

**Reprint
as at 1 April 2009**



**Taxation (Personal Tax Cuts, Annual Rates, and
Remedial Matters) Act 2008**

Public Act 2008 No 36
Date of assent 29 May 2008
Commencement see section 2(1)–(5)

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Note

Changes authorised by section 17C of the Acts and Regulations Publication Act 1989 have been made in this reprint.

A general outline of these changes is set out in the notes at the end of this reprint, together with other explanatory material about this reprint.

This Act is administered by the Inland Revenue Department.

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*Annual rates of income tax for 2008–09 tax year**[Repealed]*61 Rates of income tax for 2008–09 tax year *[Repealed]* 26**The Parliament of New Zealand enacts as follows:****1 Title**

This Act is the Taxation (Personal Tax Cuts, Annual Rates, and Remedial Matters) Act 2008.

2 Commencement

- (1) This Act comes into force on the date on which it receives the Royal assent, except as provided in this section.
- (2) In Part 1, other than sections 3, 4, 9 and 11,—
 - (a) the subsections (1) of the sections are treated as coming into force on 1 April 2008:
 - (b) the subsections (2) of the sections come into force on 1 April 2009:
 - (c) the subsections (3) of the sections come into force on 1 April 2010:
 - (d) the subsections (4) of the sections come into force on 1 April 2011.
- (3) In Part 1, section 11,—
 - (a) subsection (1) comes into force on 1 July 2008:
 - (b) subsection (2) comes into force on 1 April 2009:
 - (c) subsection (3) comes into force on 1 April 2010:
 - (d) subsection (4) comes into force on 1 April 2011.
- (4) In Part 2, other than sections 12 and 17,—
 - (a) the subsections (1) of the sections come into force on 1 October 2008:
 - (b) the subsections (2) of the sections come into force on 1 April 2010:
 - (c) the subsections (3) of the sections come into force on 1 April 2011.
- (5) In Part 3,—
 - (a) Sections 59 and 60 are treated as coming into force on 19 December 2007:
 - (b) Sections 24, 25, 26(1), 27, 28, 29, 30, 32, 33, 34, 35, 36, 37, 38, 43, 44, 45, 46, 48(2) and (3)(a), 49, 50, 56, and 58 are treated as coming into force on 1 April 2008:
 - (c) Sections 20, 21, 22, 23, 31, 48(4) and (5), 55, and 57 come into force on 1 July 2008:

- (d) Sections 39, 40, 41, 42, 47, 51, and 52 come into force on 1 October 2008:
- (e) Section 26(2) comes into force on 1 April 2009.

Part 1

Personal tax cuts and Working for Families tax credit increase: 2008–09 start

3 Application

In this Part, other than sections 4 and 9,—

- (a) the subsections (1) of the sections apply for the 2008–09 income year and later income years:
- (b) the subsections (2) of the sections apply for the 2009–10 income year and later income years:
- (c) the subsections (3) of the sections apply for the 2010–11 income year and later income years:
- (d) the subsections (4) of the sections apply for the 2011–12 income year and later income years.

Amendments to Income Tax Act 2007

4 Income Tax Act 2007

Sections 5 to 8 amend the Income Tax Act 2007.

5 Calculation of family tax credit

- (1) In section MD 3(4),—
 - (a) in paragraph (a)(i), “\$4,264” is replaced by “\$4,376”:
 - (b) in paragraph (a)(ii), “\$4,940” is replaced by “\$5,069”:
 - (c) in paragraph (b)(i), “\$2,964” is replaced by “\$3,042”:
 - (d) in paragraph (b)(ii), “\$3,380” is replaced by “\$3,469”:
 - (e) in paragraph (b)(iii), “\$4,420” is replaced by “\$4,536”.
- (2) In section MD 3(4),—
 - (a) in paragraph (a)(i), “\$4,376” is replaced by “\$4,487”:
 - (b) in paragraph (a)(ii), “\$5,069” is replaced by “\$5,198”:
 - (c) in paragraph (b)(i), “\$3,042” is replaced by “\$3,119”:
 - (d) in paragraph (b)(ii), “\$3,469” is replaced by “\$3,557”:
 - (e) in paragraph (b)(iii), “\$4,536” is replaced by “\$4,651”.

6 Calculation of family credit abatement

- (1) In section MD 13(3)(a)(i) and (ii), “\$35,000” is replaced by “\$35,914” in both places in which it appears.
- (2) In section MD 13(3)(a)(i) and (ii), “\$35,914” is replaced by “\$36,827” in both places in which it appears.

7 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part A

- (1) Schedule 1, part A, table 1 is replaced by the following:

Table 1

| Row | Range of dollar in taxable income | Tax rate |
|-----|-----------------------------------|----------|
| 1 | \$0 – \$9,500 | 0.1375 |
| 2 | \$9,501 – \$14,000 | 0.1675 |
| 3 | \$14,001 – \$38,000 | 0.2100 |
| 4 | \$38,001 – \$40,000 | 0.2700 |
| 5 | \$40,001 – \$60,000 | 0.3300 |
| 6 | \$60,001 – \$70,000 | 0.3600 |
| 7 | \$70,001 upwards | 0.3900 |

How to use this table: Find the range in the second column for each dollar in the person’s taxable income, and apply the relevant rate for the dollar in the third column.

