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What direction is tax heading?

2019 Latest Tax Developments Seminar

May 2019

Deloitte speakers

Patrick McCalman

Partner

I enjoy helping my clients understand how tax impacts on their business, and the options they have for ensuring that the tax outcomes align with their business needs and aspirations. It's about making my advice real in the context of what they are trying to achieve, and helping them see both the opportunities and the risks that may arise and need to be managed. I work across a range of industries, drawing on my own client side experience to ensure that I give pragmatic, valuable advice.

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Alex Mitchell

Partner

I'm focused on providing top quality service to my clients, delivering advice that is both commercially and technically sound and building lasting relationships. My day-to-day focus is on corporate tax consulting and compliance assistance, advising clients of all shapes and sizes. This could be family-owned businesses looking to restructure, through to large corporates seeking advice on how the latest tax changes impact them. After a decade of navigating Inland Revenue and government, I also specialise in seeking law changes for clients, acting as a passionate advocate for tax reform that reduces red tape and compliance costs.

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Sarah Kennedy

Associate Director

I spend my days giving GST, FBT, income tax and charities advice. Indirect Tax is a passion of mine and I have a special interest in GST/FBT and payroll process reviews both in preparation for and during what for some can be a daunting Inland Revenue risk review process. Since I relocated to the Wellington office in early 2017, I have read the FBT interpretation statement on motor vehicles and considered the GST non-profit body changes more times than I can count.

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Mark Lash

Partner

I am passionate about helping my clients realise their potential on a domestic and global stage, ensuring that tax is not an impediment to realising their aspirations. While my main focus areas are working with our private clients and with iwi to create value for the long term, I also work with a number of larger corporate organisations, meaning I can draw on those experiences to add value.

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Robyn Walker

National Technical Director, Tax

I am the National Technical Director within the Tax Team at Deloitte in New Zealand. This involves many things, including preparing submissions on behalf of Deloitte and developing thought leadership in the area of tax. I like to think about how tax developments really impact on Deloitte's clients. I have a particular interest in tax policy and keeping up to date with all the many tax developments.

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Presentation slides

Deloitte.

Latest Tax Developments 2019

May 2019

Agenda

- Moving on from the Tax Working Group
- R&D tax credits
- Indirect tax issues
- Tax in a minute

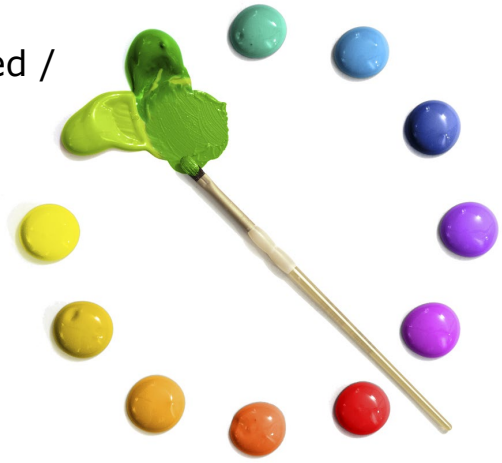
Moving on from the TWG

Summary
Over the course of 2018, the tax system was reviewed by the Tax Working Group (TWG) culminating in a Final Report which was delivered to the Government in February 2019. A central feature of the TWG Final Report was a comprehensive capital gains tax. On 17 April 2019 the Prime Minister, Rt Hon Jacinda Ardern announced that the Coalition Government would not be proceeding with the TWG's recommendation for a capital gains tax. At the same time the Government released a full response to all 99 recommendations of the TWG.

Further information
Government announcement
Full response to TWG recommendations
Deloitte insight

Items which will continue to be worked on

- Environmental issues
- Taxing multinationals (**digital services tax discussion document expected this month**)
- Ensuring compliance by the self-employed / extending withholding taxes
- Reviewing charities and non-profit organisations



Summary
On 18 February 2019, the New Zealand Government announced that it will issue a discussion document for consultation in May on the introduction of a digital services tax (DST). The DST is targeted at multinational companies offering social media networks, trading platforms and online advertising in New Zealand. Although the Government is committed to working with the OECD on a global solution (known as BEPS 2.0), there is concern that agreement could be several years away.

Further information
Deloitte insight

Items to consider as a high priority

- Allowing deductions in some form for seismic strengthening work
- Tax rules that encourages investment into nationally-significant infrastructure projects
- A review of loss-trading
- Tightening rules around closely-held companies
- Consider taxing vacant land held by land bankers
- Repeal aspects of the land sale rules that negatively impact on land supply
- Increase IRD number disclosure requirements when selling any residential property.

