents)

In section HR 8(5), replace “subparts MA to MF” with “subparts MA to **MG**”.

- 6 Section MA 1 amended (What this Part does)**
In section MA 1(a), replace “subparts MA to MF” with “subparts MA to **MG**”.
- 7 Section MA 5 amended (Advice from outside agencies)**
In section MA 5, replace “subparts MB to MF” with “subparts MB to **MG**”.
- 8 Section MA 6 amended (Avoidance arrangements)** 5
In section MA 6, replace “subparts MB to MF” with “subparts MB to **MG**”.
- 9 Section MA 7 amended (Meaning of full-time earner for family scheme)**
In section MA 7(1), in the words before the paragraphs, replace “subparts MB to MF” with “subparts MB to **MG**”.
- 10 Section MA 8 amended (Some definitions for family scheme)** 10
- (1) In section MA 8, in the words before the definitions, replace “subparts MB to MF” with “subparts MB to **MG**”.
- (2) In section MA 8, after the definition of **abating WFF tax credit**, insert:
- Best Start credit abatement** means the component of the Best Start tax credit that is calculated using the formula in **section MG 3** (Best Start credit abatement) 15
- Best Start tax credit** means a tax credit under **section MG 1** (Best Start tax credit entitlement)
- (3) In section MA 8, repeal the definition of **family scheme**.
- (4) In section MA 8, replace the definition of **WFF tax credit** with: 20
- WFF tax credit** means a tax credit under—
- (a) section MD 1 (Abating WFF tax credit):
- (b) section ME 1 (Minimum family tax credit):
- (c) **section MG 1** (Best Start tax credit entitlement)
- 11 Section MB 2 amended (Adjustment for period that is less or more than 1 year)** 25
In section MB 2(2)(a), replace “subparts MB to MF” with “subparts MB to **MG**”.
- 12 Section MC 1 amended (What this subpart does)**
- (1) In section MC 1(2)(d), replace “credit.” with “credit:.” and insert: 30
- (e) the Best Start tax credit, *see* **section MG 1** (Best Start tax credit entitlement).
- (2) In section MC 1(3)(b), replace “credit.” with “credit:.” and insert:
- (c) the Best Start tax credit.

- (3) In section MC 1, in the list of defined terms, insert “Best Start tax credit”.
- 13 Section MC 5 amended (Third requirement: residence)**
 In section MC 5(2)(a)(ii), replace “section MD 1 (Abating WFF tax credit) or ME 1 (Minimum family tax credit)” with “section MD 1 (Abating WFF tax credit), ME 1 (Minimum family tax credit entitlement), or **MG 1** (Best Start tax credit entitlement)”.
- 14 Section MC 6 amended (When person does not qualify)**
 (1) In section MC 6(a) replace “an abating WFF tax credit” with “an abating WFF tax credit or a Best Start tax credit”.
 (2) In section MC 6(b)(iii), replace “pension.” with “pension:”, and insert: 10
 (c) a Best Start tax credit, if they receive, in relation to a relevant dependent child,—
 (i) a parental tax credit:
 (ii) a parent’s allowance or a children’s pension:
 (iii) a parental leave payment or preterm baby payment under Part 7A of the Parental Leave and Employment Protection Act 1987. 15
 (3) In section MC 6, in the list of defined terms, insert “Best Start tax credit”.
- 15 Section MC 10 amended (Principal caregiver)**
 (1) In the heading to section MC 10(2), replace “*family tax credit*” with “*family tax credit, Best Start tax credit*”. 20
 (2) In section MC 10(2), in the words before the paragraphs, replace “sections MD 3 and MZ 1 (which relate to family tax credit and the child tax credit)” with “sections MD 3, **MG 1**, and MZ 1 (which relate to certain tax credits for families)”.
- 16 Section MC 11 amended (Relationship periods and entitlement periods)** 25
 In section MC 11(1), in the words before the paragraphs, replace “subparts MB to MF” with “subparts MB to **MG**”.
- 17 Section MD 11 amended (Entitlement to parental tax credit)**
 After section MD 11(1)(a), insert:
 (ab) the dependent child is born before 1 July 2018, and, if the expected due date for the dependent child is on or after 1 July 2018, the person has elected in writing to apply this section; and 30
- 18 Section MF 1 amended (Application for payment of tax credit by instalment)**
 Replace section MF 1(1)(a) with: 35

- (a) a person who is a principal caregiver expects to be entitled, throughout a selected period, to a WFF tax credit; and

19 Section MF 2 amended (When person not entitled to payment by instalment)

- (1) Replace section MF 2(1)(b) with: 5
- (b) the chief executive is authorised by section 80KN of that Act to pay to the person—
- (i) an abating WFF tax credit:
- (ii) a Best Start tax credit; and
- (c) the chief executive does not ask the Commissioner under section 80KQ of that Act to accept from the person an application for a notice of entitlement. 10
- (2) In section MF 2, in the list of defined terms, insert “Best Start tax credit”.

20 Section MF 4 replaced (Requirements for calculating instalment of tax credit) 15

Replace section MF 4 with:

MF 4 Requirements for calculating instalment of tax credit

When this section applies

- (1) This section applies for an instalment by way of tax credit under— 20
- (a) section MD 1 (Abating WFF tax credit):
- (b) section ME 1 (Minimum family tax credit):
- (c) **section MG 1** (Best Start tax credit entitlement).

How to calculate instalment: period

- (2) The Commissioner must calculate the amount of the instalment as if the calculation period referred to in section MF 3 were a relationship period. 25

How to calculate instalment: amount

- (3) The Commissioner must calculate the amount of the instalment using—
- (a) a value for family scheme income as directed by section MF 3(2)(c); and
- (b) the amounts of family tax credit, in-work tax credit, child tax credit, parental tax credit, family credit abatement, minimum family tax credit, Best Start tax credit, and Best Start credit abatement set out in sections MD 3, MD 4, MD 11, MD 12, MD 13, ME 1, **MG 2, and MG 3**. 30

Instalment shown in complete dollars

- (4) The instalment is to be shown in a notice of entitlement in complete dollars. 35
- Defined in this Act: amount, Best Start credit abatement, Best Start tax credit, child tax credit, Commissioner, family credit abatement, family scheme income, family tax credit, in-work tax credit, minimum family tax credit, notice of entitlement, parental tax credit, relationship period, tax credit

21 Section MF 7 amended (Orders in Council)

(1) After section MF 7(1)(d), insert:

(db) change the amounts in **section MG 2(2)(a)** (Best Start tax credit) by an amount that—

- (i) corresponds to the movement in the New Zealand Consumers Price Index that has not yet been taken into account by an increase: 5
- (ii) is rounded up to the nearest whole dollar, without affecting the calculation of later increases made under this paragraph:

(dc) change the amounts in **section MG 3(2)(a)** (Best Start tax credit abatement): 10

(2) After section MF 7(2), insert:

*Order in Council under **subsection (1)(db)**: requirements*(2BA) An Order in Council under **subsection (1)(db)**,—

- (a) in the case of the first Order in Council made under **subsection (1)(db)**, must be made when the total percentage increase in the movement in the New Zealand Consumers Price Index measured from that applying on 1 July 2018 is 5% or more: 15
- (b) in the case of a subsequent Order in Council under **subsection (1)(db)**, must be made when the total percentage increase in the movement in the New Zealand Consumers Price Index measured from that applying on the date when the requirement to make the immediately preceding adjustment arose is 5% or more. 20

(3) In section MF 7(2B), in the words before the paragraphs, replace “**subsections (1)(a)(i) and (2)(a), (b), and (c)**” with “**subsections (1)(a)(i) and (db)(i), (2), and (2BA)**”. 25**22 New subpart MG inserted (Best Start tax credit)**

After subpart MF, insert:

Subpart MG—Best Start tax credit

MG 1 Best Start tax credit entitlement 30*Best Start tax credit for dependent child*(1) A person is entitled to a tax credit, the **Best Start tax credit**, for an entitlement period for a dependent child equal to an amount calculated using the formula in **subsection (2)**, if—

- (a) the person qualifies under section MC 2 (Who qualifies for entitlements under family scheme?); and 35

<p>(b) the person is a principal caregiver for the dependent child during the entitlement period; and</p> <p>(c) the dependent child is aged less than 3 years old; and</p> <p>(d) the dependent child is born—</p> <p style="padding-left: 2em;">(i) on or after 1 July 2018; or</p> <p style="padding-left: 2em;">(ii) before 1 July 2018, but the expected due date for the child is on or after 1 July 2018.</p> <p><i>Best Start tax credit formula</i></p> <p>(2) The formula is—</p> <p style="padding-left: 4em;">Best Start tax credit – credit abatement.</p> <p><i>Definition of items in formula</i></p> <p>(3) In the formula,—</p> <p style="padding-left: 2em;">(a) Best Start tax credit is the person’s Best Start tax credit for the entitlement period for the dependent child, calculated using the formula in section MG 2:</p> <p style="padding-left: 2em;">(b) credit abatement is the person’s Best Start credit abatement, calculated using the formula in section MG 3.</p> <p><i>Extra instalment</i></p> <p>(4) This section is overridden by section 80KW of the Tax Administration Act 1994.</p> <p>Defined in this Act: Best Start credit abatement, Best Start tax credit, dependent child, entitlement period, principal caregiver</p> <p>MG 2 Best Start tax credit</p> <p><i>Best Start tax credit for dependent child</i></p> <p>(1) For the purposes of section MG 1(3)(a), the person’s Best Start tax credit for the entitlement period for the dependent child is calculated using the formula—</p> <p style="padding-left: 4em;">prescribed amount × days ÷ 365.</p> <p><i>Definition of items in formula</i></p> <p>(2) In the formula,—</p> <p style="padding-left: 2em;">(a) prescribed amount is, for the dependent child, \$3,120:</p> <p style="padding-left: 2em;">(b) days is the number of days in the entitlement period.</p> <p><i>If dependent child dies during entitlement period</i></p> <p>(3) The person continues to be entitled to the Best Start tax credit for 4 weeks after the dependent child dies, if the person otherwise meets the requirements of section MG 1(1).</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p>
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Order in Council increasing amount

- (4) The amount in **subsection (2)(a)** may be changed as prescribed by the Governor-General by Order in Council under **section MF 7** (Orders in Council).

When another person cares for dependent child 5

- (5) A Best Start tax credit must be reduced in proportion to the time in the entitlement period that the dependent child spends in the exclusive care of another person who qualifies under section MC 2 (Who qualifies for entitlements under family scheme?).

Defined in this Act: amount, Best Start tax credit, dependent child, entitlement period 10

MG 3 Best Start credit abatement

When this section applies

- (1) For the purposes of **section MG 1(3)(b)** the person’s Best Start credit abatement for the entitlement period is calculated using the formula—

$$\text{full-year abatement} \times \text{days} \div 365. \quad \text{15}$$

Definition of items in formula

- (2) In the formula,—
 - (a) **full-year abatement** is,—
 - (i) if the person has no spouse, civil union partner, or de facto partner during the entitlement period, and the person’s family scheme income for the relationship period containing the entitlement period is more than \$79,000, 21 cents for each complete dollar of the excess; or 20
 - (ii) if the person has a spouse, civil union partner, or de facto partner during the entitlement period, and the person’s family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for the relationship period containing the entitlement period is more than \$79,000, 21 cents for each complete dollar of the excess: 25
 - (b) **days** is the number of days in the entitlement period excluding— 30
 - (i) the days on which the dependent child is less than 1 year old:
 - (ii) the days of any calendar months in which the person receives protected Best Start tax credit as described in **section MG 4**.

	<i>Order in Council increasing amount</i>	
(3)	The amounts in subsection (2)(a) may be changed as prescribed by the Governor-General by Order in Council under section MF 7 (Orders in Council).	
	Defined in this Act: amount, Best Start credit abatement, Best Start tax credit, civil union partner, de facto partner, dependent child, entitlement period, family scheme income, income-tested benefit, protected Best Start tax credit, relationship period, spouse	5
	MG 4 Person receiving protected Best Start tax credit	
	<i>Requirements</i>	
(1)	For the purposes of section MG 3(2)(b)(ii) , a person who receives protected Best Start tax credit for a calendar month in an entitlement period, is a person who, in the calendar month,—	10
	(a) has no spouse, civil union partner, or de facto partner, receives an income-tested benefit, and derives family scheme income that is less than the amount set out in section MG 3(2)(a)(i) ;	15
	(b) has a spouse, civil union partner, or de facto partner, receives an income-tested benefit, and derives family scheme income that together with the family scheme income of their spouse, civil union partner, or de facto partner is less than the amount set out in section MG 3(2)(a)(ii) .	
	<i>Annualised equivalent</i>	20
(2)	Section MB 2 (Adjustment for period that is less or more than 1 year) applies to adjust the amount of family scheme income to provide an annualised equivalent.	
	Defined in this Act: amount, Best Start tax credit, civil union partner, de facto partner, entitlement period, family scheme income, income-tested benefit, protected Best Start tax credit, spouse	25
23	Section YA 1 amended (Definitions)	
(1)	This section amends section YA 1.	
(2)	In the definition of abating WFF tax credit , replace “subparts MA to MF” with “subparts MA to MG ”.	
(3)	Insert, in appropriate alphabetical order: Best Start credit abatement is defined in section MA 8 (Some definitions for family scheme) for the purposes of subparts MA to MG and MZ (which relate to tax credits for families)	30
(4)	Insert, in appropriate alphabetical order: Best Start tax credit is defined in section MA 8 (Some definitions for family scheme) for the purposes of subparts MA to MG and MZ (which relate to tax credits for families)	35
(5)	In the definition of chief executive , replace “subparts MA to MF” with “subparts MA to MG ”.	