(2) *[Repealed]*

(3) *[Repealed]*

(4) *[Repealed]*

Section 7(2): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 7(3): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 7(4): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

8 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part C

- (1) Schedule 1, part C, table 1 is replaced by the following:

Table 1

| Row | Range of dollar in all-inclusive pay | Tax rate |
|-----|--------------------------------------|----------|
| 1 | \$0 – \$8,194 | 0.1594 |
| 2 | \$8,195 – \$11,940 | 0.2012 |
| 3 | \$11,941 – \$30,900 | 0.2658 |
| 4 | \$30,901 – \$32,360 | 0.3699 |

| Row | Range of dollar in all-inclusive pay | Tax rate |
|-----|--------------------------------------|----------|
| 5 | \$32,361 – \$45,760 | 0.4925 |
| 6 | \$45,761 – \$52,160 | 0.5625 |
| 7 | \$52,161 upwards | 0.6393 |

How to use this table: Find the range in the second column for each dollar in the person's all-inclusive pay under section RD 51, and apply the relevant rate for the dollar in the third column.

(2) *[Repealed]*

(3) *[Repealed]*

(4) *[Repealed]*

Section 8(2): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 8(3): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 8(4): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Amendments to Tax Administration Act 1994

9 Tax Administration Act 1994

Sections 10 and 11 amend the Tax Administration Act 1994.

10 Annual returns of income not required

(1) In section 33A(1)(b),—

(a) before subparagraph (iv)(A), the following is inserted:

(AA) schedule 1, part D, table 2, row 1, 2, or 3 of the Income Tax Act 2007 if that person's annual gross income is more than \$38,000 but not more than \$40,000; or

(b) in subparagraph (iv)(A), “more than \$38,000 but not more than \$60,000” is replaced by “more than \$40,000 but not more than \$60,000”:

(c) after subparagraph (iv)(A), the following is inserted:

(BA) schedule 1, part D, table 2, row 3, 4, or 5 of the Income Tax Act 2007 if that person's annual gross income is more than \$60,000 but not more than \$70,000; or

(d) in subparagraph (iv)(B), “more than \$60,000” is replaced by “more than \$70,000”:

(e) before subparagraph (v)(A), the following is inserted:

(AA) schedule 2, part B, table 1, row 1 or 2 of the Income Tax Act 2007 if that person's annual gross income is more than \$38,000 but not more than \$40,000; or

- (f) in subparagraph (v)(A), “more than \$38,000 but not more than \$60,000” is replaced by “more than \$40,000 but not more than \$60,000”;
 - (g) after subparagraph (v)(A), the following is inserted:
 - (BA) schedule 2, part B, table 1, row 2 or 3 of the Income Tax Act 2007 if that person’s annual gross income is more than \$60,000 but not more than \$70,000; or
 - (h) in subparagraph (v)(B), “more than \$60,000” is replaced by “more than \$70,000”;
 - (i) before subparagraph (vi)(A), the following is inserted:
 - (AA) schedule 2, part A, clause 4 or 5 of the Income Tax Act 2007 if that person’s annual gross income is more than \$38,000 but not more than \$40,000; or
 - (j) in subparagraph (vi)(A), “more than \$38,000 but not more than \$60,000” is replaced by “more than \$40,000 but not more than \$60,000”;
 - (k) after subparagraph (vi)(A), the following is inserted:
 - (BA) schedule 2, part A, clause 5 or 6 of the Income Tax Act 2007 if that person’s annual gross income is more than \$60,000 but not more than \$70,000; or
 - (l) in subparagraph (vi)(B), “more than \$60,000” is replaced by “more than \$70,000”;
 - (m) in subparagraph (via), “more than \$60,000” is replaced by “more than \$70,000”;
 - (n) in subparagraph (vib), “more than \$38,000” is replaced by “more than \$40,000”.
- (2) *[Repealed]*
- (3) *[Repealed]*
- (4) *[Repealed]*

Section 10(2): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 10(3): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 10(4): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

11 Returns not required for certain providers of personal services

- (1) In section 33C,—
 - (a) in paragraph (b), “\$9,500” is replaced by “\$14,000”;
 - (b) in paragraph (c), “rate of 15% from” is replaced by “rate of 15% or 12.5% from”.

- (2) In section 33C(c), “rate of 15% or 12.5% from” is replaced by “rate of 12.5% from”.
- (3) *[Repealed]*
- (4) *[Repealed]*

Section 11(3): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 11(4): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Part 2

Personal tax cuts: 1 October 2008 start

Amendments to Income Tax Act 2007

12 Income Tax Act 2007

Sections 13 to 16 amend the Income Tax Act 2007.

13 Withdrawals

- (1) In section CS 1(7)(b), “\$60,000” is replaced by “\$70,000”.
- (2) *[Repealed]*
- (3) *[Repealed]*

Section 13(2): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 13(3): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

14 Amounts of tax for PAYE income payments

- (1) In section RD 10(2)(a), “\$60,000” is replaced by “\$70,000”.
- (2) *[Repealed]*
- (3) *[Repealed]*

Section 14(2): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 14(3): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

15 Payment of extra pay with other PAYE income payments

- (1) Section RD 17(2) and (3) are replaced by the following:

Between \$40,000 and \$70,000

- (2) If the sum of the amounts referred to in subsection (1) is more than \$40,000 but no more than \$70,000, the amount of tax for the extra pay that must be withheld is the amount determined using the basic amounts of tax for PAYE income payments set out in schedule 2, part B, table 1, row 2 (Basic tax rates for PAYE income payments).

Over \$70,000

- (3) If the sum of the amounts referred to in subsection (1) is more than \$70,000, the amount of tax for the extra pay that must be withheld is the amount determined using the basic amounts of tax for PAYE income payments set out in schedule 2, part B, table 1, row 3.

