



ANALYSIS

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1996, No. 19

An Act to amend the Tax Administration Act 1994

[10 May 1996]

BE IT ENACTED by the Parliament of New Zealand as follows:

1. Short Title and commencement—(1) This Act may be cited as the Tax Administration Amendment Act 1996, and shall be read together with and deemed part of the Tax Administration Act 1994 (hereinafter referred to as the principal Act).

(2) Except as provided in sections 5 (3), 6 (4), 7 (4), and 8 (3) of this Act, this Act shall come into force on 1 July 1996.

2. Interpretation—Section 3 (1) of the principal Act is amended by repealing the definitions of “family support certificate of entitlement” and “family support credit of tax”, and substituting the following definitions:

“‘Family certificate of entitlement’, in relation to any person, means a certificate issued by the Commissioner under section KD 5 of the Income Tax Act 1994 in respect of the estimated entitlement of that person to a credit of tax allowable under section KD 2 or, as the case may be, sections KD 2 and KD 3 of that Act:

“‘Family tax credit’—

“(a) Subject to paragraph (b), means a credit of tax under Part KD of the Income Tax Act 1994 or Part XI_A of the Income Tax Act 1976:

“(b) In section 84 of this Act means an interim instalment of a credit of tax payable to a person under that Part KD or that Part XI_A.”

3. Keeping of business records—(1) Section 22 (3) of the principal Act is amended by omitting the words “pay-period taxpayer”, and substituting the words “taxpayer to whom section 33A applies”.

(2) Subsection (1) of this section shall apply with respect to the 1995–96 income year and subsequent income years.

4. Annual income tax returns by taxpayers—Section 33 of the principal Act is amended by omitting the words “pay-period taxpayer” wherever they appear, and substituting in each case the words “taxpayer to whom section 33A applies”.

5. Annual income tax returns not required from taxpayers—(1) The principal Act is amended by inserting, after section 33, the following section:

“33A. (1) For the purposes of this Act, subject to subsections (2) and (3), a natural person shall not be required to furnish a return of income in relation to a year if, in the year, the person—

“(a) Is not a New Zealand superannuitant; and

“(b) Does not derive income other than—

“(i) Income from employment from which a tax deduction is liable to be made in accordance with the PAYE rules:

“(ii) Interest or dividends from which resident withholding tax is liable to be deducted in accordance with the RWT rules; and

“(c) Derives total income that does not exceed—

“(i) \$9,500; or

“(ii) \$20,000 and does not include income from employment; or

- “(iii) \$20,000 and does not include more than \$1,500 of income in the nature of interest; and
 - “(d) Does not derive income as a shearer or as a shearing shed hand; and
 - “(e) Is not an absentee; and
 - “(f) Is not issued with a family certificate of entitlement for any part of the year; and
 - “(g) Does not have a spouse who is issued with a family certificate of entitlement for any part of the year; and
 - “(h) Is not required to pay any financial support under the Child Support Act 1991; and
 - “(i) Does not have any IRD loan balance (as defined in section 2 of the Student Loan Scheme Act 1992).
- “(2) Notwithstanding anything in subsection (1), a person who is a New Zealand superannuitant shall not be required to furnish a return of income in relation to a year if, in the year, the person—
- “(a) Satisfies paragraphs (b) to (i) of subsection (1); and
 - “(b) Receives payments of which the following amounts do not exceed \$3,120 in aggregate—
 - “(i) Income from employment other than New Zealand superannuation:
 - “(ii) Interest and dividends:
 - “(iii) 50% of any pension from a superannuation fund:
 - “(iv) 50% of any annuity to which section CB 9 (f) applies.
- “(3) Notwithstanding anything in subsections (1) and (2), a person shall be required to furnish a return of income in relation to a year if, in the year,—
- “(a) The person receives income from employment from which a tax deduction is made and the amount of the tax deduction is determined wholly or partly by a special tax code certificate issued under section NC 14 of the Income Tax Act 1994:
 - “(b) The Director-General of Social Welfare pays to the person or to the person’s spouse a family credit under section KD 6 of the Income Tax Act 1994 for which the amount of family credit abatement (as given by section KD 2 (4) of the Income Tax Act 1994) is greater than nil.
- “(4) For the purposes of subsections (1) and (2), resident withholding tax is deemed to be deducted from a dividend if application of the formula in section NF 2 (1) (b) of the Income

Tax Act 1994 results in the payer of the dividend being required to deduct a nil amount.”

