

# **COVID-19 Response (Taxation and Social Assistance Urgent Measures) Bill**

Government Bill

## **Explanatory note**

### **General policy statement**

This omnibus Bill introduces amendments to the following legislation:

- Income Tax Act 2007
- Tax Administration Act 1994
- Goods and Services Tax Act 1985
- Social Security Act 2018
- Taxation (KiwiSaver, Student Loans, and Remedial Matters) Act 2020
- Commissioner's Table of Depreciation Rates

The policy proposals in this Bill are all aimed at assisting the Government's response to the economic impacts of the COVID-19 outbreak. The Bill includes targeted measures aimed at providing relief to those that have been economically affected by the COVID-19 outbreak. The Bill also includes measures aimed at addressing the broader economic impacts of the outbreak.

Owing to the short timeframe available for developing a policy response to COVID-19 no public consultation has been undertaken on the proposals in the Bill. As such, the tax policy measures within this Bill have not been developed in accordance with the Generic Tax Policy Process.

The following is a brief summary of the policy measures contained in this Bill. A fuller explanation of the policy items is provided in a commentary on the Bill that is available at <https://taxpolicy.ird.govt.nz/publications/2020-commentary-covid-19-bill/overview>.

### *Depreciation on non-residential buildings*

The Bill proposes to reintroduce depreciation deductions for non-residential buildings. This is intended to support businesses' cash flow in the near-term and assist with the broader economic recovery by stimulating business investment in new and existing buildings.

### *Provisional tax threshold*

The Bill proposes to increase the threshold for having to pay provisional tax from \$2,500 to \$5,000. This would allow more taxpayers to delay paying their taxes as they would no longer need to pay in instalments throughout the year.

### *Low value asset threshold*

Taxpayers are currently able to deduct in the year the asset was purchased the full purchase price of assets that cost less than \$500. However, for assets over \$500 deductions for the purchase price are spread over the life of the asset. The Bill proposes to temporarily increase this \$500 threshold to \$5,000 for assets purchased in the 12 months from 17 March 2020. This temporary increase is intended to incentivise taxpayers to bring forward investments to encourage spending.

The Bill further proposes to permanently increase the \$500 threshold to \$1,000 for assets purchased from 17 March 2021. This would reduce compliance costs for businesses and encourage businesses to continue investing.

### *Research and development tax credits*

The Bill proposes an amendment to bring the application date of broader refundability for the R&D tax credit forward by one year, to the 2019–20 income year, to help businesses retain their R&D capability during the COVID-19 outbreak. The R&D tax credit currently only has limited refundability rules, which may not provide sufficient support to loss-making businesses or businesses who do not pay enough income tax to fully utilise their R&D tax credits. Broader refundability rules have been developed and will apply from year 2 of the regime (the 2020–21 income year); however, these rules will not apply in time to benefit R&D performers struggling with the effects of COVID-19. Bringing the application date of the year 2 refundability rules forward to year 1 (2019–20 income year) would provide more businesses with access to R&D tax credit refunds sooner.

### *Use of money interest remission*

The Bill proposes to allow Inland Revenue to remit interest on a late tax payment if the taxpayer's ability to make the tax payment on time was significantly adversely affected by the COVID-19 outbreak. The ability to remit interest would apply only to tax payments that were due on or after 14 February 2020.

### *Information sharing*

The Bill proposes an amendment to the rules governing Inland Revenue's ability to share information with other government departments. The Bill would allow Inland Revenue to share information with other government departments to assist those agencies in their response to the COVID-19 outbreak. This would allow information to be supplied to assist the efficient and effective delivery of the Government's COVID-19 response.

### *Removal of hours test from the in-work tax credit*

The in-work tax credit (IWTC) is an income-tested cash payment of \$72.50 per week (\$3,770 per year) to working families with children. To be eligible families must be normally working at least 20 hours a week (sole parents) or 30 hours a week (couples). The Bill proposes to remove the work hours eligibility requirement from the IWTC. This would mean that working families who have a reduction in working hours as a result of COVID-19 do not lose their eligibility for the IWTC.

### *Working for Families tax credit entitlement for emergency benefit recipients*

Currently, emergency benefit recipients with dependent children and who are on a temporary visa do not qualify for Working for Families (WFF) tax credits. This is because they do not meet the residence criteria for WFF. The result is a difference in the financial support that these families can access compared with other main benefit recipients with children. The Bill proposes to allow people on a temporary visa, who would not otherwise meet the WFF residence criteria, to qualify for WFF if they receive an emergency benefit from the Ministry of Social Development. This would ensure that families on a temporary visa who receive an emergency benefit because of COVID-19 are able to access a comparable level of financial support to other recipients of main benefits.