(2) *[Repealed]*

(3) *[Repealed]*

Section 15(2): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 15(3): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

16 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits: part D

- (1) Schedule 1, part D, table 1 is replaced by the following:

Table 1

| Row | ESCT rate threshold amount | Tax rate |
|-----|----------------------------|----------|
| 1 | \$0 – \$16,800 | 0.125 |
| 2 | \$16,801 – \$48,000 | 0.210 |
| 3 | \$48,001 upwards | 0.330 |

How to use this table: Find the range in the second column for the last dollar of the amount of salary or wages under section RD 69(1), and apply the relevant rate in the third column.

(2) *[Repealed]*

(3) *[Repealed]*

Section 16(2): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 16(3): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Amendments to Tax Administration Act 1994

17 Tax Administration Act 1994

Section 18 amends the Tax Administration Act 1994.

18 PAYE tax codes

- (1) Section 24B(3)(c) to (e) is replaced by the following:

- (c) “S” for secondary employment earnings for an employee whose annual income is not more than \$40,000:
- (d) “SH” for secondary employment earnings for an employee whose annual income is more than \$40,000 but is not more than \$70,000:

(e) “ST” for secondary employment earnings for an employee whose annual income is more than \$70,000:

(2) *[Repealed]*

(3) *[Repealed]*

Section 18(2): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Section 18(3): repealed (with effect from 29 May 2008), on 15 December 2008, by section 41 of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Part 3

Annual rates, consequential personal tax cuts amendments, and remedial matters

Amendments to Income Tax Act 2007

19 Income Tax Act 2007

Sections 20 to 52 amend the Income Tax Act 2007.

20 Charities: non-business income

- (1) In section CW 41(2), “registered as a charitable entity” is replaced by “a tax charity”.
- (2) After section CW 41(4), the following is added:

Definition

- (5) In this section and sections CW 42 and CW 43, **tax charity** means,—
 - (a) a trustee or trustees of a trust, a society, or an institution, registered as a charitable entity under the Charities Act 2005;
 - (b) a trustee or trustee of a trust, a society, or an institution (the **entity**), that—
 - (i) has started, before 1 July 2008, to take reasonable steps in the process of preparing an application for registering the entity as a charitable entity under the Charities Act 2005; and
 - (ii) intends to complete the process of preparing an application described in subparagraph (i); and
 - (iii) has not been notified by the Commissioner that the entity is not a tax charity;
 - (c) a trustee or trustee of a trust, a society, or an institution, that is or are non-resident and carrying out its or their charitable purposes outside New Zealand, and which is approved as a tax charity by the Commissioner in circumstances where registration as a charitable entity under the Charities Act 2005 is unavailable.

- (3) In section CW 41, in the list of defined terms, “registered as a charitable entity” is omitted, and “tax charity” is inserted.

21 Charities: business income

- (1) In section CW 42(1)(b), “registered as a charitable entity” is replaced by “a tax charity”.
- (2) In section CW 42, in the list of defined terms, “tax charity” is inserted.

22 Charitable bequests

- (1) In section CW 43(4), “registered as a charitable entity” is replaced by “a tax charity”.
- (2) In section CW 43(5), “registered as a charitable entity” is replaced by “a tax charity”.
- (3) In section CW 43(6), “registered as a charitable entity” is replaced by “a tax charity”.
- (4) In section CW 43, in the list of defined terms, “registered as a charitable entity” is omitted, and “tax charity” is inserted.

23 New section CW 55BA

After section CW 55, the following is inserted:

CW 55BA Tertiary education institutions

An amount of income derived by a tertiary education institution that is established under Part 14 of the Education Act 1989 and is not carried on for the private pecuniary profit of any individual is exempt income.

Defined in this Act: exempt income, income

24 Heading and section LC 1 repealed

- (1) The heading before the heading to section LC 1 is omitted, and section LC 1 is repealed.
- (2) Subsection (1) applies for the 2008–09 income year and later income years.

25 Section LC 2 repealed

- (1) Section LC 2 is repealed.
- (2) Subsection (1) applies for the 2008–09 income year and later income years.

26 Child’s income

- (1) In section LC 3,—
- (a) in subsection (3)(a), “\$351” is replaced by “\$321.75”;
- (b) in subsection (4), in the formula, “15” is replaced by “13.75”.
- (2) In section LC 3,—

- (a) in subsection (3)(a), “\$321.75” is replaced by “\$292.50”;
- (b) in subsection (4), in the formula, “13.75” is replaced by “12.5”.
- (3) Subsection (1) applies for the 2008–09 income year and later income years.
- (4) Subsection (2) applies for the 2009–10 income year and later income years.

27 Tax credits for absentees

- (1) In section LC 9(1)(b), “sections LC 2” is replaced by “sections LC 3”.
- (2) Subsection (1) applies for the 2008–09 income year and later income years.

28 Adjustment for change in return date

- (1) In section LC 10(3)(a), “sections LC 1” is replaced by “sections LC 3”.
- (2) Subsection (1) applies for the 2008–09 income year and later income years.

29 Adjustment when person is non-resident for part of tax year

- (1) In section LC 11(1)(a), “sections LC 1, LC 2, and” is replaced by “section”.
- (2) Subsection (1) applies for the 2008–09 income year and later income years.