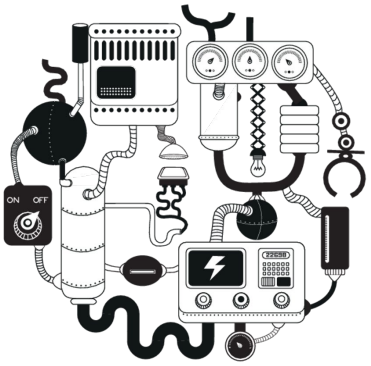
Other items for consideration include

- Change the loss continuity rules to support the growth of innovative start-up firms
- Reform the treatment of "blackhole" expenditure
- Consider restoring depreciation deductions for certain buildings
- Consider a range of 18 options to reduce business compliance costs
- Additional KiwiSaver enhancements
- Explore options to widen the gap between the company tax rate (28%) and the top personal tax rate (33%)

R&D Tax Credits

The basics

- Applies from the 2019/20 income year
- 15% tax credit, with imputation credits also received
- Non-refundable tax credit in most cases (further work is being done in this space)
- Minimum spend required is $50,000
- Focus is primarily on R&D conducted in New Zealand (but some supporting activities can be undertaken outside New Zealand)
- Specific eligible and ineligible costs
- Specific activities and costs are excluded from eligibility
- Internal software development has specific rules and an eligible expenditure cap of $25million



Summary

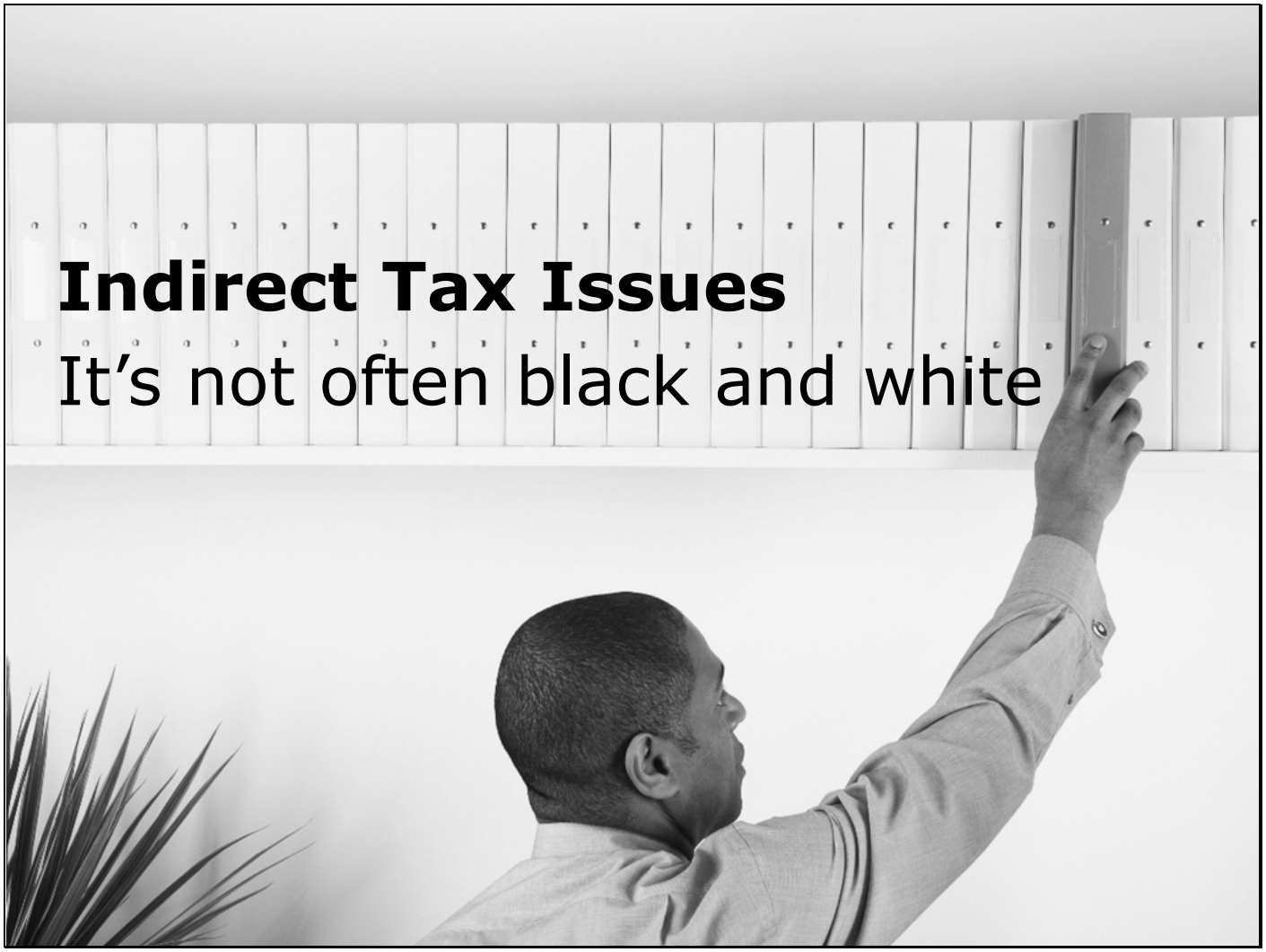
The Taxation (Research and Development Tax Credits) Act 2019 was enacted in May 2019 and provides for a 15% tax credit for eligible expenditure on R&D activities. The R&D tax credit regime will apply from the 2019/20 income year (i.e. from 1 April 2019 for a March balance date taxpayers)

