

QUESTION WE'VE BEEN ASKED

QB 18/12

Are war pensions paid under the Dutch ABVP Scheme exempt from tax?

As part of our review of Public Information Bulletins, this QWBA confirms PIB 168-17 "War pensions – Section 61(10) Income Tax Act 1976", which stated that pensions under the Dutch (Benefit Act for Victims of Persecution 1940-1945) Scheme are tax exempt.

Key provisions

Section CW 28(1)(b) of the Income Tax Act 2007. All section references are to the Income Tax Act 2007.

Question

Are war pensions paid under the Dutch ABVP Scheme exempt from tax?

Answer

Yes. War pensions (as well as allowances) paid under the Dutch ABVP Scheme are exempt income and are not taxed in New Zealand.

Key terms

The **Dutch ABVP Scheme**, short for the Dutch (Benefit Act for Victims of Persecution 1940-1945) Scheme, provides financial support to Dutch nationals suffering permanent physical or psychological harm as a result of persecution during World War II.

Explanation

1. The Dutch AVBP Scheme, otherwise known as the Dutch (Benefit Act for Victims of Persecution 1940-1945) Scheme, provides financial support to Dutch nationals suffering permanent physical or psychological harm as a result of persecution during World War II. Under the Dutch ABVP Scheme, recipients are entitled to a monthly benefit (a pension) guaranteeing them a certain level of income. Some recipients may also be entitled to an allowance for certain costs, such as medical treatment.
2. Financial support is also available for partners and minor orphans of deceased victims of persecution.
3. Under s CW 28(1)(b), a pension or an allowance granted in New Zealand or overseas by any government relating to any war is exempt from tax. Because the monthly benefit and allowances paid under the Dutch ABVP Scheme will be a pension or an allowance granted by a government and relating to a war, these amounts will be exempt income under s CW 28(1)(b) and not taxed in New Zealand.