30 Adjustment when person is non-resident

- (1) In section LC 12(1)(a), “sections LC 1, LC 2, and” is replaced by “section”.
- (2) In section LC 12(3)(c), “LC 1, LC 2, or” is omitted.
- (3) Subsections (1) and (2) apply for the 2008–09 income year and later income years.

31 Meaning of charitable or other public benefit gift

In section LD 3(2), the following is inserted:

- (bb) a Board of Trustees that is constituted under Part 9 of the Education Act 1989 and is not carried on for the private pecuniary profit of any individual:
- (bc) a tertiary education institution that is established under Part 14 of the Education Act 1989 and is not carried on for the private pecuniary profit of any individual:

32 Tax credits for supplementary dividends

- (1) In section LP 2(2), the item “7/10” in the formula is replaced by “7/17”.
- (2) Subsection (1) applies for the 2008–09 income year and later income years.

33 New sections MF 4B and MF 4C

- (1) After section MF 4, the following is inserted:

MF 4B Calculation of instalments: 1 April 2008 to 30 September 2008*When this section applies*

- (1) This section applies for calculating the amount of an instalment by way of tax credit under section MD 1, or as applicable, sections MD 1 and ME 1 for the period starting on 1 April 2008 and finishing on 30 September 2008.

Family tax credit formula: section MD 3

- (2) The instalments for the relevant tax credit are calculated using, for the calculation of the **family tax credit**, the following formula:

$$\text{prescribed amount} \times \frac{\text{days}}{365}.$$

Definition of items in formula

- (3) The items in the formula are defined in subsections (4) and (5).

Prescribed amount

- (4) **Prescribed amount** is the sum of the following amounts:
- (a) for the eldest dependent child for whom the person is a principal caregiver during the entitlement period, 1 of the following, as applicable:
 - (i) \$4,264, if the child is younger than 16:
 - (ii) \$4,940, if the child is 16 or older:
 - (iii) a weighted average of the amounts in subparagraphs (i) and (ii) that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period; and
 - (b) for each dependent child for whom the person is a principal caregiver during the entitlement period, other than the eldest dependent child, 1 of the following, as applicable:
 - (i) \$2,964, if the child is younger than 13:
 - (ii) \$3,380, if the child is 13, 14, or 15:
 - (iii) \$4,420, if the child is 16 or older:
 - (iv) a weighted average of the amounts in subparagraphs (i) and (ii) that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 13 during the entitlement period:
 - (v) a weighted average of the amounts in subparagraphs (ii) and (iii) that reflects the proportion of the entitlement period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period.

Days

- (5) **Days** is the number of days in the entitlement period.

When another person cares for dependent child

- (6) A family tax credit must be reduced in proportion to the time in the entitlement period that a dependent child spends in the exclusive care of another person who qualifies under section MC 2.

Family credit abatement formula: section MD 13

- (7) The instalments for the relevant tax credit are calculated using, for the calculation of the **family credit abatement**, the following formula:

$$\text{full-year abatement} \times \frac{\text{days}}{365}.$$

Definition of items in formula

- (8) In the formula,—
- (a) **full-year abatement** is,—
- (i) if the person has no spouse, civil union partner, or de facto partner during the entitlement period, and the person's family scheme income for the relationship period containing the entitlement period is more than \$35,000, 20 cents for each complete dollar of the excess; or
- (ii) if the person has a spouse, civil union partner, or de facto partner during the entitlement period, and the person's family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for the relationship period containing the entitlement period is more than \$35,000, 20 cents for each complete dollar of the excess:
- (b) **days** is the number of days in the entitlement period excluding the days of any calendar months in which the person receives protected family tax credit as described in section MD 14.

When 56-day period includes 31 March

- (9) If a person who qualifies under section MC 2 (Who qualifies for entitlements under family scheme?) receives instalments of the parental tax credit in a 56-day period that includes 31 March, the formula is applied so that—
- (a) instalments of the parental tax credit received in the first tax year are abated against the person's family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year; and
- (b) instalments of the parental tax credit received in the second tax year are abated against the person's family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year.

Relationship with subject matter

- (10) Sections MD 14 to MD 16, with necessary modifications, apply to the calculation of the **family credit abatement** in subsection (7).

Defined in this Act: amount, child, civil union partner, de facto partner, dependent child, entitlement period, family credit abatement, family scheme income, family tax credit, parental tax credit, principal caregiver, protected family tax credit, relationship period, spouse, tax year

MF 4C Calculation of instalments: 1 October 2008 to 31 March 2009*When this section applies*

- (1) This section applies for calculating the amount of an instalment by way of tax credit under section MD 1, or as applicable, sections MD 1 and ME 1 for the period starting on 1 October 2008 and finishing on 31 March 2009.

Family tax credit formula: section MD 3

- (2) The instalments for the relevant tax credit are calculated using, for the calculation of the **family tax credit**, the following formula:

$$\text{prescribed amount} \times \frac{\text{days}}{365}.$$

Definition of items in formula

- (3) The items in the formula are defined in subsections (4) and (5).

Prescribed amount

- (4) **Prescribed amount** is the sum of the following amounts:
- (a) for the eldest dependent child for whom the person is a principal caregiver during the entitlement period, 1 of the following, as applicable:
 - (i) \$4,487, if the child is younger than 16:
 - (ii) \$5,198, if the child is 16 or older:
 - (iii) a weighted average of the amounts in subparagraphs (i) and (ii) that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period; and
 - (b) for each dependent child for whom the person is a principal caregiver during the entitlement period, other than the eldest dependent child, 1 of the following, as applicable:
 - (i) \$3,119, if the child is younger than 13:
 - (ii) \$3,557, if the child is 13, 14, or 15:
 - (iii) \$4,651, if the child is 16 or older:
 - (iv) a weighted average of the amounts in subparagraphs (i) and (ii) that reflects the proportion of the period for which those subparagraphs apply to the child, if the child turns 13 during the entitlement period:

- (v) a weighted average of the amounts in subparagraphs (ii) and (iii) that reflects the proportion of the entitlement period for which those subparagraphs apply to the child, if the child turns 16 during the entitlement period.