Further information

Government announcement
Deloitte insight

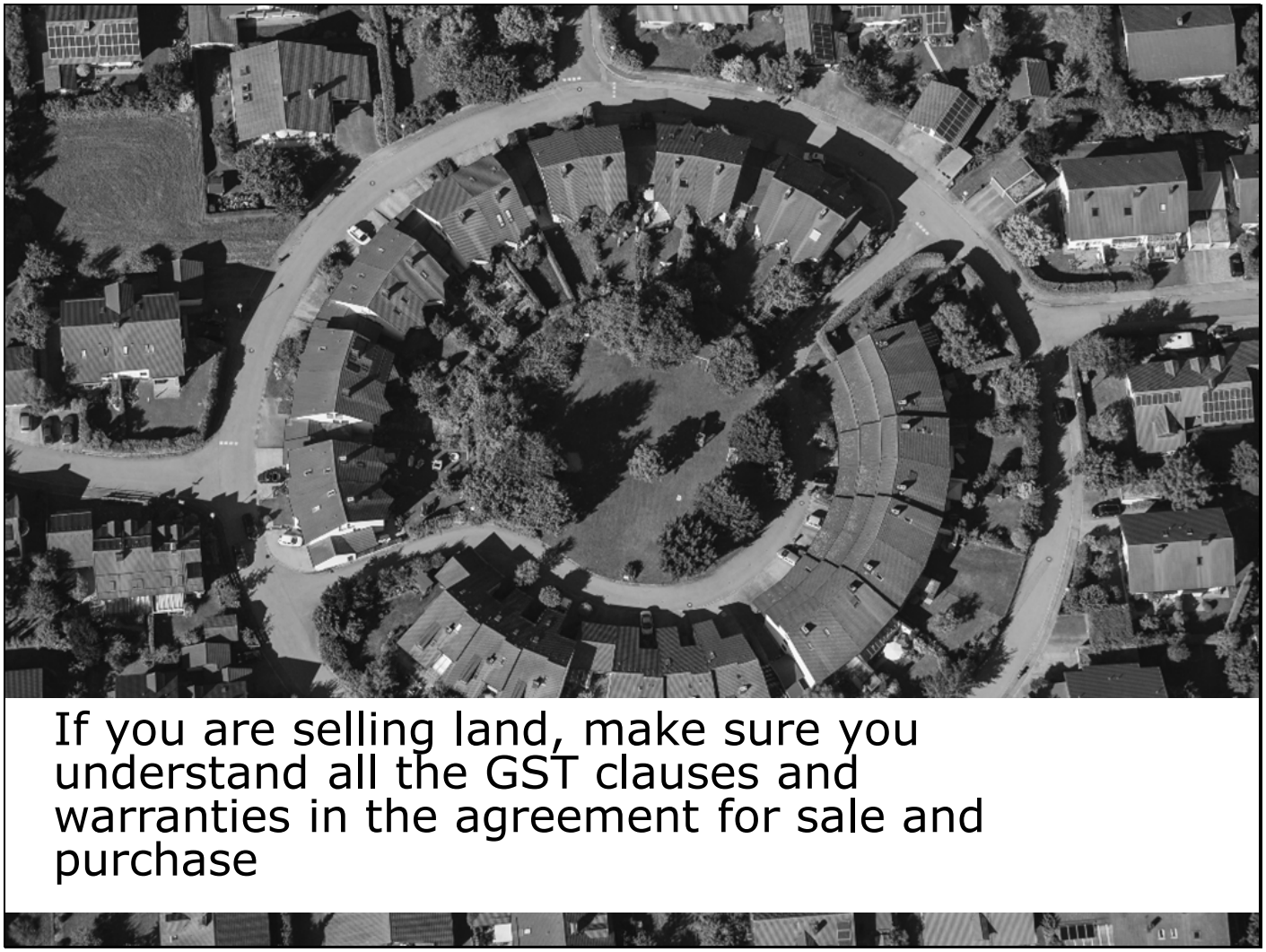
Some complicating factors

- What is R&D?
- What evidence do I need to support a claim?
- How do I track eligible expenditure?
- What happens if I capitalise R&D costs?
- How do I treat R&D tax credits for financial reporting?



Indirect Tax Issues

It’s not often black and white



If you are selling land, make sure you understand all the GST clauses and warranties in the agreement for sale and purchase

Summary
Since 2011 the supply of land between GST-registered taxpayers has been treated as a zero-rated supply for GST purposes. This change in approach has resulting in many GST errors occurring, particularly if there is any uncertainty as to the GST status of the vendor or purchaser or the intended use of the land being sold. Agreements of sale and purchase of land need to be carefully considered to ensure that the GST treatment is clear and any warranties and indemnities are accurate. A recent case has send the vendor of a property liable to compensate a purchaser for inaccurate GST statements.

Further information
Case law: Holdaway v Ellwood HC Blenheim [2019] NZHC 792
Inland Revenue guidance

FBT returns are due on 31 May – we still see a lot of common errors

Summary
Fringe Benefit Tax (FBT) returns are due to be filed with Inland Revenue by 31 May. The FBT legislation contains a number of complicated rules, particularly around the application of the rules to motor vehicles.

Further information
Inland Revenue guidance
Deloitte insight

Non-profit organisations need to be aware of a recent change to GST

Summary
Significant changes to the GST treatment of assets held by non-profit organisations are now in place, and apply retrospectively from 15 May 2018. Non-profit bodies that have substantial assets should consider the potential impact of the changes as soon as possible, if there is any chance of future sale or disposal of the assets.

Further information
Deloitte insight

Inland Revenue have clarified what employers should do if an employee contributes towards the cost of a fringe benefit

Summary
Inland Revenue have released a draft Question We've Been Asked summarising the FBT, GST and income tax treatment of employees contributing towards the cost of a fringe benefit. This includes payments to purchase goods and services and also contributions towards motor vehicle running costs.