(2) Subsection (1) of this section shall apply with respect to the 1995–96 income year.

(3) This section shall be deemed to have come into force on 1 April 1995.

6. Annual income tax returns for 1996–97 income year—(1) Section 33A (1) of the principal Act (as inserted by section 5 (1) of this Act) is amended by repealing paragraph (c), and substituting the following paragraph:

“(c) Has total income which does not exceed \$34,200; and”.

(2) Section 33A (2) (b) of the principal Act (as inserted by section 5 (1) of this Act) is amended by omitting the expression “\$3,120”, and substituting the expression “\$3,412.50”.

(3) Subsections (1) and (2) of this section shall apply with respect to the 1996–97 income year.

(4) This section shall come into force on 1 April 1996.

(5) Subsections (1) and (2) of this section shall be deemed to have been repealed on 1 April 1997.

7. Annual income tax returns for 1997–98 income year—(1) Section 33A (1) (c) of the principal Act (as inserted by section 5 (1) of this Act) is amended by omitting the expression “\$34,200” (as substituted by section 6 (1) of this Act), and substituting the expression “\$38,000”.

(2) Section 33A (2) (b) of the principal Act (as inserted by section 5 (1) of this Act) is amended by omitting the expression “\$3,412.50” (as substituted by section 6 (2) of this Act), and substituting the expression “\$3,802.50”.

(3) Subsections (1) and (2) of this section shall apply with respect to the 1997–98 income year.

(4) This section shall come into force on 1 April 1997.

(5) Subsection (2) of this section shall be deemed to have been repealed on 1 April 1998.

8. Annual income tax returns for 1998–99 income year and subsequent income years—(1) Section 33A (2) (b) of the principal Act (as inserted by section 5 (1) of this Act) is amended by omitting the expression “\$3,802.50 (as substituted by section 7 (2) of this Act), and substituting the expression “\$3,900”.

(2) Subsection (1) of this section shall apply with respect to the 1998–99 income year and subsequent income years.

(3) This section shall come into force on 1 April 1998.

9. Annual returns by persons who receive a family credit of tax—(1) Section 41 (a) of the principal Act is amended by omitting the words “family support certificate of entitlement”, and substituting the words “family certificate of entitlement”.

(2) Section 41 (b) of the principal Act is amended by omitting the words “family support credit of tax”, and substituting the words “family tax credit”.

10. Accident Rehabilitation and Compensation Insurance Corporation to provide information as to recipients of weekly compensation—(1) The principal Act is hereby amended by inserting, after section 46, the following section:

“46A. (1) The purpose of this section is to facilitate the exchange of information between the Corporation and the Department for the purpose of verifying entitlement to the independent family tax credit.

“(2) For the purpose of this section, the Corporation or any authorised officer of the Corporation shall, on request by the Commissioner, provide the following information:

“(a) The name and address of a person who has been in continuous receipt of weekly compensation for the continuation period or longer; and

“(b) The tax file number of the person; and

“(c) The date of birth of the person; and

“(d) The dates of the periods where the person has received weekly compensation for a continuous period of 3 months or more.

“(3) Where the Commissioner receives information from the Corporation, the Commissioner may cause a comparison of the information to be made with the information held by the Commissioner which relates to that person in order to make an assessment of that person’s entitlement or his or her spouse’s entitlement to the independent family tax credit.

“(4) Notwithstanding section 81, access by a person to information in respect of that person provided to the Commissioner by the Corporation shall be governed by the provisions of the Privacy Act 1993.

“(5) In this section,—

“ ‘Continuation period’, in relation to a person receiving weekly compensation, means the period beginning on the first day of the person’s eligibility for weekly compensation and ending on the earlier of—

“(a) The day having the same date as the first day of the person’s continuous period of eligibility for

weekly compensation and occurring in the third calendar month after that first day; and

“(b) The last day of the third calendar month after the first day of the person’s continuous period of eligibility for weekly compensation:

“‘Corporation’ means the Accident Rehabilitation and Compensation Insurance Corporation:

“‘Independent family tax credit’ has the same meaning as in section OB 1 of the Income Tax Act 1994:

“‘Weekly compensation’ means compensation of the kind referred to in paragraphs (h) and (i) of the definition of ‘salary and wages’ in section OB 1 of the Income Tax Act 1994 paid by the Accident Rehabilitation and Compensation Insurance Corporation or its agent.”

