



**THE INCOME TAX (CALCULATION OF INTEREST  
ON FRINGE BENEFIT TAX) REGULATIONS 1993**

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CATHERINE A. TIZARD, Governor-General

**ORDER IN COUNCIL**

At Wellington this 24th day of May 1993

Present:

HER EXCELLENCY THE GOVERNOR-GENERAL IN COUNCIL

PURSUANT to section 336TC of the Income Tax Act 1976 (as enacted by section 21 (1) of the Income Tax Amendment Act 1991), Her Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, hereby makes the following regulations.

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**REGULATIONS**

**1. Title and commencement**—(1) These regulations may be cited as the Income Tax (Calculation of Interest on Fringe Benefit Tax) Regulations 1993.

(2) These regulations shall come into force on the day after the date of their notification in the *Gazette*.

**2. Calculation of amount added to fringe benefit tax paid on annual or income year basis**—The additional amount in the nature of interest that is payable under section 336TC of the Income Tax Act 1976 by any employer who pays, in respect of the 1992–93 income year or any subsequent income year, fringe benefit tax—

(a) On an annual basis in accordance with section 336TA of the Income Tax Act 1976; or

(b) On an income year basis in accordance with section 336TB of the Income Tax Act 1976,—  
shall be calculated in accordance with these regulations.

**3. Amount of interest**—The additional amount in the nature of interest referred to in regulation 2 of these regulations shall, in relation to an income year, be the sum of the amounts payable for each deferral period.

**4. Commencement of deferral periods**—Each deferral period commences on the day after the day on which a quarterly payment of fringe benefit tax would have been due had the employer not elected, in respect of the income year, to pay fringe benefit tax on an annual basis or an income year basis.

**5. End of deferral period**—(1) Where an employer has made an election under section 336TA of the Income Tax 1976 in respect of any income year, each deferral period of that employer, in respect of that income year, ends on the earlier of—

(a) The date of payment of the fringe benefit tax in respect of that income year; or

(b) The 31st day of May that first follows the end of that income year.

(2) Where an employer has made an election under section 336TB of the Income Tax Act 1976 in respect of any income year, the deferral period of that employer, in respect of that income year, ends on the earlier of—

(a) The date of payment of the fringe benefit tax in respect of that income year; or

(b) The terminal tax date of that employer for that income year.

**6. Formula**—(1) Subject to subclauses (2) and (3) of this regulation, the interest payable in respect of each deferral period shall be calculated using the following formula:

$$a \times b \times \frac{c}{365}$$

where—

a is the total number of days in the deferral period; and

b is the fringe benefit tax liability calculated in respect of the income year under section 336TA (4) or section 336TB (4) of the Income Tax Act 1976, as the case may require, divided by 4; and

c is a rate of interest of 9 percent per annum.

(2) Where there are 5 deferral periods in relation to an income year of an employer who has made an election in respect of that income year under section 336TB of the Income Tax Act 1976, the fringe benefit tax liability calculated in respect of the first deferral period and the fifth deferral period under item b of the formula in subclause (1) of this regulation shall be reduced in each case by multiplying the result by

$$\frac{d}{3}$$

where d is the number of months in respect of which fringe benefit tax was payable and to which the deferral period relates.

(3) Where the formula in subclause (1) of this regulation is used to calculate, in respect of a deferral period, the interest payable on fringe

benefit tax payable under section 336TB of the Income Tax Act 1976 by an employer whose balance date is not the last day of a month, that formula and subclause (2) of this regulation shall apply as if the employer's balance date were the last day of the month in which the employer's balance date falls.

**BOB MACFARLANE,**  
Acting for Clerk of the Executive Council.

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EXPLANATORY NOTE

*This note is not part of the regulations, but is intended to indicate their general effect.*

These regulations prescribe the manner in which the additional amount in the nature of interest that is payable under section 336TC of the Income Tax Act 1976 is to be calculated. That additional amount is payable by any employer who pays, in respect of the 1992-93 income year or any subsequent year, fringe benefit tax—

- (a) On an annual basis in accordance with section 336TA of the Income Tax Act 1976; or
- (b) On an income year basis in accordance with section 336TB of the Income Tax Act 1976.

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Issued under the authority of the Acts and Regulations Publication Act 1989.  
Date of notification in *Gazette*: 27 May 1993.  
These regulations are administered in the Inland Revenue Department.