

House of Representatives

Supplementary Order Paper

Tuesday, 24 March 2009

Taxation (Business Tax Measures) Bill

Proposed amendments

Hon David Cunliffe, in Committee, to move the following amendments:

Clause 20: Section RZ 3(3)(a)

To omit “105%” (*line 1 on page 10*) and substitute “100%”.

Clause 23

The following new subclauses are inserted after **subclause (1)**:

“(1A) From the date of enactment of this Act until 1 February 2010 that rate shall be 8.88%, being the Reserve Bank of New Zealand 90-day January bill rate for 2009.

“(1B) Section 120KE is amended by adding the following new subsection after subsection (8):

“(9) On 1 February each year the underpayment rate for the use of money interest is to be calculated on the Reserve Bank of New Zealand January 90-day bill rate.”

Explanatory note

This Supplementary Order Paper amends the Taxation (Business Tax Measures) Bill. These amendments support and extend the existing intent of the bill by further reducing the use of money interest rate and the uplift basis of past years' income. These measures are taxpayer friendly and recognise additional stress faced by small and medium enterprise since this bill's design on the basis of work instigated prior to the full impact of the recession being apparent, from mid 2008. The revenue cost of these measures according to IRD advice is \$5.7 million per annum. A number of other measures should be considered outside

the scope of the current bill including tax deductibility of patent costs and further review of use of money interest deductability.
