

Tax policy report: Cabinet paper - Taxation (Budget Tax Measures) Bill - approval for introduction

Date:	19 May 2009	Priority:	High
Security Level:		Report No:	T2009/1234 PAD2009/077

Action sought

	Action Sought	Deadline
Hon Bill English, Minister of Finance	Agree to recommendations and sign and refer paper to Cabinet Office	10 am Thursday 21 May 2009
Hon Peter Dunne, Minister of Revenue	Agree to recommendations and sign and refer paper to Cabinet Office	10 am Thursday 21 May 2009

Contact for telephone discussion (if required)

Name	Position	Telephone	
Warren Cole	Manager, Tax Law Drafting, Inland Revenue	[deleted – privacy]	[deleted – privacy]
Bill Moran	Manager, Tax Strategy, the Treasury	[deleted – privacy]	[deleted – privacy]

19 May 2009

Minister of Finance (Hon Bill English)
Minister of Revenue (Hon Peter Dunne)

Cabinet paper - Taxation (Budget Tax Measures) Bill - approval for introduction

Attached to this report is a submission to Cabinet for consideration on 25 May. The submission seeks approval for the introduction of the Taxation (Budget Tax Measures) Bill on 28 May. The submission is to be made directly to Cabinet because no meeting of the Cabinet Legislation Committee is scheduled for the week beginning 18 May.

The contents of the proposed bill comprise the following:

- repeal of the final two tranches of the personal tax cuts enacted in December 2008 with effect from 1 April 2010 and 1 April 2011;
- repeal of the increase from 1 April 2010 in the amount of the weekly independent earner tax credit, also enacted in December 2008; and
- closure of the KiwiSaver mortgage diversion facility to new participants from 1 June 2009.

In addition, the submission seeks Cabinet's noting of the fiscal implications of these measures, consequential to the decisions in CAB Min (09) 12/9.

The Ministry of Justice has reviewed the proposed bill for consistency with the New Zealand Bill of Rights Act 1999 and considers the bill appears to be consistent with that Act.

Next steps

The paper is due in the Cabinet Office by 10.00 am on Thursday 21 May. A draft is attached for your consideration and signature. A Cab 100 is also enclosed.

Please advise if you require any changes to the paper.

Recommended action

It is recommended that you:

- a) **Agree** that the attached Cabinet submission be referred for Cabinet's consideration at its meeting on 25 May 2009.

Agreed/Not agreed

Agreed/Not agreed

- b) **Sign and refer** the attached submission to the Cabinet Office by 10.00 am on Thursday 21 May 2009.

Referred

Referred

Bill Moran
for Secretary to the Treasury

Warren Cole
Manager, Tax Law Drafting,
Inland Revenue

Hon Bill English
Minister of Finance

Hon Peter Dunne
Minister of Revenue