Days

- (5) **Days** is the number of days in the entitlement period.

When another person cares for dependent child

- (6) A family tax credit must be reduced in proportion to the time in the entitlement period that a dependent child spends in the exclusive care of another person who qualifies under section MC 2.

Family credit abatement formula: section MD 13

- (7) The instalments for the relevant tax credit are calculated using, for the calculation of the **family credit abatement**, the following formula:

$$\text{full-year abatement} \times \frac{\text{days}}{365}.$$

Definition of items in formula

- (8) In the formula,—

- (a) **full-year abatement** is,—

- (i) if the person has no spouse, civil union partner, or de facto partner during the entitlement period, and the person's family scheme income for the relationship period containing the entitlement period is more than \$36,827, 20 cents for each complete dollar of the excess; or
- (ii) if the person has a spouse, civil union partner, or de facto partner during the entitlement period, and the person's family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for the relationship period containing the entitlement period is more than \$36,827, 20 cents for each complete dollar of the excess:

- (b) **days** is the number of days in the entitlement period excluding the days of any calendar months in which the person receives protected family tax credit as described in section MD 14.

When 56-day period includes 31 March

- (9) If a person who qualifies under section MC 2 (Who qualifies for entitlements under family scheme?) receives instalments of the parental tax credit in a 56-day period that includes 31 March, the formula is applied so that—
 - (a) instalments of the parental tax credit received in the first tax year are abated against the person's family scheme income, the family scheme in-

come of their spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year; and

- (b) instalments of the parental tax credit received in the second tax year are abated against the person's family scheme income, the family scheme income of their spouse, civil union partner, or de facto partner, or the sum of those incomes for that tax year.

Relationship with subject matter

- (10) Sections MD 14 to MD 16, with necessary modifications, apply to the calculation of the **family credit abatement** in subsection (7).

Defined in this Act: amount, child, civil union partner, de facto partner, dependent child, entitlement period, family credit abatement, family scheme income, family tax credit, parental tax credit, principal caregiver, protected family tax credit, relationship period, spouse, tax year

- (2) Subsection (1) applies for the 2008–09 income year.

34 Meaning of net family scheme income

- (1) In section ME 3(3)(c)(i), “; and” is replaced by “:”, and section ME 3(3)(c)(ii) is repealed.
- (2) Subsection (1) applies for the 2008–09 income year and later income years.

35 Orders in Council

In section MF 7(2)(a), “1 April 2007” is replaced by “1 October 2008”.

36 Calculation of maximum permitted ratios

- (1) In section OA 18(3), “corresponding to the tax year” is omitted.
- (2) Subsection (1) applies for the 2008–09 income year and later income years.

37 Tax credits for non-resident investors

- (1) In sections OZ 12(2), “treating 7/10 as 67/120” is replaced by “treating 7/17 as 67/187”.
- (2) In sections OZ 12(3), “treating 7/10 as 67/120” is replaced by “treating 7/17 as 67/187”.
- (3) Subsections (1) and (2) apply for the 2008–09 income year and later income years.

38 Payment dates for terminal tax

- (1) In section RA 13(1)(b), “December” is replaced by “January”.
- (2) Subsection (1) applies for the 2008–09 income year and later income years.

39 Methods for calculating provisional tax liability

In section RC 5(4), “Section RZ 3 (Standard method: 2008–09 and 2009–10 income years) modifies subsection (3)” is replaced by “Sections RZ 3 and RZ 5B (which relate to tax rate changes) modify subsections (2) and (3)”.

40 GST ratio method

In section RC 8(9), “Section RZ 4 (GST method: 2008–09 and 2009–10 income years) modifies this section” is replaced by “Sections RZ 4 and RZ 5C (which relate to tax rate changes) modify this section”.

41 Calculating amount of instalment under standard and estimation methods

In section RC 10,—

- (a) in subsection (3)(a)(i), “section RZ 5 (Calculating amounts under standard method: 2008–09 and 2009–10 income years)” is replaced by “sections RZ 5 and RZ 5B (which relate to tax rate changes)”;
- (b) in subsection (3)(a)(ii), “section RZ 5” is replaced by “sections RZ 5 and RZ 5B”.

42 Calculating amount of instalment using GST ratio

In section RC 11(4), “Section RZ 4 (GST method: 2008–09 and 2009–10 income years) modifies this section” is replaced by “Sections RZ 4 and RZ 5C (which relate to tax rate changes) modify this section”.

43 Calculation of all-inclusive pay

- (1) In section RD 51(3)(b)(i), “; and” is replaced by “:”, and section RD 51(3)(b)(ii) is repealed.
- (2) In section RD 51(4)(b)(i), “; and” is replaced by “:”, and section RD 51(4)(b)(ii) is repealed.
- (3) Subsections (1) and (2) apply for the 2008–09 income year and later income years.

44 Resident passive income

- (1) After section RE 2(5)(b), the following is inserted:
(bb) a dividend from a portfolio investment entity:
- (2) In section RE 2, in the list of defined terms, “portfolio investment entity” is inserted.
- (3) Subsections (1) and (2) apply for the 2008–09 income year and later income years.

