



Income Tax (Employment Income—Meaning of Accommodation) Regulations 2021

Patsy Reddy, Governor-General

Order in Council

At Wellington this 19th day of April 2021

Present:

The Right Hon Jacinda Ardern presiding in Council

These regulations are made under section CE 1(4) of the Income Tax Act 2007 on the advice and with the consent of the Executive Council.

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Regulations

- 1 Title**
These regulations are the Income Tax (Employment Income—Meaning of Accommodation) Regulations 2021.
- 2 Commencement**
These regulations come into force on 22 April 2021.

3 Interpretation

In these regulations, unless the context otherwise requires, **Act** means the Income Tax Act 2007.

4 Temporary accommodation provided to manage outbreak or spread of COVID-19 excluded from accommodation definition

- (1) Accommodation that meets the criteria specified in subclause (2) is excluded from the definition of accommodation in section CE 1(2) of the Act.
- (2) The criteria are that the accommodation—
 - (a) is provided for the purpose of enabling an employee to isolate due to the risk of the outbreak or spread of COVID-19; and
 - (b) would not normally be provided as part of the employee’s remuneration package for their role or for a similar role; and
 - (c) is not provided in substitution for a greater amount of employment income; and
 - (d) is provided to the employee for a period of 3 months or less; and
 - (e) is provided between 22 April 2021 and 30 June 2022.

Michael Webster,
Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations, which come into force on 22 April 2021, establish a tax exemption in relation to accommodation that is provided to an employee in order to enable the employee to isolate due to the risk of the outbreak or spread of COVID-19.

The starting position under the employment income rules is that the value of accommodation provided to a person in relation to their employment is employment income and subject to tax. This is because it is in effect an alternative to the person receiving more salary or wages, which would normally be taxed. The Income Tax Act 2007 includes some targeted exclusions to this general rule, and also provides that regulations may be made to create further exclusions.

The criteria that must be met in order for accommodation to come within the new exemption are set out in *regulation 4*.

Issued under the authority of the Legislation Act 2012.

Date of notification in *Gazette*: 22 April 2021.

These regulations are administered by the Inland Revenue Department.