- (6) In the definition of **child**, in the words before the paragraphs, replace “subparts MA to MF” with “subparts MA to **MG**”.
- (7) In the definition of **child tax credit**, replace “subparts MA to MF” with “subparts MA to **MG**”.
- (8) In the definition of **civil union partner**, replace “subparts MA to MF” with “subparts MA to **MG**”. 5
- (9) In the definition of **dependent child**,—
- (a) in paragraph (b), replace the words before the subparagraphs with:
for the purposes of the child tax credit and WFF tax credits other than the Best Start tax credit, does not include a child in relation to whom— 10
- (b) in paragraph (c), replace the words before the subparagraphs with:
despite paragraph (b)(i), for the purposes of the child tax credit and WFF tax credits other than the Best Start tax credit, includes a child or a young person, as defined in section 2(1) of the Oranga Tamariki Act 1989,— 15
- (c) in paragraph (c)(iii), replace “person” with “person:”, and insert:
- (d) for the purposes of the Best Start tax credit, includes a child for whom a person receives—
- (i) payments under section 363 of the Oranga Tamariki Act 1989:
- (ii) a benefit paid under section 28 or 29 of the Social Security Act 1964 20
- (10) In the definition of **entitlement period**, replace “subparts MA to MF” with “subparts MA to **MG**”.
- (11) In the definition of **family credit abatement**, replace “subparts MA to MF” with “subparts MA to **MG**”. 25
- (12) Replace the definition **family scheme** with:
family scheme means all the entitlements and tax credits for families arising under subparts MA to **MG** and MZ
- (13) In the definition of **family scheme income**, replace “subparts MA to MF” with “subparts MA to **MG**”. 30
- (14) In the definition of **family tax credit**, replace “subparts MA to MF” with “subparts MA to **MG**”.
- (15) In the definition of **full-time earner**, replace “subparts MA to MF” with “subparts MA to **MG**”.
- (16) In the definition of **in-work tax credit**, replace “subparts MA to MF” with “subparts MA to **MG**”. 35
- (17) In the definition of **minimum family tax credit**, replace “subparts MA to MF” with “subparts MA to **MG**”.

- (18) In the definition of **net family scheme income**, replace “subparts MA to MF” with “subparts MA to **MG**”.
- (19) In the definition of **New Zealand resident**, in paragraph (b), replace “subparts MA to MF” with “subparts MA to **MG**”.
- (20) In the definition of **parental tax credit**, replace “subparts MA to MF” with “subparts MA to **MG**”. 5
- (21) Insert, in appropriate alphabetical order:
protected Best Start tax credit, for a person, means an amount of family scheme income derived in the way set out in **section MG 4** (Person receiving protected Best Start tax credit) 10
- (22) In the definition of **relationship period**, replace “subparts MA to MF” with “subparts MA to **MG**”.
- (23) In the definition of **separated person**, replace “subparts MA to MF” with “subparts MA to **MG**”.
- (24) In the definition of **social assistance payment**, replace “subparts MA to MF” with “subparts MA to **MG**”. 15
- (25) In the definition of **spouse**, replace “subparts MA to MF” with “subparts MA to **MG**”.

Amendments to Tax Administration Act 1994

- 24 Tax Administration Act 1994 amended** 20
Sections 25 to 40 amend the Tax Administration Act 1994.
- 25 Section 3 amended (Interpretation)**
 In section 3(1),—
- (a) in the definition of **family notice of entitlement**, delete “in subparts MA to MF and MZ of the Income Tax Act 2007”: 25
- (b) insert, in appropriate alphabetical order,—
family scheme has the same meaning as in section YA 1 of the Income Tax Act 2007
- 26 Section 24F amended (Special tax codes)**
 In section 24F(5), replace “subparts MA to MF and MZ of the Income Tax Act 2007” with “the family scheme”. 30
- 27 Section 41 amended (Annual returns by persons who receive family assistance credit)**
- (1) In the heading to section 41 replace “**family assistance credit**” with “**credit under family scheme**”. 35

- (2) In section 41(1), replace “subparts MA to MF and MZ of the Income Tax Act 2007” with “the family scheme”.
- (3) In section 41(3)(a), replace “subparts MA to MF and MZ of the Income Tax Act 2007” with “the family scheme”.
- (4) In section 41(3)(b), replace “family assistance credit or a minimum family tax credit” with “a tax credit under the family scheme”. 5
- (5) In section 41(6), replace “subparts MA to MF and MZ of the Income Tax Act 2007” with “the family scheme”.
- 28 Section 80KB amended (Contents of application)**
- (1) In section 80KB(1)(c), replace the words before the sub-paragraphs with: 10
 unless the only tax credit the person expects to be entitled to for the relevant tax year is the Best Start tax credit and all dependent children will be less than 1 year old on the last day of the tax year, give for each person who signed the application (the signatory) a complete statement of—
- (2) Replace section 80KB(1)(f) with: 15
- (f) be accompanied by the information described in subsection (2), unless the only tax credit the person expects to be entitled to for the relevant tax year is the Best Start tax credit and all dependent children will be less than 1 year old on the last day of the tax year; and
- (g) be accompanied by the information described in subsection (2)(c) and (d), if the only tax credit the person expects to be entitled to for the relevant tax year is the Best Start tax credit and all dependent children will be less than 1 year old on the last day of the tax year. 20
- (3) In section 80KB(2), replace the words before the paragraphs with
 The information for the purposes of **subsection (1)(f) and (g)** is— 25
- 29 Section 80KC amended (When tax file number of child does not accompany application)**
- In section 80KC(2)(b), replace “section MA 1 or, as applicable, sections MB 1 and ME 1 of the Income Tax Act 2007” with “the family scheme”.
- 30 Section 80KD amended (What Commissioner must do on receipt of application)** 30
- In section 80KD(2)(a), replace “sections MD 1, or sections MD 1 and ME 1 of the Income Tax Act 2007, as applicable” with “the family scheme”.
- 31 Section 80KK amended (Payment by instalment of family tax credit (without abatement))** 35
- (1) In the heading to section 80KK, replace “family tax credit” with “family tax credit and Best Start tax credit”.
- (2) In section 80KK(1), replace “family tax credit” with “—”, and insert:

- (a) the family tax credit:
(b) the Best Start tax credit.
- (3) In section 80KK(2), replace “the family tax credit by instalment and without abatement.” with “the following tax credits by instalment and without abatement:”, and insert: 5
- (a) the family tax credit:
(b) the Best Start tax credit.
- (4) In section 80KK(4), replace “the family tax credit for part of the 56-day period referred to in subsection (3)(b)(ii).” with “the following tax credits for part of the 56-day period referred to in subsection (3)(b)(ii):”, and insert: 10
- (a) the family tax credit:
(b) the Best Start tax credit.
- (5) In section 80KK(5), replace “the family tax credit” with “the family tax credit or the Best Start tax credit, as applicable”.
- 32 Section 80KN amended (Payment of tax credit by chief executive) 15**
- (1) In section 80KN(1)(b)(i), replace “family credit abatement is” with “family credit abatement or the Best Start credit abatement, as applicable, is”.
- (2) In section 80KN(1)(b)(ii), replace “family credit abatement is” with “family credit abatement or the Best Start credit abatement, as applicable, is”.
- 33 Section 80KO amended (Determining WFF tax credit) 20**
- (1) In section 80KO(a), replace “family credit abatement” with “family credit abatement or Best Start credit abatement”.
- (2) In section 80KO(b), replace “Act.” with “Act; and”, and insert:
(c) take into account the rate of Best Start tax credit and the Best Start credit abatement given by **sections MG 2 and MG 3** of that Act. 25
- 34 Section 80KP amended (When entitlement to income-tested benefit ends)**
- (1) In section 80KP(1)(b), replace “their family tax credit continued.” with “their following tax credits continued:”, and insert:
(i) the family tax credit:
(ii) the Best Start tax credit. 30
- (2) In section 80KP(2), replace “the family tax credit” with “the family tax credit or the Best Start tax credit, as applicable,”.
- 35 Section 80KU amended (Payment of tax credit taken over by Commissioner)**
- (1) In section 80KU(1)(b), replace “or minimum family tax credit” with “minimum family tax credit, or Best Start tax credit”. 35

- (2) In section 80KU(1)(c), replace “the tax credit under section MD 1 of the Income Tax Act 2007 for the period described in subsection (3)” with “the following tax credits for the period described in subsection (3):”, and insert:
- (i) the tax credit under section MD 1 of the Income Tax Act 2007:
 - (ii) the tax credit under **section MG 1** of that Act. 5
- 36 Section 80KV amended (Statement of family scheme income)**
- In section 80KV(1), replace “tax year” with “tax year, unless the only tax credit the person expects to be entitled to for the tax year is the Best Start tax credit and all dependent children will be less than 1 year old on the last day of the tax year”. 10
- 37 Section 80KW amended (Effect of extra instalment on entitlement to tax credit)**
- (1) After section 80KW(4)(a)(ii), insert:
- (iii) **section MG 1** of that Act, if the person is entitled to the Best Start tax credit: 15
- (2) After section 80KW(7)(a)(ii), insert:
- (iii) **section MG 1** of that Act, if the person is entitled to the Best Start tax credit:
- 38 Section 85I amended (Use of Parental Leave and Employment Protection Act 1987 and parental tax credit information to determine entitlement)** 20
- (1) In the heading to section 85I replace “**and parental tax credit**” with “**, Best Start tax credit, and parental tax credit**”.
- (2) In section 85I(3), replace “a parental tax credit under section MD 11 of the Income Tax Act 2007” with “a parental tax credit under section MD 11 of the Income Tax Act 2007 or a Best Start tax credit under **section MG 1** of that Act, as applicable,”. 25
- 39 Section 89C amended (Notices of proposed adjustment required to be issued by Commissioner)**
- In section 89C(m), replace “identified in subparts MA to MF and MZ of the Income Tax Act 2007” with “under the family scheme”. 30
- 40 Section 185 amended (Payment out of Crown Bank Account)**
- In section 185(1)(e), replace “subparts MA to MF and MZ of the Income Tax Act 2007” with “the family scheme”.

Amendments to other enactments

- 41 Schedule 2 of the Housing Restructuring and Tenancy Matters Act 1992 amended (Prescribed elements of calculation mechanism)**
- Replace Schedule 2, clause 10(a)(ii) of the Housing Restructuring and Tenancy Matters Act 1992 with: 5
- (ii) received as a parental tax credit, child tax credit, in-work tax credit, or Best Start tax credit under subparts MA to **MG** and MZ of the Income Tax Act 2007; or
- 42 Section 3 of the Social Security Act 1964 amended (Interpretation)**
- In section 3(1) of the Social Security Act 1964, in paragraph (f)(xviii) of the definition of **income**, replace “subparts MA to MF and MZ of the Income Tax Act 2007” with “subparts MA to **MG** and MZ of the Income Tax Act 2007”. 10
- 43 Section 61G of the Social Security Act 1964 amended (Temporary additional support)**
- In section 61G(7) of the Social Security Act 1964, in the definition of **tax credit**, replace “subparts MA to MF and MZ of the Income Tax Act 2007” with “subparts MA to **MG** and MZ of the Income Tax Act 2007”. 15
- 44 Clause 13 of the Privacy (Information Sharing Agreement between Inland Revenue and Ministry of Social Development) Order 2017 amended (Procedure before adverse action taken)** 20
- (1) In clause 13(3)(a)(ii) of the Privacy (Information Sharing Agreement between Inland Revenue and Ministry of Social Development) Order 2017, replace “subparts MA to MF and MZ of the Income Tax Act 2007” with “subparts MA to **MG** and MZ of the Income Tax Act 2007”.
- (2) In clause 13(3)(b)(i) of the Privacy (Information Sharing Agreement between Inland Revenue and Ministry of Social Development) Order 2017, replace “subparts MA to MF and MZ of the Income Tax Act 2007” with “subparts MA to **MG** and MZ of the Income Tax Act 2007”. 25
- 45 Clause 1 of the Taxation (Abated Interim Payments of subparts MA to MF and MZ Credit) Regulations 2002 amended (Title)** 30
- In clause 1 of the Taxation (Abated Interim Payments of subparts MA to MF and MZ Credit) Regulations 2002, replace “subparts MA to MF and MZ” with “subparts MA to **MG** and MZ”.

Subpart 2—Working for families

Taxation (Budget Measures: Family Incomes Package) Act 2017 amended**46 Taxation (Budget Measures: Family Incomes Package) Act 2017 repealed**

Repeal the Taxation (Budget Measures: Family Incomes Package) Act 2017.

Income Tax Act 2007 amended

5

47 Income Tax Act 2007 amended

Sections 48 to 57 amend the Income Tax Act 2007.