45 Dividends other than non-cash dividends

In section RE 13(3)(a), “schedule 1, part D, clause 6” is replaced by “schedule 1, part D, clause 5”.

46 Choosing higher rates

In section RE 19,—

- (a) in subsection (2), “clause 2” is replaced by “clause 3”:

- (b) in subsection (3), “clause 3” is replaced by “clause 4”.

47 New sections RZ 5B and RZ 5C

- (1) After section RZ 5, the following is inserted:

RZ 5B Standard method: new personal tax rate persons from 1 October 2008 to end 2012–13 income year

When this section applies

- (1) This section applies for a new personal tax rate person to the calculation of their provisional tax liability from 1 October 2008 to the end of the 2012–13 income year.

Standard method modified: RIT reduction from 1 October 2008 to end 2008–09

- (2) For the purpose of the person’s provisional tax liability calculation from 1 October to the end of the 2008–09 income year, under section RC 5(2) and (3), and RC 10(3)(a)(i) and (ii), the following amounts are reduced by \$730:
- (a) the person’s residual income tax for the preceding tax year:
 - (b) the person’s residual income tax for the tax year before the preceding tax year.

Standard method modified: RIT reduction 2009–10

- (3) For the purpose of the person’s provisional tax liability calculation for the 2009–10 income year,—
- (a) under section RC 5(2) and RC 10(3)(a)(i), the amount of the person’s residual income tax for the preceding tax year is reduced by \$730:
 - (b) under section RC 5(3) and RC 10(3)(a)(ii), the amount of the person’s residual income tax for the tax year before the preceding tax year is reduced by \$1,460.

Standard method modified: RIT reduction 2010–11

- (4) For the purpose of the person’s provisional tax liability calculation for the 2010–11 income year,—
- (a) under section RC 5(2) and RC 10(3)(a)(i), the amount of the person’s residual income tax for the preceding tax year is reduced by \$597.50:
 - (b) under section RC 5(3) and RC 10(3)(a)(ii), the amount of the person’s residual income tax for the tax year before the preceding tax year is reduced by \$1,327.50.

Standard method modified: RIT reduction 2011–12

- (5) For the purpose of the person’s provisional tax liability calculation for the 2011–12 income year,—
- (a) under section RC 5(2) and RC 10(3)(a)(i), the amount of the person’s residual income tax for the preceding tax year is reduced by \$812.50:

- (b) under section RC 5(3) and RC 10(3)(a)(ii), the amount of the person's residual income tax for the tax year before the preceding tax year is reduced by \$1,410.

Standard method modified: RIT reduction 2012–13

- (6) For the purpose of the person's provisional tax liability calculation for the 2012–13 income year, under section RC 5(3) and RC 10(3)(a)(ii), the amount of the person's residual income tax for the tax year before the preceding tax year is reduced by \$812.50.

Defined in this Act: amount, income year, new personal tax rate person, provisional tax liability, residual income tax, tax year

RZ 5C GST ratio method: new personal tax rate persons from 1 October 2008 to end 2013–14 income year

When this section applies

- (1) This section applies for a new personal tax rate person to the calculation of their provisional tax liability from 1 October 2008 to the end of the 2013–14 income year.

GST method modified: RIT reduction from 1 October 2008 to end 2008–09

- (2) For the purposes of the person's provisional tax liability and GST ratio calculation from 1 October 2008 to the end of the 2008–09 income year, under section RC 8(2) to (3B), and (7) to (7B), the following amounts are reduced by \$730:

- (a) the person's residual income tax for the preceding tax year:
- (b) the person's income tax assessment or residual income tax for the tax year before the preceding tax year or the transitional year, as applicable:
- (c) the person's income tax assessment for the year that is 2 years before the preceding tax year or the transitional year, as applicable.

GST method modified: RIT reduction 2009–10

- (3) For the purposes of the person's provisional tax liability and GST ratio calculation for the 2009–10 income year,—

- (a) under section RC 8(2), the amount of the person's residual income tax for the preceding tax year is reduced by \$730:
- (b) under section RC 8(3) and (7), the amount of the person's income tax assessment or residual income tax for the tax year before the preceding tax year or the transitional year, as applicable, is reduced by \$1,460:
- (c) under section RC 8(3B) and (7B), the amount of the person's income tax assessment for the year that is 2 years before the preceding tax year or the transitional year, as applicable, is reduced by \$1,460.

GST method modified: RIT reduction 2010–11

- (4) For the purposes of the person's provisional tax liability and GST ratio calculation for the 2010–11 income year,—

- (a) under section RC 8(2), the amount of the person's residual income tax for the preceding year is reduced by \$597.50:
- (b) under section RC 8(3) and (7), the amount of the person's income tax assessment or residual income tax for the tax year before the preceding year or the transitional year, as applicable, is reduced by \$1,327.50:
- (c) under section RC 8(3B) and (7B), the amount of the person's income tax assessment for the year that is 2 years before the preceding tax year or the transitional year, as applicable, is reduced by \$2,057.50.

GST method modified: RIT reduction 2011–12

- (5) For the purposes of the person's provisional tax liability and GST ratio calculation for the 2011–12 income year,—
 - (a) under section RC 8(2), the amount of the person's residual income tax for the preceding year is reduced by \$812.50:
 - (b) under section RC 8(3) and (7), the amount of the person's income tax assessment or residual income tax for the tax year before the preceding year or the transitional year, as applicable, is reduced by \$1,410:
 - (c) under section RC 8(3B) and (7B), the amount of the person's income tax assessment for the year that is 2 years before the preceding tax year or the transitional year, as applicable, is reduced by \$2,140.