### *GST on COVID-19 related payments*

The Goods and Services Tax (Grants and Subsidies) Amendment Order 2020 added the COVID-19 wage subsidy and the COVID-19 leave payment to the schedule of non-taxable grants and subsidies in the Goods and Services Tax (Grants and Subsidies) Order 1992 from 24 March 2020. However, the wage subsidy and leave payments have been paid out from 17 March 2020. The Bill proposes that GST not apply to payments of the COVID-19 wage subsidy and leave payments from 17 March 2020 until the date the 2020 amendment Order came into force. This would ensure consistent GST treatment of these payments regardless of when they were made.

### *Winter energy payment*

The winter energy payment (WEP) is assistance paid to help eligible people meet their household heating costs during the winter months. The rates for the WEP have been doubled by Order in Council to \$900 per year for single people with no dependent children and \$1,400 per year for couples and people with dependent children. However, this increase in the WEP rates is intended to be temporary and apply for

2020 only. The Bill therefore proposes to restore the WEP rates from 2021 onwards to their current rates of \$450 per year for single people with no dependent children and \$700 per year for couples and people with dependent children.

### Departmental disclosure statement

The Inland Revenue Department and the Ministry of Social Development are required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2020&no=237>

### Regulatory impact assessment

No regulatory impact assessments have been produced for this Bill due to the very short timeframe for developing a policy response to the COVID-19 outbreak.

### Clause by clause analysis

*Clause 1* gives the title of the Act.

*Clause 2* gives the dates on which the provisions of the Act come into force.

## Part 1

### Amendments to Income Tax Act 2007

*Clause 3* provides that Part 1 amends the Income Tax Act 2007.

*Clauses 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 29(2), (4), (6), (7), and (8), and 30* amend, repeal, or insert *sections DB 65, EE 31, EE 35, EE 37, EE 61, EE 64, EE 67, EZ 13, EZ 14, YA 1*, definitions of *grandparented structure, non-residential building, residential building*, and *special excluded depreciable property*, and *schedule 39*, to provide economic stimulus by allowing depreciation on non-residential buildings.

*Clause 8* amends *section EE 38* to significantly increase the threshold under which an item of property may be written off rather than depreciated, in response to the COVID-19 outbreak. For items acquired in the first year, the threshold is increased to \$5,000, and then, for later acquired items, the threshold is dropped back to \$1,000.

*Clauses 15 and 16* amend *section LA 5* and insert a *new section LZ 14* respectively, to accelerate refundability of research and development tax credits.

*Clauses 17, 19, 20, and 29(3)* amend *sections MA 7, MD 9, MD 10, and YA 1*, to remove the work hours requirement for *In-Work Tax Credits* in response to the COVID-19 outbreak and its impact on employment patterns.

*Clause 18* amends *section MC 5* to provide that an entitlement to an emergency benefit is an alternative to the residence requirement, in determining whether a person qualifies for an entitlement under the family scheme.

*Clauses 21 to 28 and 29(5)* amend various sections to provide that the residual income tax threshold above which taxpayers must pay provisional tax is raised from \$2,500 to \$5,000, in order to remove people from the provisional tax system in response to the COVID-19 outbreak.

## **Part 2**

### **Amendments to other enactments**

#### ***Amendments to Tax Administration Act 1994***

*Clause 31* sets out the clauses that amend the Tax Administration Act 1994.

*Clause 32* replaces the definition of *government agency* in *section 3(1)* as a consequence of inserting *new clause 23B* into *schedule 7, part C, subpart 1*.

*Clause 33* inserts *new section 183ABAB*, which gives the Commissioner of Inland Revenue a discretion to remit use of money interest for taxpayers whose ability to pay tax on time has been significantly adversely affected by COVID-19.

*Clause 34* inserts *new clause 23B* into *schedule 7, part C, subpart 1*, to permit the Commissioner of Inland Revenue to disclose information about a person or entity to certain government agencies for certain specified purposes in connection with COVID-19.

#### ***Amendment to Goods and Services Tax Act 1985***

*Clause 35* amends the *Goods and Services Tax Act 1985* to ensure that COVID-19-related leave payments and wage subsidy payments made between 17 March 2020 and 23 March 2020 are non-taxable grants for the purposes of *section 5(6D)* of that Act.

#### ***Amendments to Social Security Act 2018***

*Clause 36* amends the *Social Security Act 2018* on 1 May 2021, to halve the rates of winter energy payment (as those rates were increased on 1 April 2020 to apply for the 22-week winter period starting on 1 May 2020 as a response to the COVID-19 outbreak).