48 Section MD 3 amended (Calculation of family tax credit)

(1) Replace section MD 3(4), other than the heading, with:

(4) **Prescribed amount** is the sum of the following amounts:

10

(a) for the eldest dependent child for whom the person is a principal caregiver during the entitlement period, 1 of the following, as applicable:

(i) \$5,614, if the child is younger than 16:

(ii) \$5,734, if the child is 16 or older:

(iii) a weighted average of the amounts in **subparagraphs (i) and (ii)** that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period; and

15

(b) for each dependent child for whom the person is a principal caregiver during the entitlement period, other than the eldest dependent child, 1 of the following, as applicable:

20

(i) \$4,397, if the child is younger than 13:

(ii) \$4,514, if the child is 13, 14, or 15:

(iii) \$4,745, if the child is 16 or older:

(iv) a weighted average of the amounts in **subparagraphs (i) and (ii)** that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 13 during the entitlement period:

25

(v) a weighted average of the amounts in **subparagraphs (ii) and (iii)** that reflects the proportion of the entitlement period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period.

30

(2) This section applies for the 2018–19 and later tax years.

49 Section MD 3 amended (Calculation of family tax credit)

(1) Replace section MD 3(4)(a) and (b) with:

35

- (a) for the eldest dependent child for whom the person is a principal caregiver during the entitlement period, \$5,878; and
- (b) for each dependent child for whom the person is a principal caregiver during the entitlement period, other than the eldest dependent child, \$4,745. 5
- (2) In section MD 3(6), replace “subsection (4)(a)(i) and (ii), and (b)(i) to (iii)” with “**subsection (4)(a) and (b)**”.
- (3) This section applies for the 2019–20 and later tax years.
- 50 Section MD 13 amended (Calculation of family credit abatement)**
- (1) In section MD 13(3)(a)(i), replace “\$36,350, 22.5 cents” with “\$41,116, 24.38 cents”. 10
- (2) In section MD 13(3)(a)(ii), replace “\$36,350, 22.5 cents” with “\$41,116, 24.38 cents”.
- (3) This section applies for the 2018–19 and later tax years.
- 51 Section MD 13 amended (Calculation of family credit abatement)** 15
- (1) In section MD 13(3)(a)(i), replace “\$41,116, 24.38 cents” with “\$42,700, 25 cents”.
- (2) In section MD 13(3)(a)(ii), replace “\$41,116, 24.38 cents” with “\$42,700, 25 cents”.
- (3) This section applies for the 2019–20 and later tax years. 20
- 52 Section ME 1 amended (Minimum family tax credit)**
- (1) In section ME 1(3)(a), replace “\$23,816” with “\$26,156”.
- (2) This section applies for the 2018–19 and later tax years.
- 53 Section MF 4D repealed (Calculation of instalments: 1 April 2010 to 30 September 2010)** 25
- Section MF 4D is repealed.
- 54 Section MF 4E repealed (Calculation of instalments: 1 October 2010 to 31 March 2011)**
- Section MF 4E is repealed.
- 55 New sections MF 4F and MF 4G inserted** 30
- Before section MF 5, insert:

MF 4F Calculation of instalments: 1 April 2018 to 30 June 2018

When this section applies

- (1) This section applies for calculating the amount of an instalment by way of tax credit for the abating WFF tax credit for the period starting on 1 April 2018 and finishing on 30 June 2018. 5

Family tax credit formula: section MD 3

- (2) The instalments for the relevant tax credit are calculated using, for the calculation of the family tax credit, the formula—

$$\text{prescribed amount} \times \text{days} \div 365.$$

Definition of items in formula 10

- (3) The items in the formula in **subsection (2)** are defined in **subsections (4) and (5)**.

Prescribed amount

- (4) **Prescribed amount** is the sum of the following amounts:

- (a) for the eldest dependent child for whom the person is a principal caregiver during the entitlement period, 1 of the following, as applicable: 15

(i) \$4,822, if the child is younger than 16:

(ii) \$5,303, if the child is 16 or older:

(iii) a weighted average of the amounts in **subparagraphs (i) and (ii)** that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period; and 20

- (b) for each dependent child for whom the person is a principal caregiver during the entitlement period, other than the eldest dependent child, 1 of the following, as applicable: 25

(i) \$3,351, if the child is younger than 13:

(ii) \$3,822, if the child is 13, 14, or 15:

(iii) \$4,745, if the child is 16 or older:

(iv) a weighted average of the amounts in **subparagraphs (i) and (ii)** that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 13 during the entitlement period: 30

(v) a weighted average of the amounts in **subparagraphs (ii) and (iii)** that reflects the proportion of the entitlement period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period. 35

Days

- (5) **Days** is the number of days in the entitlement period.

- When another person cares for dependent child*
- (6) A family tax credit must be reduced in proportion to the time in the entitlement period that a dependent child spends in the exclusive care of another person who qualifies under section MC 2 (Who qualifies for entitlements under family scheme?). 5
- Family credit abatement formula: section MD 13*
- (7) The instalments for the relevant tax credit are calculated using, for the calculation of the family credit abatement, the formula—
- $$\text{full-year abatement} \times \text{days} \div 365.$$
- Definition of items in formula* 10
- (8) In the formula in **subsection (7)**,—
- (a) **full-year abatement** is,—
- (i) if the person has no spouse, civil union partner, or de facto partner during the entitlement period, and the person's family scheme income for the relationship period containing the entitlement period is more than \$36,350, 22.5 cents for each complete dollar of the excess; or 15
- (ii) if the person has a spouse, civil union partner, or de facto partner during the entitlement period, and the person's family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for the relationship period containing the entitlement period is more than \$36,350, 22.5 cents for each complete dollar of the excess: 20
- (b) **days** is the number of days in the entitlement period excluding the days of any calendar months in which the person receives protected family tax credit as described in section MD 14 (Person receiving protected family tax credit). 25
- When 70-day period includes 31 March*
- (9) If a person who qualifies under section MC 2 receives instalments of the parental tax credit in a 70-day period that includes 31 March, the formula in **subsection (7)** is applied so that— 30
- (a) instalments of the parental tax credit received in the first tax year are abated against the person's family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year; and 35
- (b) instalments of the parental tax credit received in the second tax year are abated against the person's family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year.

