

22 February 2024

Hon Judith Collins KC, Attorney-General

Consistency with the New Zealand Bill of Rights Act 1990: Income Tax (ACC Payments) Amendment Bill

1. We have considered whether the Income Tax (ACC Payments) Amendment Bill (the Bill), a member's Bill in the name of Dr Hamish Campbell, is consistent with the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990 (the Bill of Rights Act).
2. The Bill was drawn on 15 February 2024. It amends section BD 3 of the Income Tax Act 2007 to change how backdated compensation under the Accident Compensation Act 2001 is taxed.
3. Currently, almost all lump sum ACC compensation is taxed in the income year it is received. Some compensation may be awarded well after the initial claim was made, either as the result of a court decision, a revised decision, or a review, leading to a tax treatment that could differ from when the claim was first made.
4. The Bill would allow ACC payments that were initially unsuccessful to be taxed at the rates that would have been applied had the original claim been approved.
5. We have concluded that the Bill appears to be consistent with the rights and freedoms affirmed in the Bill of Rights Act.



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