#### ***Amendments to Taxation (KiwiSaver, Student Loans, and Remedial Matters) Act 2020***

*Clauses 37 and 38* amend the *Taxation (KiwiSaver, Student Loans, and Remedial Matters) Act 2020*, to accelerate refundability of research and development tax credits.

#### ***Amendment to Commissioner's Table of Depreciation Rates***

*Clause 39* amends the *Commissioner's Table of Depreciation Rates*, to provide economic stimulus by allowing depreciation on non-residential buildings.



*Hon Stuart Nash*

# **COVID-19 Response (Taxation and Social Assistance Urgent Measures) Bill**

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## **Contents**

	Page
1 Title	3
2 Commencement	3
<b>Part 1</b>	
<b>Amendments to Income Tax Act 2007</b>	
3 Income Tax Act 2007	3
4 Section DB 65 repealed (Allowance for certain commercial buildings)	3
5 Section EE 31 amended (Annual rate for item acquired in person's 1995–96 or later income year)	3
6 Section EE 35 amended (Special rate or provisional rate)	4
7 Section EE 37 amended (Improvements)	4
8 Section EE 38 amended (Items of low value)	4
9 Section EE 60 amended (Total deductions in section EE 56)	4
10 Section EE 61 amended (Meaning of annual rate)	4
11 Section EE 64 amended (Meaning of excluded depreciable property)	5
12 Section EE 67 amended (Other definitions)	5
13 Section EZ 13 amended (Annual rate for item acquired on or after 1 April 1993 and before end of person's 1994–95 income year)	5
14 Section EZ 14 amended (Pre-1993 depreciation rate)	5
15 Section LA 5 amended (Treatment of remaining credits)	5
16 Section LZ 14 inserted (Research and development tax credits' refundability: option for 2019–20 income year)	7

**COVID-19 Response (Taxation and Social Assistance  
Urgent Measures) Bill**

	LZ 14	Research and development tax credits' refundability: option for 2019–20 income year	7
17		Section MA 7 amended (Meaning of full-time earner for family scheme)	7
18		Section MC 5 amended (Third requirement: residence)	8
19		Section MD 9 amended (Fifth requirement: full-time earner)	8
20		Section MD 10 amended (Calculation of in-work tax credit)	9
21		Section RC 3 amended (Who is required to pay provisional tax?)	9
22		Section RC 4 amended (Choosing to pay provisional tax)	9
23		Section RC 6 amended (Standard method)	9
24		Section RC 9 amended (Provisional tax payable in instalments)	9
25		Section RC 13 amended (Paying 2 instalments for tax year)	9
26		Section RC 14 amended (Paying 1 instalment for tax year)	9
27		Section RC 16 amended (Who may use GST ratio?)	9
28		Section RM 12 amended (Reduction in provisional tax liability)	10
29		Section YA 1 amended (Definitions)	10
30		Schedule 39 repealed (Items for purposes of definition of special excluded depreciable property)	10

**Part 2**

**Amendments to other enactments**

*Amendments to Tax Administration Act 1994*

31		Tax Administration Act 1994	11
32		Section 3 amended (Interpretation)	11
33		New section 183ABAB inserted (Remission for taxpayers affected by COVID-19)	11
		183ABA Remission for taxpayers affected by COVID-19 B	11
34		Schedule 7 amended (Disclosure rules)	12
	23B	Government agencies: COVID-19 response purposes	12

*Amendment to Goods and Services Tax Act 1985*

35		New section 89 of the Goods and Services Tax Act 1985 inserted (COVID-19-related payments made before commencement of Goods and Services Tax (Grants and Subsidies) Amendment Order 2020)	13
	89	COVID-19-related payments made before commencement of Goods and Services Tax (Grants and Subsidies) Amendment Order 2020	13

*Amendments to Social Security Act 2018*

36		Schedule 4 of the Social Security Act 2018 amended (Rates of benefits)	14
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*Amendments to Taxation (KiwiSaver, Student Loans, and  
Remedial Matters) Act 2020*

37	Section 2 of the Taxation (KiwiSaver, Student Loans, and Remedial Matters) Act 2020 amended	14
38	Section 155 of the Taxation (KiwiSaver, Student Loans, and Remedial Matters) Act 2020 repealed	14
	<i>Amendment to Commissioner’s Table of Depreciation Rates</i>	
39	Commissioner’s Table of Depreciation Rates amended	14

