



# Taxation (Annual Rates and Budget Measures) Act 2011

Public Act 2011 No 23  
Date of assent 24 May 2011  
Commencement see section 2

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**The Parliament of New Zealand enacts as follows:****1 Title**

This Act is the Taxation (Annual Rates and Budget Measures) Act 2011.

**2 Commencement**

- (1) This Act comes into force on the day on which it receives the Royal assent, except as provided in this section.
- (2) Section 5(1) comes into force on the 1 April that is the day of application required by section MF 7(3) of the Income Tax Act 2007 for the first Order in Council under section MF 7(1)(a) and (2).
- (3) Section 5(2) comes into force on the 1 April that is the day of application required by section MF 7(3) for the second Order in Council under section MF 7(1)(a) and (2).
- (4) Section 5(3) comes into force on the 1 April that is the day of application required by section MF 7(3) for the third Order in Council under section MF 7(1)(a) and (2).
- (5) Section 5(4) comes into force on the 1 April that is the day of application required by section MF 7(3) for the fourth Order in Council under section MF 7(1)(a) and (2).
- (6) Section 7 comes into force on 1 July 2011.
- (7) Sections 8, 9, 10, 11, 12, 13, and 14 come into force on 1 April 2012.

## Part 1

### Annual rates of income tax

#### 3 Annual rates of income tax for 2011–12 tax year

Income tax imposed by section BB 1 of the Income Tax Act 2007 must, for the 2011–12 tax year, be paid at the basic rates specified in schedule 1 of that Act.

## Part 2

### Working for Families and KiwiSaver

#### *Amendments to Income Tax Act 2007*

#### 4 Income Tax Act 2007

Sections 5 to 14 amend the Income Tax Act 2007.

#### 5 Calculation of family credit abatement

- (1) In section MD 13(3)(a),—
  - (a) in subparagraph (i), “\$36,827, 20 cents” is replaced by “\$36,350, 21.25 cents”:
  - (b) in subparagraph (ii), “\$36,827, 20 cents” is replaced by “\$36,350, 21.25 cents”.
- (2) In section MD 13(3)(a),—
  - (a) in subparagraph (i), “\$36,350, 21.25 cents” is replaced by “\$35,900, 22.5 cents”:
  - (b) in subparagraph (ii), “\$36,350, 21.25 cents” is replaced by “\$35,900, 22.5 cents”.
- (3) In section MD 13(3)(a),—
  - (a) in subparagraph (i), “\$35,900, 22.5 cents” is replaced by “\$35,450, 23.75 cents”:
  - (b) in subparagraph (ii), “\$35,900, 22.5 cents” is replaced by “\$35,450, 23.75 cents”.
- (4) In section MD 13(3)(a),—
  - (a) in subparagraph (i), “\$35,450, 23.75 cents” is replaced by “\$35,000, 25 cents”:
  - (b) in subparagraph (ii), “\$35,450, 23.75 cents” is replaced by “\$35,000, 25 cents”.

**6 Orders in Council**

- (1) In section MF 7(1)(a), the words before the subparagraphs are replaced by “increase the amounts in section MD 3(4)(a)(i) and (b)(i) and (ii) (Calculation of family tax credit) by amounts that—”.
- (2) After section MF 7(1)(a), the following is inserted:
  - “(ab) increase the amount in—
    - “(i) section MD 3(4)(a)(ii) to equal the corresponding amount in section MD 3(4)(a)(i), if the amount in section MD 3(4)(a)(i) would otherwise be the greater:
    - “(ii) section MD 3(4)(b)(iii) to equal the corresponding amount in section MD 3(4)(b)(ii), if the amount in section MD 3(4)(b)(ii) would otherwise be the greater.”
- (3) After section MF 7(2B), the following is inserted:

“*Order in Council under subsection (1)(ab)*

“(2C) An Order in Council must be made under subsection (1)(ab) if an Order in Council under subsection (1)(a) would otherwise result in—
  - “(a) the amount in section MD 3(4)(a)(i) exceeding the amount in section MD 3(4)(a)(ii):
  - “(b) the amount in section MD 3(4)(b)(ii) exceeding the amount in section MD 3(4)(b)(iii).”