GST method modified: RIT reduction 2012–13

- (6) For the purposes of the person's provisional tax liability calculation for the 2012–13 income year,—
 - (a) under section RC 8(3) and (7), the amount of the person's income tax assessment or residual income tax for the tax year before the preceding year or the transitional year, as applicable, is reduced by \$812.50:
 - (b) under section RC 8(3B) and (7B), the amount of the person's income tax assessment for the year that is 2 years before the preceding tax year or the transitional year, as applicable, is reduced by \$1,410.

GST method modified: RIT reduction 2013–14

- (7) For the purposes of the person's provisional tax liability calculation for the 2013–14 income year, under section RC 8(3B) and (7B), the amount of the person's income tax assessment for the year that is 2 years before the preceding tax year or the transitional year, as applicable, is reduced by \$812.50.

Defined in this Act: amount, assessment, GST ratio, income tax, income year, new personal tax rate person, provisional tax liability, residual income tax, tax year, transitional year

- (2) Subsection (1) applies for provisional tax instalments payable on or after 1 October 2008.

48 Definitions

- (1) This section amends section YA 1.

- (2) After the definition of **new asset**, the following is inserted:
- new personal tax rate person** means a person whose basic rate of income tax is calculated under schedule 1, part A, clause 1 for the 2008–09 income year or a later income year
- (3) In the definition of **portfolio investor rate**,—
- (a) in paragraph (a), “33%” is replaced by “30%”;
- (b) paragraph (b) is replaced by the following:
- (b) if paragraph (c) does not apply, the rate that an investor who has provided their tax file number to the entity under section 28B of the Tax Administration Act 1994 notifies—
- (i) to the entity as the prescribed investor rate for the investor and the period; and
- (ii) in the latest notice before the time; or
- (4) The definition of **registered as a charitable entity** is repealed.
- (5) After the definition of **tax-base property**, the following is inserted:
- tax charity** is defined in section CW 41(5) for the purposes of that section and sections CW 42 and CW 43
- (6) Subsections (2) and (3)(a) apply for the 2008–09 income year and later income years.
- 49 Treatment of qualifying company election tax, FBT, FDP penalty tax, imputation penalty tax, and withdrawal tax**
- (1) In section YA 3(2)(i), “LC 1” is replaced by “LC 3”.
- (2) Subsection (1) applies for the 2008–09 income year and later income years.
- 50 Schedule 1—Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits**
- (1) Schedule 1, part B is repealed.
- (2) In schedule 1, part D, clause 1, table 1,—
- (a) in row 2, “\$9,501” is replaced by “\$11,401”;
- (b) in row 3, “\$45,600” is replaced by “\$45,601”;
- (c) in the table instructions, “RD 69(2)” is replaced by “RD 69(1)”.
- (3) In schedule 1, part D, clause 3, “If clause 5 does not apply” is replaced by “If clause 4 does not apply”.
- (4) In schedule 1, part D, clause 7, table 5, row 4, “1 and 2” is replaced by “1, 2, and 3”.
- 51 Schedule 4—Rates of tax for schedular payments: part I**
- In schedule 4, part I, clause 1, “0.15” is replaced by “0.125”.

52 Schedule 31—Annualised equivalent amount for Part M

In schedule 31, in the table,—

- (a) in columns 1 and 2, in the first row under the heading, “\$35,000” is replaced by “\$36,827” in both places in which it appears:
- (b) in column 1, in the second row under the heading, “Amount exceeds \$35,000 but does not exceed \$36,500” is replaced by “Amount exceeds \$36,827 but does not exceed \$38,000”:
- (c) in column 2, in the second row under the heading, “\$36,500” is replaced by “\$38,000”:
- (d) in columns 1 and 2, the third row under the heading is omitted.

*Amendments to Tax Administration Act 1994***53 Tax Administration Act 1994**

Sections 54 to 56 amend the Tax Administration Act 1994.

54 Portfolio tax rate entity to give statement to investors and request information

After section 31B(4), the following is added:

- (5) A portfolio tax rate entity must, as soon as practicable after an investor joins, give a notice to the investor requesting that the investor provide the entity with the investor’s tax file number.

55 Applications for RWT exemption certificates

After section 32E(2)(k), the following is inserted:

- (kb) a Board of Trustees that is constituted under Part 9 of the Education Act 1989 and is not carried on for the private pecuniary profit of any individual:
- (kc) a tertiary education institution that is established under Part 14 of the Education Act 1989 and is not carried on for the private pecuniary profit of any individual:

56 Annual returns of income not required

In section 33A(1)(b),—

- (a) in subparagraph (iv)(A), “table 1” is replaced by “table 2”:
- (b) in subparagraph (iv)(B), “table 1” is replaced by “table 2”.

*Amendments to Estate and Gift Duties Act 1968***57 Estate and Gift Duties Act 1968**

- (1) This section amends the Estate and Gift Duties Act 1968.

