

# The Treasury

## Budget 2011 Information Release

### Release Document

June 2011

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [3] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
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- [10] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice.

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



## Tax policy report: **Budget Overview - tax announcements and legislation**

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<b>Date:</b>	5 April 2011	<b>Priority:</b>	Medium
<b>Security Level:</b>		<b>Report No:</b>	T2011/687 PAD2011/173

### Action sought

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	Action Sought	Deadline
Minister of Finance	Agree to recommendations	8 April 2011
Minister of Revenue	Agree to recommendations	8 April 2011

### Contact for telephone discussion (if required)

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Name	Position	Telephone
Mike Nutsford	Principal Advisor, Tax Strategy, Treasury	[1]
Murray Shadbolt	Senior Policy Advisor, Policy Advice, Inland Revenue	

5 April 2011

Minister of Finance  
Minister of Revenue

## **Budget Overview - tax announcements and legislation**

1. The attached table provides a brief overview of the tax-related Budget measures. It details the policies that will be announced and legislated for on Budget night and the policies that will be announced but legislated for at a later date. We are also seeking confirmation that you agree with the legislative vehicle currently allocated for each measure, as set out in the attached table.

[2]

3. Finally, we are seeking your agreement to include an additional item in Budget night legislation; the confirmation of income tax rates for the 2011-12 tax year. It is a requirement that these rates are confirmed by Parliament every year. This confirmation needs to be included in Budget night legislation to ensure it is passed before 31 March 2012 (the end of the 2011-12 tax year).

4. If you agree, we will seek Cabinet's approval to include the confirmation of rates in Budget night legislation in the Cabinet Legislation Committee paper for the Budget.

## **Recommended action**

We recommend that you:

- (a) **Note** the contents of this report.

Noted

Noted

(b) **Confirm** that you agree with the legislative vehicles for each measure as set out in the attached table.

Confirmed/Not confirmed

Confirmed/Not confirmed

(c) **Agree** to include the confirmation of annual income tax rates for the 2011-12 tax year in Budget night legislation.

Agreed/Not agreed

Agreed/Not agreed

**Mike Nutsford**  
for Secretary to the Treasury

**Murray Shadbolt**  
Senior Policy Advisor  
Inland Revenue

**Hon Bill English**  
Minister of Finance

**Hon Peter Dunne**  
Minister of Revenue



<b>Student loans</b>		
<ul style="list-style-type: none"> <li>• Remove eligibility for borrowers who have defaulted on earlier student loans (Application date 1 October 2012 with effect from February 2013)</li> <li>• Reduction in the repayment holiday for non-residents borrowers to 1 year and application required (Applying to borrowers that leave New Zealand from 1 April 2012)</li> <li>• Disregard tax losses for student loan repayment purposes (Application date 1 April 2012)</li> <li>• Suspend inflation adjustment to repayment threshold until 2015</li> <li>• Compulsory contact person when applying for a loan (Application date 1 October 2012 for study commencing 1 January 2013)</li> <li>• Remove the entitlement to borrow course-related costs for part-time full-year students (Application date 1 January 2012)</li> <li>• Restrict borrowing for those aged 55 or over to tuition fees only (Application date 1 January 2013)</li> </ul>	<p>A Student Loan Scheme Amendment Bill to be introduced later this year (second half of 2011)</p> <p>No legislation required</p>	[5]
<p><b>Change to minimum equity rules for banks to be announced in Budget</b> (Application date 1 April 2012)</p>	<p>August 2011 tax bill</p>	
<p><b>Confirmation of annual income tax rates for the 2011/12 tax year<sup>1</sup></b></p>	<p>Budget day legislation</p>	

<sup>1</sup> Will not be announced in Budget 2011.