



## **Hon Nicola Willis Minister of Finance**

**30 May 2024**

### **Responsible tax relief for the squeezed middle**

Budget 2024 delivers overdue tax relief to 3.5 million New Zealanders so they can keep more of what they earn.

- Tax relief as set out in the National Party's 2023 tax plan
- From 31 July this year average income households receive tax relief of up to \$102 a fortnight and eligible families receive a FamilyBoost childcare payment of up to \$150 per fortnight
- Households with children benefit on average by \$78 per fortnight (\$2028 a year)
- Working-age New Zealanders benefit on average by \$32 a fortnight (\$832 a year)
- \$3.7 billion annual cost of the tax package is fully funded through specified savings and revenue initiatives
- Fiscally neutral package means the Government is not borrowing to fund this tax relief and it won't add to inflationary pressure

"On 31 July this year, New Zealanders will experience tax relief for the first time in 14 years. This relief is well overdue and will help hardworking Kiwis who have endured a prolonged cost of living crisis," Finance Minister Nicola Willis says.

"The Government's tax package targets relief to low and middle-income households. Families with young children are set to benefit most.

"Our Government was elected to give a fairer deal to hardworking New Zealanders and the tax package we are confirming today delivers on that promise.

"Our Government will raise income tax thresholds to help compensate for wage growth, expand eligibility for the independent earner tax credit, introduce the FamilyBoost childcare payment and increase the in-work tax credit for low to middle-income working families.

"This tax relief gives average income households up to \$102 a fortnight plus FamilyBoost childcare payments of up to \$150 per fortnight for eligible families.

"A single person earning \$55,000 a year will be better off by about \$51 a fortnight.

"The changes to the in-work tax credit and FamilyBoost tilt the benefits of the tax package strongly to low-to-middle income working families with children.

“The full cost of our tax package, including the restoration of interest deductibility for rental properties averages \$3.7 billion a year.

“The changes will be fully paid for with off-setting savings and revenue initiatives, meaning tax relief won’t require additional borrowing and won’t add to inflation pressure.

“The design of the tax plan we are announcing today aligns with the National Party tax plan with some adjustments to reflect coalition agreements.

“As agreed in the National-NZ First agreement, the Government is not progressing the foreign buyers’ tax. Instead, we have increased funding for IRD tax audits and oversight work, generating extra revenue and ensuring greater fairness and integrity in our tax system. The agreement to stop first year “Fees Free” and replace it with final year “Fees Free” has also contributed additional savings which will help fund tax relief.

“As agreed in the National-Act agreement, I engaged closely and constructively with ACT leader David Seymour on the idea of flattening the tax scale. This has a lot of merit but was not possible to achieve in a way that benefitted people as the National plan did. It remains, however, an idea for the future.

“Budget 2024 supports families to deal with rising costs and makes our tax system fairer,” Nicola Willis says.

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