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To: Office of the Minister of Finance

From: Tax Strategy, Treasury

Tax Scenarios

This note provides the revenue cost impact of several tax change scenarios. All modelling assumes a 1 April 2009 start date and the cost is for a full 12 months from this date.

The table below presents the fiscal costs across nine combinations for the top two tax thresholds. All scenarios are based on the LIR being removed, the introduction of a tax free zone for the first \$5,000 of income and an initial marginal tax rate of 21%.

\$ million		Threshold between 21% and 33% rates		
		40k	42k	45k
Threshold between 33% and 39% rates	60k	1440	1650	1940
	75k	1750	1960	2250
	80k	1820	2030	2320