- (2) In section 73(1), “registered as a charitable entity under the Charities Act 2005” is replaced by “a **tax charity**, as that term is defined under section CW 41(5) of the Income Tax Act 2007”.
- (3) After section 73(2)(j), the following is inserted:
 - (jb) any gift to a Board of Trustees that is constituted under Part 9 of the Education Act 1989 and is not carried on for the private pecuniary profit of any individual:
 - (jc) any gift to a tertiary education institution that is established under Part 14 of the Education Act 1989 and is not carried on for the private pecuniary profit of any individual:

Amendment to KiwiSaver Act 2006

58 KiwiSaver Act 2006

- (1) This section amends the KiwiSaver Act 2006.
- (2) In section 4(1), in the definition of **salary or wages**, after paragraph (a)(i), the following is inserted:
 - (ib) allowances paid in place of a benefit under section CE 1(c) of that Act; and

Amendment to Taxation (KiwiSaver) Act 2007

59 Taxation (KiwiSaver) Act 2007

- (1) This section changes the effect of the Taxation (KiwiSaver) Act 2007.
- (2) The reference to section 94 in section 2(7) is treated as never existing, with the effect that section 94 does not come into force on 1 April 2008. Consequently, section 94 comes into force, as provided by section 2(8), on 1 April 2009.

Amendment to Taxation (Business Taxation and Remedial Matters) Act 2007

60 Taxation (Business Taxation and Remedial Matters) Act 2007

- (1) This section changes the effect of the Taxation (Business Taxation and Remedial Matters) Act 2007.
- (2) The reference to section 554(3) in section 2(21) is treated as never existing, with the effect that section 554(3) does not come into force on 1 July 2008. A reference to section 554(3) is treated as inserted into section 2(20), with the consequence that section 554(3) comes into force, as provided by section 2(20), on 1 April 2008.

Annual rates of income tax for 2008–09 tax year

[Repealed]

Heading: repealed, on 1 April 2009, pursuant to section 29(2) of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

61 Rates of income tax for 2008–09 tax year

[Repealed]

Section 61: repealed, on 1 April 2009, by section 29(2) of the Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105).

Contents

- 1 General
- 2 Status of reprints
- 3 How reprints are prepared
- 4 Changes made under section 17C of the Acts and Regulations Publication Act 1989
- 5 List of amendments incorporated in this reprint (most recent first)

Notes

1 General

This is a reprint of the Taxation (Personal Tax Cuts, Annual Rates, and Remedial Matters) Act 2008. The reprint incorporates all the amendments to the Act as at 1 April 2009, as specified in the list of amendments at the end of these notes.

Relevant provisions of any amending enactments that have yet to come into force or that contain relevant transitional or savings provisions are also included, after the principal enactment, in chronological order.

2 Status of reprints

Under section 16D of the Acts and Regulations Publication Act 1989, reprints are presumed to correctly state, as at the date of the reprint, the law enacted by the principal enactment and by the amendments to that enactment. This presumption applies even though editorial changes authorised by section 17C of the Acts and Regulations Publication Act 1989 have been made in the reprint.

This presumption may be rebutted by producing the official volumes of statutes or statutory regulations in which the principal enactment and its amendments are contained.

3 How reprints are prepared

A number of editorial conventions are followed in the preparation of reprints. For example, the enacting words are not included in Acts, and provisions that are repealed or revoked are omitted. For a detailed list of the editorial conventions, see <http://www.pco.parliament.govt.nz/legislation/reprints.shtml> or Part 8 of the *Tables of Acts and Ordinances and Statutory Regulations, and Deemed Regulations in Force*.

4 Changes made under section 17C of the Acts and Regulations Publication Act 1989

Section 17C of the Acts and Regulations Publication Act 1989 authorises the making of editorial changes in a reprint as set out in sections 17D and 17E of that Act so that, to the extent permitted, the format and style of the reprinted

enactment is consistent with current legislative drafting practice. Changes that would alter the effect of the legislation are not permitted.

A new format of legislation was introduced on 1 January 2000. Changes to legislative drafting style have also been made since 1997, and are ongoing. To the extent permitted by section 17C of the Acts and Regulations Publication Act 1989, all legislation reprinted after 1 January 2000 is in the new format for legislation and reflects current drafting practice at the time of the reprint.

In outline, the editorial changes made in reprints under the authority of section 17C of the Acts and Regulations Publication Act 1989 are set out below, and they have been applied, where relevant, in the preparation of this reprint:

- omission of unnecessary referential words (such as “of this section” and “of this Act”)
- typeface and type size (Times Roman, generally in 11.5 point)
- layout of provisions, including:
 - indentation
 - position of section headings (eg, the number and heading now appear above the section)
- format of definitions (eg, the defined term now appears in bold type, without quotation marks)
- format of dates (eg, a date formerly expressed as “the 1st day of January 1999” is now expressed as “1 January 1999”)
- position of the date of assent (it now appears on the front page of each Act)
- punctuation (eg, colons are not used after definitions)
- Parts numbered with roman numerals are replaced with arabic numerals, and all cross-references are changed accordingly
- case and appearance of letters and words, including:
 - format of headings (eg, headings where each word formerly appeared with an initial capital letter followed by small capital letters are amended so that the heading appears in bold, with only the first word (and any proper nouns) appearing with an initial capital letter)
 - small capital letters in section and subsection references are now capital letters
- schedules are renumbered (eg, Schedule 1 replaces First Schedule), and all cross-references are changed accordingly
- running heads (the information that appears at the top of each page)

- format of two-column schedules of consequential amendments, and schedules of repeals (eg, they are rearranged into alphabetical order, rather than chronological).

**5 *List of amendments incorporated in this reprint
(most recent first)***

Taxation (Urgent Measures and Annual Rates) Act 2008 (2008 No 105): sections 29(2), 41