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

<b>1</b>	<b>Title</b>	
	This Act is the COVID-19 Response (Taxation and Social Assistance Urgent Measures) Act <b>2020</b> .	
<b>2</b>	<b>Commencement</b>	5
(1)	This Act comes into force on the date on which it receives the Royal assent, except as provided in this section.	
(2)	<b>Sections 15, 16, and 29(9)</b> come into force on 1 April 2019.	
(3)	<b>Sections 8, 32, and 34</b> come into force on 17 March 2020.	
(4)	<b>Sections 37 and 38</b> come into force on 23 March 2020.	10
(5)	<b>Sections 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 18, 21, 22, 23, 24, 25, 26, 27, 28, 29(2) and (4) to (8), 30, and 39</b> come into force on 1 April 2020.	
(6)	<b>Sections 17, 19, 20, and 29(3)</b> come into force on 1 July 2020.	
(7)	<b>Section 36</b> comes into force on 1 May 2021.	

**Part 1** 15

**Amendments to Income Tax Act 2007**

<b>3</b>	<b>Income Tax Act 2007</b>	
	This Part amends the Income Tax Act 2007.	
<b>4</b>	<b>Section DB 65 repealed (Allowance for certain commercial buildings)</b>	
	Repeal section DB 65.	20
<b>5</b>	<b>Section EE 31 amended (Annual rate for item acquired in person’s 1995–96 or later income year)</b>	
(1)	In section EE 31(2)(d), replace “building” with “residential building”.	
(2)	In section EE 31(3)(c), replace “building” with “residential building”.	
(3)	In section EE 31, list of defined terms—	25

- (a) delete “building”:
- (b) insert “residential building”.
- (4) This section applies for the 2020–21 and later income years.
- 6 Section EE 35 amended (Special rate or provisional rate)**
- (1) In section EE 35(2), heading, replace “, *special excluded depreciable property, or building*” with “*or residential building*”. 5
- (2) In section EE 35(2), replace “, an item of special excluded depreciable property, or a building” with “or a residential building”.
- (3) In section EE 35, list of defined terms—
- (a) delete “building” and “special excluded depreciable property”: 10
- (b) insert “residential building”.
- (4) This section applies for the 2020–21 and later income years.
- 7 Section EE 37 amended (Improvements)**
- (1) Replace section EE 37(3)(a) and (ab) with:
- (a) a person who uses the diminishing value method or the straight-line method for the item that was improved may choose to apply subsection (4) or (5): 15
- (2) Repeal section EE 37(3B).
- (3) In section EE 37, list of defined terms, delete “grandparented structure”, “international aircraft”, and “New Zealand”. 20
- (4) This section applies for the 2020–21 and later income years.
- 8 Section EE 38 amended (Items of low value)**
- (1) In section EE 38(2)(b), replace “2005.” with “2005 and before 17 March 2020:”.
- (2) After section EE 38(2)(b), insert: 25
- (c) \$5,000, if the item is acquired on or after 17 March 2020 and before 17 March 2021:
- (d) \$1,000, if the item is acquired on or after 17 March 2021.
- 9 Section EE 60 amended (Total deductions in section EE 56)**
- After section EE 60(1)(c), insert: 30
- (d) the total amount of previous deductions under section DB 65 (Allowance for certain commercial buildings).
- 10 Section EE 61 amended (Meaning of annual rate)**
- (1) In section EE 61(3B), heading, replace “*buildings*” with “*residential buildings*”. 35

- (2) In section EE 61(3B), replace “building” with “residential building”.
- (3) Replace section EE 61(7B) with:
- Residential buildings*
- (7B) The rate is 0% for all depreciation methods, if the item is a residential building.
- (4) In section EE 61, list of defined terms— 5
- (a) delete “building” and “special excluded depreciable property”:
- (b) insert “residential building”.
- (5) This section applies for the 2020–21 and later income years.
- 11 Section EE 64 amended (Meaning of excluded depreciable property)**
- (1) Repeal section EE 64(3). 10
- (2) In section EE 64, list of defined terms, delete “special excluded depreciable property”.
- (3) This section applies for the 2020–21 and later income years.
- 12 Section EE 67 amended (Other definitions)**
- (1) In section EE 67, repeal the definition of **special excluded depreciable property**. 15
- (2) This section applies for the 2020–21 and later income years.
- 13 Section EZ 13 amended (Annual rate for item acquired on or after 1 April 1993 and before end of person’s 1994–95 income year)**
- (1) In section EZ 13(2)(a), replace “building” with “residential building”. 20
- (2) In section EZ 13(2)(c), replace “building” with “residential building”.
- (3) In section EZ 13, list of defined terms—
- (a) delete “building”:
- (b) insert “residential building”.
- (4) This section applies for the 2020–21 and later income years. 25
- 14 Section EZ 14 amended (Pre-1993 depreciation rate)**
- (1) In section EZ 14(1), replace “buildings” with “residential buildings”.
- (2) In section EZ 14, list of defined terms—
- (a) delete “building”:
- (b) insert “residential building”. 30
- (3) This section applies for the 2020–21 and later income years.
- 15 Section LA 5 amended (Treatment of remaining credits)**
- (1) Replace section LA 5(4B), other than the heading, with:
- (4B) A person’s research and development tax credit is used by—