**7 Amount of tax credit**

- (1) In section MK 4(2),—
  - (a) “a person’s” is replaced by “half of a person’s”; and
  - (b) “\$1042.86” is replaced by “\$521.43”.
- (2) Section MK 4(3)(a) and (b) are replaced by the following:
  - “(a) equal to half of their total member credit contributions for the year, if that amount is equal to or less than the part-year maximum amount calculated under subsection (4); or
  - “(b) equal to the part-year maximum amount calculated under subsection (4), if half of their total member credit contributions for the year is greater than the part-year maximum amount calculated under subsection (4).”

- (3) In section MK 4(4), in the formula, “\$1042.86” is replaced by “\$521.43”.
- (4) Subsections (1), (2), and (3) apply for calculating a tax credit for the year starting on 1 July 2011 and later years.

## **8 Salary or wages**

- (1) In section RD 5(1)(c)(vi), “Act; and” is replaced by “Act.”
- (2) Section RD 5(1)(d) is repealed.

## **9 Employer’s superannuation cash contributions**

- (1) Section RD 65(4) is repealed.
- (2) Section RD 65(13) is repealed.
- (3) In section RD 65, in the list of defined terms, “complying fund calculation period”, “complying fund rules”, “complying superannuation fund”, “compulsory employer contribution”, “KiwiSaver calculation period”, “KiwiSaver contribution”, “KiwiSaver scheme”, and “salary or wages” are omitted.

## **10 Section RD 66 repealed**

Section RD 66 is repealed.

## **11 Section RD 67 replaced**

Section RD 67 is replaced by the following:

### **“RD 67 Calculating amounts of tax for employer’s superannuation cash contributions**

The amount of tax for an employer’s superannuation cash contribution is the amount determined under schedule 1, part D, clause 1 (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits).

“Defined in this Act: amount, amount of tax, employer, employer’s superannuation cash contribution”.

## **12 Section RD 69 repealed**

Section RD 69 is repealed.

## **13 Definitions**

- (1) This section amends section YA 1.

- (2) The definition of **complying fund rules** is replaced by the following:  
“**complying fund rules** means, for a superannuation fund and an employee’s superannuation accumulation, rules that—  
“(a) meet all the requirements set out in schedule 28 (Requirements for complying fund rules); and  
“(b) do not detract from those requirements”.
- (3) In the definition of **salary or wages**, paragraph (b) is replaced by the following:  
“(b) is further defined in schedule 28, clause 7 (Requirements for complying fund rules) for the purposes of that schedule”.

**14 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits**

In schedule 1, part D,—

- (a) in the heading to clause 1 “(a)” is omitted; and  
(b) in clause 1, “If section RD 67(a) applies” is replaced by “For the purposes of section RD 67”; and  
(c) in table 1, in the instructions to use that table, “the amount of salary or wages under section RD 69(1)” is replaced by “the ESCT rate threshold amount”; and  
(d) clause 2 is repealed.

*Amendment to KiwiSaver Act 2006*

**15 New section 237 of KiwiSaver Act 2006**

After section 236 of the KiwiSaver Act 2006, the following is added:

**“237 Protection from non-compliance: Taxation (Annual Rates and Budget Measures) Act 2011**

If, as a result of amendments in sections 7 to 14 of the Taxation (Annual Rates and Budget Measures) Act 2011, there is non-compliance with an enactment related to securities, the non-compliance is ignored, if it starts before 31 July 2011 and does not continue on or after 31 July 2011, or if it relates to—

- “(a) a prospectus that is registered under the Securities Act 1978 on or before 27 May 2011:

“(b) an investment statement under the Securities Act 1978 that is dated on or before 27 May 2011.”

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**Legislative history**

19 May 2011	Introduction (Bill 305–1), first reading, second reading, committee of the whole House, third reading
24 May 2011	Royal assent

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This Act is administered by the Inland Revenue Department.

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