



10 April 2026

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), transferred to Inland Revenue by the Treasury on 19 March 2026. You requested the following:

*Any analysis or briefing held by Treasury on the use of the tax system to address food affordability in New Zealand – including any consideration of GST exemptions, zero-rating, or targeted tax relief for food.*

**Information being released**

One Inland Revenue report is in scope of your request and is attached as **Appendix A**. Some information has been withheld under section 9(2)(a) of the OIA, to protect the privacy of natural persons, including deceased people. As required by section 9(1) of the OIA, I have considered whether the grounds for withholding the information requested is outweighed by the public interest. In this instance, I do not consider that to be the case.

**Information publicly available**

The documents in the below table are refused under section 18(d) of the OIA, as information requested is publicly available.

Document	Link
GST: Background Paper for Session 2 of the Tax Working Group	<a href="https://taxworkinggroup.govt.nz/sites/default/files/2018-09/twg-bg-gst.pdf">https://taxworkinggroup.govt.nz/sites/default/files/2018-09/twg-bg-gst.pdf</a>
Note on effect of decreasing the rate of GST: Background Note	<a href="https://taxworkinggroup.govt.nz/sites/default/files/2018-09/twg-bg-3996822-note-on-effect-of-decreasing-the-rate-of-gst.pdf">https://taxworkinggroup.govt.nz/sites/default/files/2018-09/twg-bg-3996822-note-on-effect-of-decreasing-the-rate-of-gst.pdf</a>
Future of Tax: Interim Report – Chapter 12, pages 87-89	<a href="https://taxworkinggroup.govt.nz/sites/default/files/2018-09/twg-interim-report-sep18.pdf">https://taxworkinggroup.govt.nz/sites/default/files/2018-09/twg-interim-report-sep18.pdf</a>

**Right of review**

If you disagree with my decision on your OIA request, you have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the OIA. You can contact the office of the Ombudsman by email at: [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz).

**Publishing of OIA response**

We intend to publish our response to your request on Inland Revenue's website ([ird.govt.nz](http://ird.govt.nz)) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely



Graeme Morrison  
**Policy Lead**



## POLICY ADVICE DIVISION

**PAD report:            Response to petitions of Edith McIndoe and Grant Morgan**

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<b>Date:</b>	5 August 2009	<b>Priority:</b>	<b>Ministerial Deadline</b>
<b>Security Level:</b>	In Confidence	<b>Report No:</b>	PAD2009/

**Action sought**

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	Action Sought	Deadline
Minister of Revenue		

**Contact for telephone discussion (if required)**

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Name	Position	Telephone	
Marie Pallot	Policy Manager	s 9(2)(a)	s 9(2)(a)
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5 August 2009

Minister of Revenue

## **Response to petitions of Edith McIndoe and Grant Morgan**

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### **Executive summary**

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Attached is a letter providing a reply from Inland Revenue to the Finance and Expenditure Committee in response to two petitions received from Edith McIndoe and Grant Morgan. The petition from Edith McIndoe calls “*on the Government to withdraw GST from essential foods and services.*” and the petition of Grant Morgan requests “*that GST be removed from all food since this tax cut would be of most benefit to people struggling to pay the bills*”.

On 29 July 2009, the Finance and Expenditure Committee wrote to the Commissioner of Inland Revenue seeking a written submission from Inland Revenue on the matters raised by the petitions.

### **Recommended action**

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We recommend that you **note** the contents of the letter. We propose to refer the response to the Chair of the Finance and Expenditure Committee on Wednesday 12 August 2009.

**Marie Pallot**  
Policy Manager  
Indirect Taxes and Tax Administration

**Hon Peter Dunne**  
Minister of Revenue

13 August 2009

Mr Craig Foss  
Chair  
Finance and Expenditure Committee  
Parliament Buildings  
WELLINGTON

Dear Mr Foss

### **Petitions of Edith McIndoe and Grant Morgan**

On 29 July 2009 the Finance and Expenditure Committee requested a submission outlining Inland Revenue's position on the matters raised in the petitions of Edith McIndoe and Grant Morgan to the Committee (refer 2005/183 and 2005/190).

#### **Background information**

New Zealand's GST is a broad-based, low rate tax on consumption. The Red Paper on the enactment of the Goods and Services Tax Act 1985, outlines the considerations had at the time towards including most goods and services within the net of GST.

#### **Economic and revenue implications**

There is a view that a comprehensive indirect tax such as New Zealand's GST would have a heavier impact on people with low incomes which stems from a perception that high-income households consume a smaller fraction of their income than a low-income household. Therefore, tax on a low-income household would comprise a greater fraction of their income.

However, a comprehensive indirect tax, as GST is currently, will collect much more from a high-income household than a low-income household. It is also less readily avoided by high-income households than is income tax. Exempting items such as food from GST would be worth more in dollar terms to a high-income household and thus is not an efficient means of assisting those on low incomes.

At an economic level it is possible that retailers or producers would perceive that people are willing to pay for products at the current level and, after GST is removed from some items, prices may increase back to their GST inclusive levels. This leaves the individual consumer no better off but increases profits to retailers and food producers at a fiscal cost to government.

Furthermore, every individual has differing views as to what constitutes a necessity and what constitutes a luxury item. As well as income levels health, religious or cultural considerations may determine preferences.

Excluding food from the GST base would reduce the taxable base to eighty percent of its potential. This means that the rate of tax on other goods and services would need to be at least 25 percent higher for the tax to yield the same result. We note that lowering the current rate of GST by one percentage point would decrease the total expected GST received in a year (using this year's estimates) by \$935 million

## **Implementation issues**

**Information held by Inland Revenue indicates that there are about 9,000 registered businesses in the food industry out of a total of around 18,000 businesses.**

Removing GST from food would give rise to significant compliance and administration costs. Businesses would be required to develop new accounting processes to incorporate the split between taxable and non-taxable products. Existing software would need to be changed and adapted. There would also be significant transitional and on-going concerns depending on where the exemption boundaries fell.

For Inland Revenue making changes to the on-line and paper-based returns to provide assistance to businesses, the provision of guidance more generally and the need to review registration processes, would incur significant costs.

## **Overseas GST/VAT systems**

**Australia** has a wide variety of exempted goods and services which include GST on basic food for human consumption.. In order to assist business owners and food producers in the classification of 'basic food for human consumption' the Australian Taxation Office has provided a list to assist the classification of whether items are GST-free or subject to full-GST using criteria such as where the item lies in the supply chain, how the item is processed or treated, what the item is similar to, what ingredients are used in the product, and how it is marketed. Food that is **not** GST-free includes prepared food, confectionary, savoury snacks, bakery products, ice-cream food, and biscuits. Beverages that are GST-free include milk, soy or rice milk, tea and coffee, juices, infants beverages, and water. Confusion has led to a number of rulings applications on the potential application of GST to foods and beverages.

The **United Kingdom** zero-rates VAT on all unprocessed foodstuffs that are fit for human consumption. There is no discrimination between items sold as ingredients or directly to the public. Factors taken into consideration in deciding whether an item classifies as zero-rated include the measurable nutritional content of the item when used in home cooking, whether items are supplied in the course of catering, and whether the product is designed to be eaten while frozen.

## **Conclusion**

We trust that the above comments are of assistance. Inland Revenue is happy to provide the committee with any further information needed.

Yours sincerely

**Marie Pallot**  
Policy Manager