Further information
Inland Revenue guidance

Summary
Inland Revenue have released a Question We've Been Asked clarifying how GST surcharges for using credit or debit cards should be treated. Any surcharge should form part of the consideration for the underlying goods and services being supplied.

Further information
Inland Revenue guidance

Inland Revenue has put out draft guidance for people providing short-term accommodation – GST can be the trickiest issue

Summary
Inland Revenue has released a range of draft guidance on the income tax and GST treatment applying to the supply of short stay accommodation. This guidance covers how the rules should apply to renting out your home, a room within your home, or a separate residential property. The focus is providing clear guidance for taxpayers providing accommodation through peer-to-peer platforms.

Further information
Inland Revenue guidance

Will New Zealand GST be added to your offshore purchases from 1 October?

Summary
Legislation is before the Finance and Expenditure Committee (FEC) of Parliament which will impose an obligation on non-residents who are supplying goods to New Zealand consumers to register for and charge New Zealand GST. Marketplaces and freight-forwarders may also be subject to the new rules. The new rules are proposed to apply from 1 October 2019.

Included as part of this change is an increase of the existing threshold at which New Zealand Customs impose tax and duties from approximately $400 (lower in some cases) to $1,000.

The FEC will provide recommendations in relation to this proposed law by 11 June 2019.

Further information
Deloitte insight

Will you be able to match IR’s new analytical powers?

If it’s not black and white, can you get certainty on your GST positions?

Tax in a minute

There is now a slightly more generous rule for self-correcting errors

Summary
Taxpayers in New Zealand may self-correct errors in subsequent tax returns, provided the error is minor or not material. With effect from 18 March 2019, a new "non-material error" threshold rule has been introduced that is intended to make it easier for taxpayers to self-correct errors in income tax, goods and services tax (GST) and fringe benefits tax (FBT) returns.