<i>Relationship with subject matter</i>	
(10) Sections MD 14 to MD 16 (which relate to family credit abatement), with necessary modifications, apply to the calculation of the family credit abatement in subsection (7) .	
Defined in this Act: amount, child, civil union partner, de facto partner, dependent child, entitlement period, family credit abatement, family scheme income, family tax credit, full-time earner, parental tax credit, principal caregiver, protected family tax credit, relationship period, spouse, tax credit, tax year	5
MF 4G Calculation of instalments: 1 July 2018 to 31 March 2019	
<i>When this section applies</i>	
(1) This section applies for calculating the amount of an instalment by way of tax credit for the abating WFF tax credit for the period starting on 1 July 2018 and finishing on 31 March 2019.	10
<i>Family tax credit formula: section MD 3</i>	
(2) The instalments for the relevant tax credit are calculated using, for the calculation of the family tax credit, the formula—	15
$\text{prescribed amount} \times \text{days} \div 365.$	
<i>Definition of items in formula</i>	
(3) The items in the formula in subsection (2) are defined in subsections (4) and (5) .	20
<i>Prescribed amount</i>	
(4) Prescribed amount is the sum of the following amounts:	
(a) for the eldest dependent child for whom the person is a principal caregiver during the entitlement period, 1 of the following, as applicable:	
(i) \$5,878, if the child is younger than 16:	25
(ii) \$5,878, if the child is 16 or older:	
(b) for each dependent child for whom the person is a principal caregiver during the entitlement period, other than the eldest dependent child, 1 of the following, as applicable:	
(i) \$4,745, if the child is younger than 13:	30
(ii) \$4,745, if the child is 13, 14, or 15:	
(iii) \$4,745, if the child is 16 or older.	
<i>Days</i>	
(5) Days is the number of days in the entitlement period.	
<i>When another person cares for dependent child</i>	
(6) A family tax credit must be reduced in proportion to the time in the entitlement period that a dependent child spends in the exclusive care of another person	35

- who qualifies under section MC 2 (Who qualifies for entitlements under family scheme?).
- Family credit abatement formula: section MD 13*
- (7) The instalments for the relevant tax credit are calculated using, for the calculation of the family credit abatement, the formula— 5
- $$\text{full-year abatement} \times \text{days} \div 365.$$
- Definition of items in formula*
- (8) In the formula in **subsection (7)**,—
- (a) **full-year abatement** is,—
- (i) if the person has no spouse, civil union partner, or de facto partner during the entitlement period, and the person's family scheme income for the relationship period containing the entitlement period is more than \$42,700, 25 cents for each complete dollar of the excess; or 10
- (ii) if the person has a spouse, civil union partner, or de facto partner during the entitlement period, and the person's family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for the relationship period containing the entitlement period is more than \$42,700, 25 cents for each complete dollar of the excess: 15 20
- (b) **days** is the number of days in the entitlement period, excluding the days of any calendar months in which the person receives protected family tax credit as described in section MD 14 (Person receiving protected family tax credit).
- When 70-day period includes 31 March* 25
- (9) If a person who qualifies under section MC 2 receives instalments of the parental tax credit in a 70-day period that includes 31 March, the formula in **subsection (7)** is applied so that—
- (a) instalments of the parental tax credit received in the first tax year are abated against the person's family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year; and 30
- (b) instalments of the parental tax credit received in the second tax year are abated against the person's family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year. 35

Relationship with subject matter

- (10) Sections MD 14 to MD 16 (which relate to family credit abatement), with necessary modifications, apply to the calculation of the family credit abatement in **subsection (7)**.

Defined in this Act: amount, child, civil union partner, de facto partner, dependent child, entitlement period, family credit abatement, family scheme income, family tax credit, full-time earner, parental tax credit, principal caregiver, protected family tax credit, relationship period, spouse, tax credit, tax year

5

56 Section MF 7 amended (Orders in Council)

- (1) Replace section MF 7(1)(a)(i) with: 10

(i) correspond to the movement in the New Zealand Consumers Price Index that has not yet been taken into account by an increase:

- (2) Replace section MF 7(2)(a) and (b) with:

(a) in the case of the first Order in Council made under **subsection (1)(a)**, must be made when the total percentage increase in the movement in the New Zealand Consumers Price Index measured from that applying on 1 October 2008 is 5% or more: 15

(b) in the case of the second Order in Council under **subsection (1)(a)**, must be made when the total percentage increase in the movement in the New Zealand Consumers Price Index measured from that applying on 1 July 2018 is 5% or more: 20

(c) in the case of a subsequent Order in Council under **subsection (1)(a)**, must be made when the total percentage increase in the movement in the New Zealand Consumers Price Index measured from that applying on the date when the requirement to make the immediately preceding adjustment arose is 5% or more. 25

- (3) Replace section MF 7(2B) with:

How movement in CPI determined

- (2B) For the purposes of **subsections (1)(a)(i) and (2)(a), (b), and (c)**, a movement in the New Zealand Consumers Price Index over a period is determined by comparing the following numbers: 30

(a) the number that, when the period started, was the most recent quarterly index number of the New Zealand Consumers Price Index all groups excluding cigarettes and other tobacco products:

(b) the number that, when the period ended, was the most recent quarterly index number of the New Zealand Consumers Price Index all groups excluding cigarettes and other tobacco products. 35

- (4) This section applies for the 2018–19 and later tax years.

57 Section MF 7 amended (Orders in Council)

- (1) In section MF 7(1)(a), in the words before the subparagraphs, replace “section MD 3(4)(a)(i) and (b)(i) and (ii)” with “**section MD 3(4)(a) and (b)**”.
- (2) Repeal section MF 7(1)(ab).
- (3) Repeal section MF 7(2C). 5
- (4) This section applies for the 2019–20 and later tax years.

*Amendments to Taxation (Annual Rates and Budget Measures) Act 2011***58 Taxation (Annual Rates and Budget Measures) Act 2011 amended**

Repeal sections 2(3), (4), and (5), 5(2), (3), and (4), and 14B of the Taxation (Annual Rates and Budget Measures) Act 2011. 10

Part 2 Benefits

Subpart 1—Winter energy payment

59 Social Security Act 1964 amended

Sections 60 to 67 amend the Social Security Act 1964. 15

60 Section 3 amended (Interpretation)

- (1) In section 3(1), definition of **benefit**, after paragraph (b)(iii), insert:
 (iia) a winter energy payment:
- (2) In section 3(1), definition of **dependent child**, after paragraph (e), insert:
 (f) for the purposes of **clause 1(a) and (b) of Schedule 18A** (rates of winter energy payment), has the meaning given to it by **clause 2 of Schedule 18A** 20
- (3) In section 3(1), insert in its appropriate alphabetical order:
winter energy payment means a winter energy payment payable under **Part 1KA** 25

61 New Part 1KA inserted

After Part 1K, insert:

Part 1KA

Winter energy payment

61FE Winter energy payment: purpose

The purpose of the winter energy payment is to provide targeted financial assistance to help certain people meet their household heating costs during the winter period. 5

61FF Winter energy payment: interpretation

In this Part and **Schedule 18A**, unless the context otherwise requires,—

qualifying benefit means—

- (a) a main benefit under this Act; or 10
- (b) New Zealand superannuation; or
- (c) veteran's pension

relevant payment date, for a person who is receiving a qualifying benefit (or a portion of it), either as the person granted that benefit or as the spouse or partner of that person, for 1 or more days during the winter period, means the date on which the person is paid a weekly or fortnightly instalment of the person's qualifying benefit (or a portion of it) for those days 15

winter period, for a calendar year, means the 22-week period starting on 1 May.