(2) The Third Schedule to the Privacy Act 1993 is hereby consequentially amended by omitting from the item relating to the Tax Administration Act 1994 (as substituted by section YB 1 of the Income Tax Act 1994) the words “sections 83 and 84”, and substituting the words “sections 46A, 83, and 84”.

11. Disclosure of information for purposes of entitlement card—Section 83 (2) of the principal Act is amended by repealing the words “credit of tax under Part KD of the Income Tax Act 1994 or Part XI_A of the Income Tax Act 1976”, and substituting the words “family tax credit”.

12. Disclosure of information identifying double payment of family tax credit—(1) Section 84 (1) (a) of the principal Act is amended by repealing the words “family support credit of tax”, and substituting the words “family tax credit”.

(2) Section 84 (4) of the principal Act is amended by repealing the words “family support credit of tax”, and substituting the words “family tax credit”.

(3) Section 84 (6) of the principal Act is consequentially amended by repealing the definition of “qualifying person”, and substituting the following definition:

“‘Qualifying person’ has the same meaning as in paragraph (a) of the definition of that term in section OB 1 of the Income Tax Act 1994, and includes a person allowed a credit of tax under section KD 3 (3) of that Act.”

13. Additional tax where residual income tax underestimated as at final instalment date—Section 144 (1)

of the principal Act is amended by repealing the definition of item x, and substituting the following definition:

“x is one of the following—

“(a) The taxpayer’s residual income tax for the income year; or

“(b) Where the taxpayer is a natural person and the taxable income of the taxpayer for the immediately preceding income year does not exceed \$70,000, the lesser of—

“(i) The taxpayer’s residual income tax for the income year; and

“(ii) An amount equal to 100% of the taxpayer’s residual income tax for the immediately preceding income year; or

“(c) Where the taxpayer is not a taxpayer who is required to make an estimate under section MB 3 (2) of the Income Tax Act 1994, and paragraph (b) of this definition does not apply, the lesser of—

“(i) The taxpayer’s residual income tax for the income year; and

“(ii) An amount equal to 105% of the taxpayer’s residual income tax for the immediately preceding income year; and”.

14. Overpayment of family credit of tax, etc.—Section 173 of the principal Act is amended by omitting the words “family support certificate of entitlement” wherever they appear, and substituting in each case the words “family certificate of entitlement”.

15. Offences relating to family rebates—Section 212 of the principal Act is amended—

(a) By omitting the words “family support certificate of entitlement” wherever they appear, and substituting in each case the words “family certificate of entitlement”; and

(b) By omitting the words “family support credit of tax” wherever they appear, and substituting in each case the words “family tax credit”.

16. Power of Director-General of Social Welfare to make interim payments of family tax credit—The principal Act is hereby amended by inserting, after section 225, the following section:

“225A. (1) The Governor-General may from time to time, by Order in Council,—

- “(a) Specify a class of persons being paid an income-tested benefit to whom the Director-General of Social Welfare may make payments under section KD 6 (1)(b) of the Income Tax Act 1994, or to whom the Director-General of Social Welfare shall cease making such payments:
- “(b) Appoint a date on which the Director-General of Social Welfare may begin to make payments under section KD 6 (1)(b) of the Income Tax Act 1994 or a date on which the Director-General of Social Welfare shall cease making such payments.
- “(2) An Order in Council made under subsection (1) of this section may—
- “(a) Provide that the Director-General of Social Welfare may make payments, or shall cease making payments, under section KD 6 (1)(b) of the Income Tax Act 1994 to all persons receiving an income-tested benefit; or
- “(b) Specify a class of persons being paid an income-tested benefit to whom the Director-General of Social Welfare may make payments under section KD 6 (1)(b) of the Income Tax Act 1994, or shall cease making such payments, by reference to one or more of the following:
- “(i) The type of income-tested benefit received by the person;
- “(ii) The amount of the income-tested benefit received by the person;
- “(iii) The amount of the family tax credit to which the person may be entitled, as determined by the Director-General of Social Welfare;
- “(iv) Any amount used or calculated by the Director-General of Social Welfare in determining the amount of family tax credit to which a person may be entitled.
- “(3) Every Order in Council made under subsection (1) of this section shall be deemed to be a regulation for the purposes of the Regulations (Disallowance) Act 1989 and the Acts and Regulations Publication Act 1989.”