

What is the new personal income tax scale?

Tax rates and thresholds				
Current	15%	21%	33%	39%
up to	\$9,500	\$38,000	\$60,000	above \$60,000
New	12.5%	21%	33%	39%
from 1 October 2008	\$14,000	\$40,000	\$70,000	above \$70,000
from 1 April 2010	\$17,500	\$40,000	\$75,000	above \$75,000
from 1 April 2011	\$20,000	\$42,500	\$80,000	above \$80,000

For example from 1 April 2011, an individual earning \$40,000 pa pays 12.5% tax on the first \$20,000 of income and 21% tax on the remaining \$20,000.

Who pays income tax . . . and how much?

Annual individual taxable income (\$)	Number of people		Tax paid	
	(000)	%	(\$m)	%
Zero	239	7	0	0
1 - 10,000	442	14	248	1
10,000 - 20,000	841	26	1,968	8
20,000 - 30,000	372	11	1,592	6
30,000 - 40,000	339	10	2,191	8
40,000 - 50,000	314	10	2,895	11
50,000 - 60,000	225	7	2,814	11
60,000 - 70,000	146	4	2,338	9
70,000 - 80,000	112	3	2,204	8
80,000 - 90,000	58	2	1,372	5
90,000 - 100,000	35	1	965	4
100,000 - 150,000	87	3	3,217	12
150,000+	51	2	4,569	17
All	3,261	100	26,373	100

This table includes tax on New Zealand Superannuation and major Social Welfare benefits, but excludes ACC levies and anyone who is under 15. Data are projected for the year ended March 2009 and include the changes to tax rates and thresholds on 1 October 2008.

By how much will my after-tax income increase?

Current annual taxable income (\$)	Weekly after-tax income increase above current (\$)			Annual increase (\$) 1 April 2011
	from 1 Oct 2008	from 1 April 2010	from 1 April 2011	
20,000	12	18	22	1,130
30,000	12	18	22	1,130
40,000	16	22	26	1,370
50,000	16	22	32	1,670
60,000	16	22	32	1,670
70,000	28	34	44	2,270
80,000 and above	28	39	55	2,870

The after-tax incomes calculated in this table exclude the ACC levy.

Working for Families Tax Credits. . . increase from 1 October 2008 (\$/week)

Annual family taxable income (\$)	Number of children under 13			
	One	Two	Three	Four
...
30,000	4	7	10	13
40,000	11	14	17	20
50,000	11	14	17	20
60,000	11	14	17	20
70,000	11	14	17	20
80,000	0	14	17	20
90,000	0	2	17	20
100,000	0	0	17	20
110,000	0	0	0	20
120,000	0	0	0	20
Cut-off points	74,862	90,457	106,052	125,547

Working for Families Tax Credits are in two parts, Family Tax Credit (FTC) and In-Work Tax Credit (IWC). This assumes family income type is salary and wage, the family works the required hours to receive IWC, and all children are under 13. Children over 13 may result in higher credits. The entitlements are weekly, rounded to the nearest dollar. Includes estimated benefits and other non-wage income for year ended March 2009.

How do tax scale changes affect tax revenue?

By increasing thresholds by \$1,000:	(\$m)
• Bottom threshold from \$9,500 to \$10,500	45
• Middle threshold from \$38,000 to \$39,000	130
• Top threshold from \$60,000 to \$61,000	25
By decreasing tax rates by 1%:	(\$m)
• Top individual rate from 39% to 38%	165
• Upper middle rate from 33% to 32%	140
• Lower middle rate from 21% to 20%	405
• Bottom rate from 15% to 14%	225
• Company tax rate from 30% to 29%	225
• GST rate from 12.5% to 11.5%	820

Estimated decrease in tax revenue for the year ended March 2009 for tax thresholds and rates as they stand at Budget day. This allows for interaction between tax types, but makes no allowance for feedback effects from the economy.

What is the full-year cost of ...? (\$m)

\$1 a week increase (in the hand) to NZ Super	27
\$1 a week increase (in the hand) to other benefits	14
\$1 billion increase in government debt	67


Average incomes

Average individual wage earnings:	(\$)
• Full-time earner	47,637
Full-time earner works for more than 30 hours per week.	
Average family gross income:	(\$)
• Couple with children	96,322
• Couple with no children	77,268
• Sole parent	32,403
• Single person	29,632

Includes estimated benefits and other non-wage income for year ended March 2009.

