

The Treasury

Budget 2015 Information Release

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.
- [4] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [5] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [6] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.
- [6a] 9(2)(ba)(ii) - to protect information, where the making available of the information would be likely otherwise to damage the public interest
- [7] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [8] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8a] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting the collective and individual ministerial responsibility
- [9] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [10] 9(2)(h) - to maintain legal professional privilege
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [12] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [13] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [14] Not in scope

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [4] appearing where information has been withheld in a release document refers to section 9(2)(a).

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



Minute of Decision

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

Additional Item: Tax and Property: IRD Numbers and Bank Accounts

Portfolio: Revenue

On 18 May 2015, Cabinet:

1 **noted** that on 11 May 2015, Cabinet:

Background

1.1 noted that on 20 April 2015, Cabinet:

1.1.1 agreed to incorporate an initiative in Budget 2015 for Vote Revenue, covering areas of aggressive tax planning and property compliance, and addressing the hidden economy;

1.1.2 approved an additional appropriation of \$74 million over five years to Inland Revenue for extra investigations in these three areas;

[CAB Min (15) 12/4]

Requirement for IRD numbers

1.2 approved a requirement for IRD numbers and Tax Identification Numbers (TIN) to be provided by purchasers and vendors of real property when land is transferred, with effect from 1 September 2015;

1.3 agreed that New Zealand residents have the option, if they do not wish to provide their IRD number, of making a statutory declaration that the property will be their principal residence;

1.4 agreed that non-residents be required to open a New Zealand bank account as a prerequisite to obtaining an IRD number so that the anti-money laundering (AML) provisions apply;

1.5 invited the Minister of Revenue and Minister for Land Information to issue drafting instructions for amendments to the Land Transfer Act 1952 and the Tax Administration Act 1994 to give effect to the proposals in paragraphs 1.2 to 1.4 above, and to report back to Cabinet on 18 May 2015 seeking approval to the proposed amendments;

1.6 authorised the Minister of Finance, the Minister of Revenue and the Minister for Land Information to approve the details of the proposed amendments;

1.7 agreed that the proposed amendments be passed through all stages under urgency on Budget Day (21 May 2015);

Proposed bright-line test

- 1.8 approved a bright-line test to supplement the current intention test under which residential property bought and sold within two years will be subject to tax unless the property is the principal residence of the taxpayer;
- 1.9 authorised a group of Ministers comprising the Prime Minister, the Minister of Finance, the Associate Minister of Finance (Hon Steven Joyce), the Minister of Revenue and the Minister for Land Information to take final decisions on the application date of the bright-line test;
- 1.10 agreed in principle to the development of a withholding tax to improve compliance by non-resident purchasers with the bright line test, subject to the further work in paragraph 1.11;
- 1.11 directed officials to develop the details of the proposed withholding tax and to report to the Minister of Finance and the Minister of Revenue;
- 1.12 agreed that the details of the package be announced by the Prime Minister on 17 May 2015;
- 1.13 authorised the Minister of Finance, the Minister of Revenue and the Minister for Land Information to agree on the details of the package that will be put forward in a consultation document on the bright-line test.

[CAB Min (15) 15/10]

- 2 **agreed** to amend the effective date referred to in paragraph 1.2 above from 1 September 2015 to 1 October 2015;
- 3 **rescinded** the decision referred to in paragraph 1.3 above; and instead
- 4 **invited** the Minister of Revenue and Minister for Land Information to consider other options for bringing rules into effect that would exclude New Zealand residents from having to provide their IRD numbers when they are purchasing their principal place of residence;
- 5 **agreed** that further work be carried out on how to bring the proposal referred to in paragraph 1.4 above into effect;
- 6 **rescinded** the decision referred to in paragraph 1.5 above; and instead
- 7 **invited** the Minister of Revenue and the Minister for Land Information to:
 - 7.1 agree on a consultation process with key stakeholders on the details of the proposals in paragraphs 1.2 and 1.4 above, as amended by paragraphs 2 to 4 above;
 - 7.2 report back to the Cabinet Economic Growth and Infrastructure Committee following the consultation process with final policy recommendations;
- 8 **rescinded** the decision referred to in paragraph 1.7 above;

- 9 **noted**, in respect of paragraph 1.9 above, that the Prime Minister, the Minister of Finance, the Associate Minister of Finance (Hon Steven Joyce), the Minister of Revenue and the Minister for Land Information have agreed that the application date for the bright-line test will be 1 October 2015.

Secretary of the Cabinet

Reference: CAB Min (15) 15/10
Paper tabled by Minister of Revenue entitled
“Tax and Property: IRD numbers and bank accounts”
