

The Treasury

Budget 2024 Information Release

September 2024

This document has been proactively released and is available on:

- The Budget website from September 2024 to May 2025 only at: <https://budget.govt.nz/information-release/2024>, and on
- The Treasury website from later in 2024 at: <https://www.treasury.govt.nz/publications/information-release/budget-2024-information-release>

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.



BUDGET
2024

Tax at a Glance

Hon Nicola Willis
Minister of Finance

30 May 2024

Embargo: Contents not for communication in any form
before 2:00 pm on Thursday 30 May 2024.

Te Kāwanatanga o Aotearoa
New Zealand Government

TAX AT A GLANCE

The Government is delivering on its tax relief commitment

- Changes to the tax system will see hard-working New Zealanders keep more of what they earn.
- Over 3.5 million New Zealanders will get help to ease the cost of living.

What is changing?

We are increasing income tax thresholds which will allow hard-working New Zealanders to keep more of what they earn, ensure there is a greater financial return from work, and address rising wages which pull more people into higher tax brackets. Our FamilyBoost payment was also announced in March to help households with the rising costs of early childhood education.

We are extending the Independent Earner Tax Credit to compensate for wage growth and help more people with the cost of living. The upper limit of eligibility will be extended to help an estimated 420,000 additional Kiwis.

It is important that low-to-middle-income working families get the extra support they need, so families receiving the In-Work Tax Credit will get up to an extra \$50 per fortnight, supporting an estimated 160,000 families.

Who will benefit?

- 1.9 million Kiwi households, on average by \$60 per fortnight.
- An average New Zealander, by \$32 per fortnight.
- An average household with children, by \$78 per fortnight.
- All superannuitants.
- Everyone receiving a student allowance.

WHAT TAXES ARE CHANGING?

What it is	What it does and who's impacted	What's the change
Personal Income Tax (PIT)	Increases to personal income tax thresholds to reduce the tax for individuals earning income over \$14,000 per annum	Income tax thresholds will increase to \$15,600, \$53,500 and \$78,100 per annum
Independent Earner Tax Credit (IETC)	Tax credit for individuals in paid work who don't receive Working for Families, main benefit or superannuation	Eligibility extended to those earning up to \$70,000 per annum
In-Work Tax Credit (IWTC)	Tax credit for families normally in paid work who have children	Tax credit increases by \$50 per fortnight per family
Minimum Family Tax Credit (MFTC)	Tax credit for low-income working families with dependent children	Threshold increases by \$4 (after-tax) per fortnight
FamilyBoost	Families earning under \$180,000 per annum with children in early childhood education (ECE) can claim refund on fees	25 percent of ECE fees refunded per household earning under \$140,000 per annum, up to a maximum of \$150 per fortnight. Smaller refunds available for households earning \$140,000-\$180,000 per annum

CHANGES TO PERSONAL INCOME TAX (PIT) THRESHOLDS

\$2.4 billion average operating per annum

From 31 July 2024, income tax thresholds will increase to \$15,600, \$53,500 and \$78,100.

Personal income tax is paid on income you earn. Income tax rates are the percentages of tax that you must pay. These rates are based on your total income for the tax year, and they increase as your income increases.

Current bracket \$	New bracket \$	Rate
0 – 14,000	0 – 15,600	10.5%
14,001 – 48,000	15,601 – 53,500	17.5%
48,001 – 70,000	53,501 – 78,100	30%
70,001 – 180,000	78,101 – 180,000	33%
180,001+	No change	39%

EXTENDING THE INDEPENDENT EARNER TAX CREDIT (IETC)

\$194 million average operating per annum

From 31 July 2024, the IETC will be available to eligible individuals earning between \$24,000 and \$70,000.

The IETC is a tax credit that is currently available to those earning between \$24,000 and \$48,000 per annum. A special tax code means earners pay less tax each payday.

To compensate for the impact of wage growth, we are ensuring more New Zealanders are eligible for the Independent Earner Tax Credit. The upper limit of eligibility is being extended from \$48,000 to \$70,000 per annum, with those earning \$24,000 to \$66,000 per annum receiving the full credit, and the amount entitled to gradually reducing from \$66,000-\$70,000.