61FG Winter energy payment: eligibility requirements 20

(1) A person is entitled to a winter energy payment for 1 or more days during the winter period if, for those days,—

- (a) the person is receiving a qualifying benefit (or a portion of it), either as the person granted that benefit or as the spouse or partner of that person; and 25
- (b) the qualifying benefit (or a portion of it) is payable to the person; and
- (c) the person is not disqualified under **subsection (2)**.

(2) However, the person is not entitled to a winter energy payment for 1 or more days during the winter period if, for those days,—

- (a) the qualifying benefit is payable at a rate prescribed in respect of a person who is married or in a civil union or in a de facto relationship, and the chief executive has determined under **subsection (3)** that the person's spouse or partner is entitled to a winter energy payment; or 30
- (b) the rate of the person's qualifying benefit is required by section 75(3) to be reduced to the rate payable to long-term hospital patients, and the payment has been reviewed under section 81(1) and terminated under **section 81(5)**; or 35

- (c) the person is receiving long-term residential care in a hospital or rest home, and that care is funded, in whole or in part, under the New Zealand Public Health and Disability Act 2000; or
 - (d) the person is receiving residential care services, and those services are funded, in whole or in part, under the New Zealand Public Health and Disability Act 2000; or 5
 - (e) the person has made, and not revoked, an election not to receive the payment (*see* **section 61FH**).
- (3) If the qualifying benefit is payable at a rate prescribed in respect of a person who is married or in a civil union or in a de facto relationship, the chief executive must determine which 1 of the spouses or partners is (as only 1 of them can be) entitled to a winter energy payment. 10

61FH Winter energy payment: election not to receive

- (1) A person entitled to a winter energy payment may make an election not to receive the payment. 15
- (2) If the payment would be payable at a rate prescribed in respect of a person who is married or in a civil union or in a de facto relationship, the chief executive must be satisfied that the election has been made by both spouses or partners.
- (3) The election must be made, and may be revoked, in a form and manner approved by the chief executive. 20
- (4) Unless it is revoked, the election stops the person from being entitled to the payment for any days after the election is made.

61FI Winter energy payment: instalments, rates, and payment

- (1) A winter energy payment is payable,—
 - (a) if the person's qualifying benefit is a main benefit under this Act, in 22 weekly instalments; or 25
 - (b) if the person's qualifying benefit is New Zealand superannuation or a veteran's pension, in 11 fortnightly instalments.
- (2) The amount of an instalment is ascertained by dividing the appropriate rate per winter period set out in **Schedule 18A**,—
 - (a) for recipients of a main benefit under this Act, by 22; or 30
 - (b) for recipients of New Zealand superannuation or a veteran's pension, by 11.
- (3) However, the amount ascertained under **subsection (2)** must be rounded up to the nearest whole cent, and then reduced to reflect any 1 or more days of the week or fortnight covered by the instalment that are days for which—
 - (a) the person is not entitled to the payment; or 35
 - (b) the payment is not payable (for example, under **section 61FJ**).

- (4) An instalment must be paid on the relevant payment date.
- (5) The winter energy payment must not be paid in advance.
- (6) This section overrides sections 11D, 80, and 82(1), (2), and (6).
- 61FJ Winter energy payment: effect of absence of beneficiary from New Zealand** 5
- (1) The winter energy payment is not payable for 1 or more days while a beneficiary is absent from New Zealand unless it is so payable under **subsection (2)**.
- (2) The winter energy payment is payable to a beneficiary for 1 or more days during any 1 or more absences of the beneficiary from New Zealand so long as each such absence is equal to or shorter than 4 weeks during the winter period and— 10
- (a) the payment would, but for those 1 or more absences, be payable to the beneficiary; and
- (b) the chief executive is satisfied that the 1 or more absences do not affect the beneficiary’s eligibility for the payment under **section 61FG**. 15
- (3) Section 77 does not apply to the winter energy payment.
- 62 Section 61H amended (Rates of benefits, etc, may be increased by Order in Council)**
- In section 61H(1)(d), after “18,”, insert “**18A**,”. 20
- 63 Section 72 amended (Limitation where applicant receiving another benefit or pension)**
- In section 72(a), after “61EA,”, insert “**61FG**,”.
- 64 Section 81 amended (Review of benefits)**
- After section 81(4), insert: 25
- (5) The chief executive may terminate a winter energy payment if satisfied, after reviewing the payment under subsection (1), that—
- (a) the rate of the beneficiary’s qualifying benefit (under **section 61FG(1)(a)**) is required by section 75(3) to be reduced to the rate payable to long-term hospital patients (even if a higher rate is paid under section 75(4)); and 30
- (b) continuing the payment is not consistent with the purpose stated in **section 61FE**.
- 65 Section 82 amended (Payment of benefits)**
- In section 82(2A), replace “and jobseeker support” with “jobseeker support, and a winter energy payment”. 35

- 66 New Schedule 18A inserted**
After Schedule 18, insert the **Schedule 18A** set out in **Schedule 1** of this Act.
- 67 New Part 7 of Schedule 32 inserted**
In Schedule 32, after **Part 6**, insert the **Part 7** set out in **Part 1 of Schedule 2** of this Act. 5
- 68 Consequential amendments**
Amend the Acts listed in **Schedule 3** as indicated in that schedule.
- Subpart 2—Rates of orphan’s benefit and unsupported child’s benefit
- 69 Social Security Act 1964 amended** 10
Section 70 amends the Social Security Act 1964.
- 70 Schedule 4 amended**
- (1) This section amends the rates in Schedule 4, clause 1(a), (b), (c), and (d) as in force immediately before 1 July 2018.
- (2) Those rates are on that date replaced with new rates calculated by adding to each of those rates \$20.31. 15
- (3) This section does not limit or affect increases or adjustments (for example, under section 61H or 61HA) effective before 1 July 2018 to those rates.
- Subpart 3—Accommodation supplement areas (fixing as on 26 June 2017) 20
- 71 Social Security Act 1964 amended**
Sections 72 to 74 amend the Social Security Act 1964.
- 72 Section 61I amended (Areas for accommodation supplement purposes may be altered by Order in Council)**
- (1) In section 61I(1)(a), replace “are from time to time” with “were on 26 June 2017”. 25
- (2) In section 61I(1)(c), replace “Area 2; or” with “Area 2.”
- (3) Repeal section 61I(1)(d).
- 73 Schedule 18 amended**
In Schedule 18, Part 1, clause 1, definitions of **Area 1**, **Area 2**, and **Area 3**, replace “as from time to time” with “as on 26 June 2017”. 30