(a)	first, the Commissioner refunding the tax credit up to the maximum limit of the person's refundability cap, by treating it as a refundable tax credit and applying section LA 6(2). There is no maximum limit for refunding the tax credit, if and to the extent to which—	
(i)	the person is a levy body researcher:	5
(ii)	the tax credit is for eligible research and development expenditure on approved research providers:	
(b)	secondly, applying section LY 8 (Carry forward for remaining research and development tax credits), to the extent to which <b>paragraph (a)</b> does not apply to the tax credit.	10
(2)	After section LA 5(5), insert:	
	<i>Meaning of refundability cap</i>	
(5B)	For the purposes of this section, <b>refundability cap</b> is the amount calculated for the tax year using the following formula:	
	own tax + other wholly-owned tax + other controller tax – double-dip allocation.	15
	<i>Definition of items in formula</i>	
(5C)	In the formula,—	
(a)	<b>own tax</b> is the total amount of PAYE, ESCT, and FBT that the person ( <b>person A</b> ) pays for the tax year to the extent to which the total amount has not been allocated under <b>paragraph (b) or (c)</b> to another person for the purposes of calculating their refundability cap for the tax year:	20
(b)	<b>other wholly-owned tax</b> is zero or, if person A is a company and is a member of a wholly-owned group of companies, is the amount of PAYE, ESCT, and FBT that the other members pay for the tax year and that is allocated to person A for the purposes of calculating person A's refundability cap for the tax year:	25
(c)	<b>other controller tax</b> is zero or, if person A is a company, is the total amount of PAYE, ESCT, and FBT that companies that directly or indirectly control person A pay for the tax year and that is allocated to person A for the purposes of calculating their refundability cap for the tax year:	30
(d)	<b>double-dip allocation</b> means the total amount allocated to person A under <b>paragraphs (b) and (c)</b> that has been allocated to a person other than person A for the purposes of calculating the other person's refundability cap for the tax year.	35
	<i>Relationship with material</i>	
(5D)	<b>Section LZ 14</b> (Research and development tax credits' refundability: option for 2019–20 income year) may modify this section for a person's research and development tax credits for the 2019–20 income year.	40

- (3) In section LA 5, list of defined terms,—
- (a) insert “approved research provider”, “eligible research and development expenditure”, “ESCT”, “FBT”, “levy body researcher”, “PAYE”, and “refundability cap”:
  - (b) delete “associated person”, “exempt income”, and “listed company”. 5
- (4) This section applies for the 2019–20 and later income years.
- 16 Section LZ 14 inserted (Research and development tax credits’ refundability: option for 2019–20 income year)**
- (1) After section LZ 8, insert:
- LZ 14 Research and development tax credits’ refundability: option for 2019–20 income year** 10

*When this section applies*

(1) This section applies for a person’s 2019–20 income year when a person chooses to apply this section in their return of income for the 2019–20 income year.

(2) Despite **section LA 5(4B), (5B), and (5C)**, a person’s research and development tax credit is used by— 15

  - (a) first, the Commissioner refunding the tax credit up to a maximum of \$255,000, by treating it as a refundable tax credit and applying section LA 6(2), if the person:
    - (i) meets the corporate eligibility criteria in section MX 2 (Corporate eligibility criteria); and 20
    - (ii) meets the wage intensity criteria in section MX 3 (Wage intensity criteria); and
    - (iii) does not derive exempt income, ignoring exempt income under sections CW 9 and CW 10 (which relate to income from dividends); and 25
    - (iv) is not associated with a person that derives exempt income, ignoring exempt income under sections CW 9 and CW 10:
  - (b) secondly, applying section LY 8 (Carry forward for remaining research and development tax credits), to the extent to which **paragraph (a)** 30 does not apply to the tax credit.

Defined in this Act: associated person, exempt income, income year, research and development tax credit, refundable tax credit, return of income, tax credit
- (2) This section applies for the 2019–20 and later income years.
- 17 Section MA 7 amended (Meaning of full-time earner for family scheme)** 35
- (1) In section MA 7, heading, replace “**full-time earner**” with “**full-time earner and earner**”.

