

Goods and Services Tax (Removing GST from Food) Amendment Bill

Member's Bill

Explanatory note

General policy statement

This Bill amends the Goods and Services Tax Act 1985 to remove Goods and Services Tax (GST) from all food products and non-alcoholic beverages. GST is a regressive tax that disproportionately impacts lower income whānau who are often in a situation where they need to spend nearly their entire disposable income. A removal of GST from food would recognise cost of living pressures and that food products are basic necessities of life that people should be able to access without taxation. Many nations around the world have GST-free schemes for food and beverages, such as Australia, Canada, Mexico, Ireland and the United Kingdom.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause.

Clause 3 identifies the Goods and Services Tax Act 1985 as the Act being amended by the Bill.

Clause 4 amends section 11 of the Goods and Services Tax Act 1985 to insert *new subsections 11(1)(oa) and (8E)*. These make all supplies of food to consumers zero-rated. The effect of the amendment is that consumers will not have to pay GST on food and food-related products.

Rawiri Waititi

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Goods and Services Tax (Removing GST from Food) Amendment Act **2024**.

2 Commencement

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This Act comes into force on the day after the date on which it receives the Royal assent.

3 Principal Act

This Act amends the Goods and Services Tax Act 1985 (the **principal Act**).

4 Section 11 amended (Zero-rating of goods)

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(1) After section 11(1)(oa), insert:

(ob) the goods are food or food-related packaging that are supplied to a consumer; or

(2) After section 11(8D), insert:

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(8E) For the purposes of the zero-rating of food and food-related packaging, to the extent that a mixed supply consists of food or food-related packaging, that part of the mixed supply is zero-rated under **subsection (1)(ob)**.

(3) In section 11(9), insert in their appropriate alphabetical order:

consumer has the same meaning as in section 2 of the Consumer Guarantees Act 1993 5

food has the same meaning as in section 9 of the Food Act 2004

food-related packaging means any packaging that is—

- (a) part of the supply of food to a consumer; and
- (b) necessary for that supply; and 10
- (c) of a kind in which that food is usually supplied

mixed supply means a supply of goods and services to a consumer that is chargeable with tax under section 8 and which consists partly of food or food-related packaging and partly of other components.