- 74 New Part 6 of Schedule 32 inserted**
 In Schedule 32, after Part 5, insert the **Part 6** set out in **Part 2 of Schedule 2** of this Act.
 Subpart 4—Accommodation supplement areas (regulations)
- 75 Social Security Act 1964 amended** 5
Sections 76 to 78 amend the Social Security Act 1964.
- 76 Section 3 amended (Interpretation)**
 In section 3(1), insert in its appropriate alphabetical order:
Area 1, Area 2, Area 3, and Area 4—
 (a) are defined in regulations made under **section 61I** for the purposes of Part 1K and Schedule 18 (accommodation supplement); but 10
 (b) until the commencement of the first regulations made under that section, refer to the terms defined in clause 1 of Part 1 of Schedule 18
- 77 Section 61I replaced (Areas for accommodation supplement purposes may be altered by Order in Council)** 15
 Replace section 61I with:
61I Regulations defining accommodation supplement areas
 (1) The Governor-General may, by Order in Council, make regulations that, for the purposes of Part 1K and Schedule 18, define Area 1, Area 2, Area 3, and Area 4 (*see* the definitions of those terms in section 3(1), and section 61IA). 20
 (2) Section 61H(2) and (5) applies, with any necessary modifications, to any Order in Council made under **subsection (1)** as if that order had been made under section 61H(1).
- 78 Schedule 18 amended**
 In Schedule 18, Part 1, clause 1, repeal the definitions of **Area 1, Area 2, Area 3, and Area 4** on the commencement of the first regulations made under **section 61I** (inserted by the **Families Package (Income Tax and Benefits) Act 2017**). 25

Schedule 1
New Schedule 18A inserted

s 66

Schedule 18A
Rates of winter energy payment

5

ss 61FF, 61FI

- 1 The rates of winter energy payment are as follows:
- | | | |
|-----|--|-------------------------|
| (a) | to a person who is single and has no dependent children | \$450 per winter period |
| (b) | to a person who is single and has 1 or more dependent children | \$700 per winter period |
| (c) | to a person who is married, in a civil union, or in a de facto relationship, and who is the 1 spouse or partner who is entitled under section 61FG(3) | \$700 per winter period |
- 2 For the purposes of **clause 1(a) and (b)**, **dependent child**, in relation to a person, means any other person who—
- (a) is a child—
 - (i) whose care is primarily the responsibility of the person; and
 - (ii) who is being maintained as a member of that person's family; and
 - (iii) who is financially dependent on that person; and
 - (b) may be, but need not be, a child in respect of whom payments are being made under section 363 of the Oranga Tamariki Act 1989; and
 - (c) may be, but need not be, a child in respect of whom an orphan's benefit or an unsupported child's benefit is being paid; and
 - (d) is not a child in respect of whom a young parent payment is being paid in relation to a person who is not the child's parent or step-parent.

Schedule 2
New Parts 6 and 7 of Schedule 32 inserted

ss 67, 74

Part 1
New Part 7 of Schedule 32 inserted

5

Part 7
Families Package (Income Tax and Benefits) Act 2017:
winter energy payment

29 Eligibility based on qualifying benefit

- (1) This clause applies to a person who, on or after **1 July 2018**, is receiving a qualifying benefit (or a portion of it), either as the person granted that benefit or as the spouse or partner of that person. 10
- (2) **Section 61FG(1)(a)** applies to the person regardless of whether—
- (a) the person’s, or the person’s spouse’s or partner’s, entitlement to that benefit arose before, on, or after **1 July 2018**: 15
- (b) the person, or the person’s spouse or partner, was granted that benefit before, on, or after **1 July 2018**;
- (c) the person, or the person’s spouse or partner, started receiving that benefit (or a portion of it) before, on, or after **1 July 2018**.

30 Special winter period, instalments, and rates for 2018 20

- (1) For the purposes of **Part 1KA** and **Schedule 18A**, **winter period**, for the 2018 calendar year, means (despite **section 61FF**) the 13-week period starting on **1 July**.
- (2) For the 2018 calendar year,—
- (a) “22 weekly instalments” in **section 61FI(1)(a)** must be read as “13 weekly instalments”; and 25
- (b) “11 fortnightly instalments” in **section 61FI(1)(b)** must be read as “6 fortnightly instalments”; and
- (c) “by 22” in **section 61FI(2)(a)** must be read as “by 13”; and
- (d) “by 11” in **section 61FI(2)(b)** must be read as “by 6”; and 30
- (e) “\$450 per winter period” in **clause 1(a)** of **Schedule 18A** must be read as “\$265.91 per winter period”; and
- (f) “\$700 per winter period” in **clause 1(b) and (c)** of **Schedule 18A** must be read as “\$413.64 per winter period”.

- (3) An order made under section 61H(1) may increase the rates per winter period (for the 2018 calendar year) set out in **subclause (2)(e) and (f)**.

Part 2

New Part 6 of Schedule 32 inserted

Part 6

5

Families Package (Income Tax and Benefits) Act 2017: accommodation supplement areas

27 Parts of New Zealand taken to be as defined on 26 June 2017

- (1) This clause applies to—
- (a) a part of New Zealand that is any urban area, urban zone, or area unit of New Zealand referred to in Part 1K or Schedule 18; and 10
 - (b) the period starting on 26 June 2017 and ending on the day after the date on which the **Families Package (Income Tax and Benefits) Act 2017** receives the Royal assent.
- (2) That part of New Zealand must for that period be— 15
- (a) taken to be that part of New Zealand as on 26 June 2017 defined by the Government Statistician; and
 - (b) taken never to have been later redefined by the Government Statistician.

28 Continuation of Budget 2017 order

- (1) This clause applies to— 20
- (a) the amendments made by the **Families Package (Income Tax and Benefits) Act 2017**, on the day after the date on which that Act receives the Royal assent, to section 61I(1) (for example, the repeal of section 61I(1)(d)) (the **amendments**); and
 - (b) the Social Security (Budget 2017—Rates of, and Areas for, Accommodation Supplement) Order 2017 (the **order**). 25
- (2) Despite the amendments, the area alterations made by the order continue, and continue to commence as provided in clause 2 of the order.

Schedule 3 Consequential amendments

s 68

Legal Services Act 2011 (2011 No 4)

In Schedule 1, after clause 2(1)(c)(v), insert: 5

(va) a winter energy payment payable under **Part 1KA** of that Act; or

In Schedule 1, replace clause 2(1)(c)(vi) with:

(vi) temporary additional support payable under section 61G of that Act; or

In Schedule 1, after clause 2(1)(c), insert: 10

(ca) excludes a special benefit continued under section 23 of the Social Security (Working for Families) Amendment Act 2004; and

Summary Proceedings Act 1957 (1957 No 87)

In section 2(1), definition of **benefit**, after paragraph (b)(iii), insert:

(iiia) a winter energy payment payable under **Part 1KA** of that Act; or 15