- (2) In section MA 7(1), heading, replace “*Weekly employment*” with “*Weekly employment: full-time earner*”.
- (3) After section MA 7(1), insert:  
*Weekly employment: earner*
- (1B) In subparts MB to MG and MZ, an **earner** means a person who, for a week— 5
- (a) is employed during the week; or
- (b) has a spouse, civil union partner, or de-facto partner (the **partner**) during the week and the partner or both of them are employed during the week.
- (4) In section MA 7(2), the words before the paragraphs, replace “subsection (1)” with “subsections (1) and **(1B)**”. 10
- (5) Replace section MA 7(2)(b) with:
- (b) a person who is employed becomes incapacitated as described in subsection (3) and is unable to undertake employment in a week in which but for the incapacity they would be employed as provided by **subsection (1B)(a) and (b)** or would be employed for the number of hours set out in subsection (1)(a) and (b) is treated as having been employed or as having been employed for the hours referred to, as the case may be: 15
- 18 Section MC 5 amended (Third requirement: residence)**
- (1) Replace the heading to section MC 5 with “**Third requirement: residence or entitlement to emergency benefit**”. 20
- (2) Replace section MC 5(1), other than the heading, with:
- (1) The third requirement is that—
- (a) the person referred to in section MC 2 or the child referred to in section MC 4 meets the residence requirements of subsections (2) and (3), as applicable: 25
- (b) the person referred to in section MC 2 is entitled to receive an emergency benefit under section 63 or 64 of the Social Security Act 2018.
- (3) In section MC 5(2), words before the paragraphs, replace “subsection (1)” with “**subsection (1)(a)**”. 30
- (4) In section MC 5(3), replace “subsection (1)” with “**subsection (1)(a)**”.
- 19 Section MD 9 amended (Fifth requirement: full-time earner)**
- (1) In section MD 9, heading, replace “**full-time earner**” with “**earner**”.
- (2) In section MD 9(1), heading, replace “*full-time earner*” with “*earner*”.
- (3) In section MD 9(1), the words before the paragraphs, replace “a full-time earner” with “an earner”. 35
- (4) In section MD 9(1)(a), replace “a full-time earner” with “an earner”.

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- (5) In section MD 9(1)(b), replace “a full-time earner” with “an earner”.
- (6) In section MD 9, list of defined terms—
- (a) delete “full-time earner”:
- (b) insert “earner”.
- 20 Section MD 10 amended (Calculation of in-work tax credit) 5**
- (1) In section MD 10(3)(d)(i), replace “a full-time earner” with “an earner”.
- (2) In section MD 10(3)(d)(ii), replace “a full-time earner” with “an earner”.
- (3) In section MD 10, list of defined terms, insert “earner”.
- 21 Section RC 3 amended (Who is required to pay provisional tax?) 10**
- (1) In section RC 3(1)(a), replace “\$2,500” with “\$5,000”.
- (2) In section RC 3(3), replace “\$2,500” with “\$5,000”.
- (3) This section applies for the 2020–21 and later income years.
- 22 Section RC 4 amended (Choosing to pay provisional tax) 15**
- (1) In section RC 4(1)(a), replace “\$2,500” with “\$5,000”.
- (2) This section applies for the 2020–21 and later income years.
- 23 Section RC 6 amended (Standard method)**
- (1) In section RC 6(4)(b), replace “\$2,500” with “\$5,000”.
- (2) This section applies for the 2020–21 and later income years.
- 24 Section RC 9 amended (Provisional tax payable in instalments) 20**
- (1) In section RC 9(4)(c), replace “\$2,500” with “\$5,000”.
- (2) In section RC 9(10), replace “\$2,500” with “\$5,000”.
- (3) This section applies for the 2020–21 and later income years.
- 25 Section RC 13 amended (Paying 2 instalments for tax year) 25**
- (1) In section RC 13(1)(b)(ii), replace “\$2,500” with “\$5,000”.
- (2) This section applies for the 2020–21 and later income years.
- 26 Section RC 14 amended (Paying 1 instalment for tax year)**
- (1) In section RC 14(1)(b)(ii), replace “\$2,500” with “\$5,000”.
- (2) This section applies for the 2020–21 and later income years.
- 27 Section RC 16 amended (Who may use GST ratio?) 30**
- (1) In section RC 16(2)(a), replace “\$2,500” with “\$5,000”.
- (2) This section applies for the 2020–21 and later income years.

