

Taxation (Personal Tax Cuts and Remedial Matters) Bill 2008

9 May 2008

Attorney-General

LEGAL ADVICE

CONSISTENCY WITH THE NEW ZEALAND BILL OF RIGHTS ACT 1990: TAXATION (PERSONAL TAX CUTS AND REMEDIAL MATTERS) BILL 2008

1. We have assessed whether the Taxation (Personal Tax Cuts and Remedial Matters) Bill 2008 ("the Bill") (IRD 12876) is consistent with the New Zealand Bill of Rights Act 1990 ("Bill of Rights Act"). We understand that the Bill will be considered by the Cabinet Legislation Committee at its meeting on Thursday, 15 May 2008.
2. The Bill provides for personal tax cuts, phased in incrementally over three and a half years. The majority of the Bill proposes the necessary amendments to give effect to the tax cut policy and ensure the benefits of the cuts flow through the tax system appropriately.
3. In addition, the Bill proposes to:
 - increase the amounts payable under the Working for Families package in line with rises in the Consumer Price Index;
 - clarify the tax exempt status of state and state integrated schools and tertiary education institutes that are not run for private pecuniary profit, removing the requirement for them to register under the Charities Act 2005;
 - enable the Commissioner of Inland Revenue to grant tax charity status to certain non-resident charities, and resident charities that have made efforts towards registering under the Charities Act 2005 before 1 July 2008;
 - address 10 cross-referencing errors from previous amendments to revenue statutes to give certainty to taxpayers; and
 - lower the tax rate for portfolio tax rate entities; exempt portfolio tax rate entities from resident withholding tax; ensure that employers do not have to include accommodation provided to employees in the base amount for calculating compulsory employer contributions; and delay the repeal of penalty provisions for Kiwisaver.
4. We have concluded that the Bill appears to be consistent with the rights and freedoms affirmed in the Bill of Rights Act.

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