INCREASING THE IN-WORK TAX CREDIT (IWTC)

\$155 million average operating per annum

From 31 July 2024, the IWTC will increase by \$50 per fortnight.

The In-Work Tax Credit is for families normally in paid work who have children. This increase will further support low-to-middle-income New Zealanders with children.

The Minimum Family Tax Credit (MFTC) tops up the after-tax income of eligible low-income working families to a guaranteed minimum amount. The MFTC threshold will also be increased by \$4 (after-tax) per fortnight. This will mean that the 2,900 families that receive both the IWTC and MFTC will be better off by \$54 per fortnight.

INTRODUCING FAMILYBOOST

\$182 million average operating per annum

FamilyBoost is a new childcare payment that will be available to low-to-middle-income households with children aged 5 and under, to help with the rising costs of early childhood education (ECE).

- ECE fees from 1 July 2024 onwards are eligible for FamilyBoost. The first FamilyBoost payments will be available in October 2024.
- Households can be reimbursed by up to 25 percent of their ECE fees incurred after any ECE subsidy has been taken into account. This is up to a maximum amount of \$150 per fortnight.
- Payments to households will be made quarterly. For a household entitled to the maximum fortnightly payment of \$150, the maximum three-monthly amount they would receive would be \$975.
- The maximum payment slowly reduces for household incomes over \$140,000 per annum with households with incomes over \$180,000 per annum not receiving a payment.

WHAT COULD THIS MEAN FOR ME?

<p>Couple with four children, two in ECE</p> <p>Couple with four children, two in ECE, with one parent earning \$80,000 per annum and the other earning \$60,000 per annum, for an annual household income of \$140,000, spending \$600 per fortnight on childcare.</p> <p>Annual gain - PIT: \$1,842 IWTC: \$1,300 FamilyBoost: \$3,900</p>	<p>Better off by around \$271 per fortnight</p>
<p>Average income couple with two children</p> <p>Couple with two school-aged children earning \$62,500 each per annum for an annual average household income of \$125,000. They will not be eligible for IWTC due to their family income being too high.</p> <p>Annual gain – PIT: \$1,600 IETC: \$1,040</p>	<p>Better off by around \$101 per fortnight</p>
<p>Couple with a child in ECE</p> <p>Couple with a three-year old earning \$75,000 each per annum for an annual household income of \$150,000 and spending \$400 per fortnight on childcare.</p> <p>Annual gain - PIT: \$1,900 FamilyBoost: \$2,600</p>	<p>Better off by around \$173 per fortnight</p>
<p>Sole parent with two children, one in ECE</p> <p>Sole parent with two children aged 3 and 6 earning \$85,000 per annum and spending \$500 per fortnight on childcare.</p> <p>Annual gain - PIT: \$1,043 IWTC: \$1,300 FamilyBoost: \$3,250</p>	<p>Better off by around \$215 per fortnight</p>

<p>Single adult</p> <p>Single adult earning \$55,000 per annum.</p> <p>Annual gain - PIT: \$800 IETC: \$520</p>	<p>Better off by around \$51 per fortnight</p>
<p>Minimum wage earner</p> <p>Single adult earner working 40 hours on minimum wage earning \$48,152 per annum.</p> <p>Annual gain - PIT: \$131 IETC: \$520</p>	<p>Better off by around \$25 per fortnight</p>
<p>Student</p> <p>Single student receiving Student Allowance and working 10 hours a week on minimum wage.</p> <p>Annual gain - PIT: \$112</p>	<p>Better off by around \$4 per fortnight</p>
<p>Retired couple</p> <p>Retired couple receiving New Zealand Superannuation.</p> <p>Annual gain - PIT: \$224</p> <p><small>^This couple will initially be better off by around \$9 per fortnight, rising to around \$18 per fortnight from 1 April 2025.</small></p>	<p>Better off by around \$9 per fortnight[^]</p>



Permanent URL

treasury.govt.nz/publications/glance/budget-glance-2024

Budget 2024 website URL

budget.govt.nz/budget/2024/at-a-glance/

Notes: Distributional impacts presented are based on tax year 2027. Impacts on example families are from the first year after implementation – 1 Aug 2024-31 July 2025. The payment received by superannuitants will increase from 1 April 2025.



© Crown copyright

This work is licensed under the Creative Commons Attribution 4.0 International licence.