- 28 Section RM 12 amended (Reduction in provisional tax liability)**
- (1) In section RM 12(3), the words before the paragraphs, replace “\$2,500” with “\$5,000”.
  - (2) This section applies for the 2020–21 and later income years.
- 29 Section YA 1 amended (Definitions)** 5
- (1) This section amends section YA 1.
  - (2) Repeal the definition of **building**.
  - (3) Insert, in appropriate alphabetical order:  
**earner** is defined in **section MA 7** (Meaning of full-time earner and earner for family scheme) for the purposes of subparts MA to MG and MZ (which relate to tax credits for families) 10
  - (4) Repeal the definition of **grandparented structure**.
  - (5) In the definition of **initial provisional tax liability**, paragraph (b)(i), replace “\$2,500” with “\$5,000”.
  - (6) Insert, in appropriate alphabetical order: 15  
**non-residential building** means a building that is not a residential building
  - (7) Insert, in appropriate alphabetical order:  
**residential building**—
    - (a) means a dwelling; and
    - (b) includes a building intended to ordinarily provide accommodation for periods of less than 28 days at a time, if the building, together with other buildings on the same land, has less than 4 units for separate accommodation 20
  - (8) Repeal the definition of **special excluded depreciable property**.
  - (9) Insert, in appropriate alphabetic order: 25  
**refundability cap** is defined in **section LA 5(5B)** (Treatment of remaining credits) for the purposes of that section.
  - (10) **Subsections (2) and (4) to (8)** apply for the 2020–21 and later income years.
  - (11) **Subsection (9)** applies for the 2019–20 and later income years.
- 30 Schedule 39 repealed (Items for purposes of definition of special excluded depreciable property)** 30
- (1) Repeal schedule 39.
  - (2) This section applies for the 2020–21 and later income years.

**Part 2**  
**Amendments to other enactments**

*Amendments to Tax Administration Act 1994*

- 31 Tax Administration Act 1994**  
**Sections 32 to 34** amend the Tax Administration Act 1994. 5
- 32 Section 3 amended (Interpretation)**  
In section 3(1), replace the definition of **government agency** with:  
**government agency,—**
- (a) in section 6, includes any department or Crown entity (as those terms are defined in the Public Finance Act 1989) and any public authority (as defined in the Income Tax Act 2007): 10
  - (b) is defined in **schedule 7, part C, subpart 1, clause 23B(6)** for the purposes of that clause
- 33 New section 183ABAB inserted (Remission for taxpayers affected by COVID-19)** 15  
After section 183ABA, insert:
- 183ABAB Remission for taxpayers affected by COVID-19**
- (1) This section applies for a taxpayer if—
    - (a) the taxpayer’s ability to make a payment required by a tax law on or before the due date for the payment is significantly adversely affected by COVID-19; and 20
    - (b) the due date for the payment is no earlier than 14 February 2020; and
    - (c) the taxpayer is charged with interest under Part 7 for failing to make the payment by the due date.
  - (2) The taxpayer may ask the Commissioner to remit interest accrued after 14 February 2020 (the **interest**) on the payment. 25
  - (3) The Commissioner may remit the interest if—
    - (a) the Commissioner is satisfied that the taxpayer—
      - (i) asked for the relief as soon as practicable; and
      - (ii) made the payment as soon as practicable; and 30
    - (b) no more than 24 months have passed since the date on which this section comes into force.
  - (4) The time limit imposed by **subsection (3)(b)** may be extended by Order in Council made—
    - (a) on the recommendation of the Minister of Revenue; and 35

**COVID-19 Response (Taxation and Social Assistance  
Urgent Measures) Bill**

Part 2 cl 34

- (b) within 24 months of the date on which this section comes into force.
- (5) An Order in Council (the **order**) made under **subsection (4)** or this subsection—
- (a) expires, if not renewed under **paragraph (b)**, after—
- (i) the period given in the order, if such a period is given; or 5
- (ii) if no such period is given, 6 months after the order comes into force:
- (b) may be renewed or replaced from time to time by an Order in Council made—
- (i) on the recommendation of the Minister of Revenue; and 10
- (ii) before the date on which the order would otherwise expire.
- (6) The Minister of Revenue may recommend the making of an Order in Council under **subsection (4) or (5)** to extend the time limit only if satisfied that the ability of taxpayers to pay tax on time is likely to continue, beyond the expiry of the existing time limit, to be significantly adversely affected by COVID-19. 15
- (7) An Order in Council made under **subsection (4) or (5)** is a legislative instrument and a disallowable instrument for the purposes of the Legislation Act 2012, and must be presented to the House of Representatives under section 41 of that Act.
- 34 Schedule 7 amended (Disclosure rules) 20**
- In schedule 7, part C, subpart 1, after clause 23, insert:
- 23B Government agencies: COVID-19 response purposes**
- (1) Section 18 does not prevent the Commissioner disclosing to a government agency information about a person or entity for the purpose of enabling the government agency to provide or fulfil any duty, obligation, or other thing in relation to any person or entity in connection with COVID-19 (including, without limitation, for the purpose of enabling the government agency to carry out an audit, review, or other enforcement function in relation to COVID-19-related assistance provided to any person or entity). 25
- (2) Despite **subclause (1)**, the Commissioner may disclose the information only if— 30
- (a) the Commissioner considers that—
- (i) the information is readily available; and
- (ii) it is reasonable and practicable to disclose the information; and
- (iii) it is not undesirable to disclose the information; and 35
- (iv) the information is reasonably necessary for the purpose referred to in **subclause (1)**; and

