



Cabinet

Minute of Decision

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Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill: Approval for Introduction

Portfolio **Social Development and Employment**

On 12 February 2024, Cabinet:

- 1 **noted** that the Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill (the Bill) fulfils the Government's commitment to index main benefits to inflation;
- 2 **noted** that the Bill amends the Social Security Act 2018 to:
 - 2.1 repeal section 452A, which requires benefits listed in this section to be adjusted each year by any percentage movement upwards in average ordinary time weekly earnings;
 - 2.2 insert main benefits into section 453, which requires them to be adjusted each year by inflation (any percentage movement upwards in the Consumers Price Index);
- 3 **noted** that the Bill consequentially amends the Income Tax Act 2007 in line with these changes, to adjust the Minimum Family Tax Credit threshold;
- 4 **noted** that in December 2023, Cabinet agreed that the annual amount of the Minimum Family Tax Credit increase from \$34,216 to \$35,360 (after tax) for the tax year beginning 1 April 2024 [CAB-23-MIN-0490];
- 5 5.1 **rescinded** the decision referred to in paragraph 4 above, and instead
 - 5.2 **agreed** that the Minimum Family Tax Credit threshold be increased from \$34,216 to \$35,204 (after tax);
- 6 **approved** the Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill [PCO 26038/3.0] for introduction, subject to the final approval of the government caucuses and sufficient support in the House of Representatives;
- 7 **agreed** that the Bill be introduced on Tuesday 13 February 2024;
- 8 **agreed** that the Government propose that the Bill pass through all stages under urgency by Thursday 22 February 2024;

- 9 **noted** that the amendments to the Social Security Act 2018 contained within the Bill come into force the day after the Bill receives Royal Assent;
- 10 **noted** that the amendments to the Income Tax Act 2007 contained in the Bill come into force on 1 April 2024.

Rachel Hayward
Secretary of the Cabinet