Further Budget 2008 information is available on:


<http://www.treasury.govt.nz/budget/2008>




22 May 2008

Budget
2008

Key Facts for Taxpayers



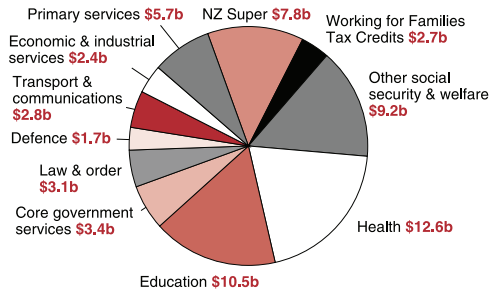
Hon Dr Michael Cullen
Minister of Finance



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Where do core Crown expenses go?

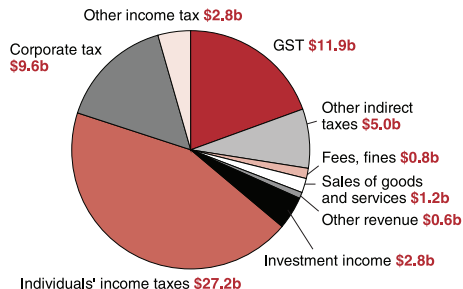
2008/09: \$61.9b (33.4% of GDP)



Other social security & welfare includes the Accommodation Supplement and the Domestic Purposes, Unemployment, Sickness and Invalid's benefits.

Where does core Crown revenue come from?

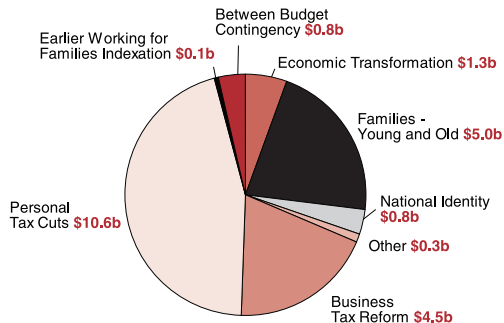
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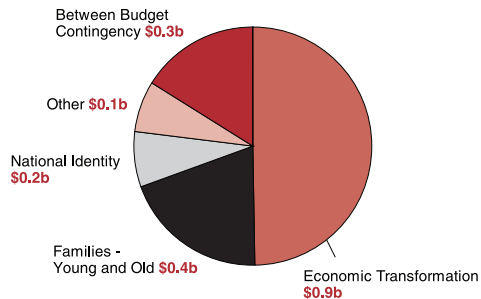
Expenses and revenue are on a core Crown basis and so exclude Crown Entities and State-owned Enterprises.

What are the new spending initiatives for Budget 2008?

New operating spending: \$23.4b over 4 years

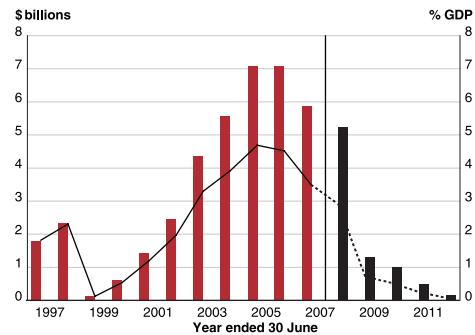


New capital spending: \$1.9b over 4 years



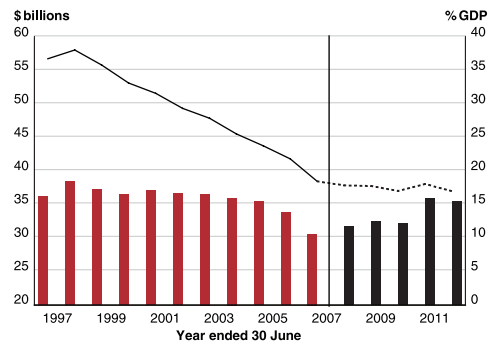
Operating balance before gains and losses (OBEGAL)

2008/09: \$1.3b (0.7% of GDP)



Gross sovereign-issued debt (excluding Settlement Cash)

2008/09: \$32.5b (17.5% of GDP)



Note - Lines represent % GDP, while bars represent dollar values in billions.

What is the 2008/09 operating surplus made up of?