- (b) no more than 24 months have passed since the date on which this clause comes into force.
- (3) The time limit imposed by **subclause (2)(b)** may be extended by Order in Council made—
- (a) on the recommendation of the Minister of Revenue; and 5
- (b) within 24 months of the date on which this clause comes into force.
- (4) An Order in Council (the **order**) made under **subclause (3)** or this subclause—
- (a) expires, if not renewed under **paragraph (b)**, after—
- (i) the period given in the order, if such a period is given; or 10
- (ii) if no such period is given, 6 months after the order comes into force:
- (b) may be renewed or replaced from time to time by an Order in Council made—
- (i) on the recommendation of the Minister of Revenue; and 15
- (ii) before the date on which the order would otherwise expire.
- (5) An Order in Council made under **subclause (3) or (4)** is a legislative instrument and a disallowable instrument for the purposes of the Legislation Act 2012, and must be presented to the House of Representatives under section 41 of that Act. 20
- (6) In this clause, **government agency** means—
- (a) a department named in schedule 1 of the State Sector Act 1988:
- (b) the New Zealand Police:
- (c) the Accident Compensation Corporation:
- (d) Kāinga Ora—Homes and Communities. 25

*Amendment to Goods and Services Tax Act 1985*

- 35 New section 89 of the Goods and Services Tax Act 1985 inserted (COVID-19-related payments made before commencement of Goods and Services Tax (Grants and Subsidies) Amendment Order 2020)**
- After section 88 of the Goods and Services Tax Act 1985, insert: 30
- 89 COVID-19-related payments made before commencement of Goods and Services Tax (Grants and Subsidies) Amendment Order 2020**
- A payment of the kind specified in clause 10 or 11 of the Schedule of the Goods and Services Tax (Grants and Subsidies) Order 1992 (SR 1992/323) that is made in the period commencing on 17 March 2020 and ending on 23 March 2020 is not a taxable grant or subsidy for the purposes of section 5(6D). 35

***Amendments to Social Security Act 2018***

- 36 Schedule 4 of the Social Security Act 2018 amended (Rates of benefits)**
- (1) In Schedule 4, Part 8, clause 1(a) of the Social Security Act 2018, replace “900” with “450”.
- (2) In Schedule 4, Part 8, clause 1(b) of the Social Security Act 2018, replace “1,400” with “700”. 5
- (3) In Schedule 4, Part 8, clause 1(c) of the Social Security Act 2018, replace “1,400” with “700”.

***Amendments to Taxation (KiwiSaver, Student Loans, and Remedial Matters)  
Act 2020*** 10

- 37 Section 2 of the Taxation (KiwiSaver, Student Loans, and Remedial Matters) Act 2020 amended**
- In section 2(35) of the Taxation (KiwiSaver, Student Loans, and Remedial Matters) Act 2020, delete “155, ”
- 38 Section 155 of the Taxation (KiwiSaver, Student Loans, and Remedial Matters) Act 2020 repealed** 15
- Repeal section 155 of the Taxation (KiwiSaver, Student Loans, and Remedial Matters) Act 2020.

***Amendment to Commissioner’s Table of Depreciation Rates***

- 39 Commissioner’s Table of Depreciation Rates amended** 20
- (1) The rates to apply to non-residential buildings for the purposes of the Income Tax Act 2007, and the asset class, estimated useful life, general diminishing value, and straight-line depreciation rate to be added into the “Buildings and Structures” asset category of the Commissioner’s Table of Depreciation Rates are: 25

Asset class	Estimated useful life (years)	DV rate (%)	SL rate (%)
Buildings (non-residential buildings)	50	2	1.5

- (2) This section applies for the 2020–21 and later income years.