Further information
Inland Revenue guidance
Deloitte insight

Paying someone in cryptocurrency won’t spare you a tax bill – PAYE or FBT will still apply to salary, wages and bonuses

Summary
Remunerating employees in cryptocurrency is becoming a more common practice. There is uncertainty as to how these payments should be taxed so Inland Revenue has released some draft guidance to help taxpayers. Either PAYE or FBT will apply to any payments; which one will depend on the nature of the cryptocurrency and how easily it is converted into ordinary currency.

Further information
Inland Revenue guidance – Salary and wages
Inland Revenue guidance – bonuses
Deloitte insight

Business Transformation Release 3 is now “live” – have there been any hiccups?

Summary
One of the biggest IT projects ever undertaken in the New Zealand state sector has successfully passed its latest hurdle with the transition of more than 19.7 million taxpayer accounts from one Inland Revenue computer system to another. The Inland Revenue shut down over the Easter break to move records between its old and new computer systems. This involved moving over 20 million tax records. In the first two weeks of the new system, Inland Revenue has seen:

- 2.1 million logins to myIR
- 160,544 Working for Families payments made, worth $32.6 million in total
- 159,794 payday filing returns
- 83,777 GST returns
- 22,432 individual income tax returns
- 17,906 addresses updated in myIR
- 8,561 donation tax receipts lodged

Binding rulings will be more accessible to smaller taxpayers from 1 October 2019

Summary
From 1 October 2019 there will be a new process allowing small taxpayers (turnover of less than $20million, and a tax issue that is less than $1million) to apply for a binding ruling under a shortened process. Details of the process and the reduced cost for taxpayers have not yet been revealed.

Further information
Deloitte insight

Having a non-resident director can result in more withholding tax obligations. Inland Revenue has released new guidance

Summary
In August 2018 Inland Revenue released a draft interpretation statement on the application of withholding taxes to non-resident directors. This statement was finalised in February 2019. The finalised statement results in more fees paid to non-resident directors being deemed to have a New Zealand source than may previously have been the case. An interim operational position was put in place until 31 March 2019, with all taxpayers expected to apply the positions in the interpretation statement from 1 April 2019.

Further information
Inland Revenue guidance
Inland Revenue operational position
Deloitte insight

Meanwhile… Australia is trying to make more companies tax resident in Australia, especially if they have Australian directors

Summary
On 21 June 2018 the Australian Tax Office (ATO) released a long awaited final ruling on corporate residency. The Ruling turns the ATO's previous position on its head. The new position is that any company with its central management and control (CMAC) in Australia will be tax resident in Australia, regardless of where its trading operations are carried out.

The CMAC of a company means the direction and control of the company – the high-level decisions that set the company's policies, and determine the direction of its operations and the type of transactions it will enter into. It is different to the day-to-day conduct and management of those decisions. Decision making means actively making decisions, not passively "rubberstamping" other people's decisions or merely carrying them out. The ATO's starting point is that directors will make these decisions, but this is by no means definitive and the individual facts of each situation will need to be considered.

Further information
ATO ruling
Deloitte insight

New BEPS rules should be in effect for any affected taxpayers. Inland Revenue has just finalised guidance explaining how the rules apply

Summary
The Taxation (Neutralising Base Erosion and Profit Shifting) Act 2018 was enacted on 27 June 2018 and applies to income years beginning on or after 1 June 2018.

Further information
Deloitte insight – Permanent establishment anti-avoidance guidance finalised
Deloitte insight – BEPS guidance released to provide clarity
Deloitte insight – BEPS bill passes with small last minute changes

KiwiSaver "contribution holidays" are now called "savings suspensions" and employees can now contribute 3%, 4%, 6%, 8% or 10% to KiwiSaver

Summary
The Taxation (Annual Rates for 2018-19, Modernising Tax Administration, and Remedial Matters) Act 2019 made a number of enhancements to KiwiSaver. These changes were made based on recommendations by the Retirement Commissioner in 2016.

The following changes have been made to the KiwiSaver Act:

- Additional employee contribution rates of 6% and 10% have been introduced.
- The maximum contribution holiday period has been reduced from five years to one year.
- The "contribution holiday" has been renamed the "savings suspension".
- Over 65 year olds are able to opt-in to KiwiSaver.
- The five year lock-in period (which affects members who join KiwiSaver after the age of 60) has been repealed.
- A transitional rule has been introduced for members who are subject to the lock-in period at the date it is repealed.

Further information
Inland Revenue guidance

New rules for employee share schemes are now in effect. Some niggles still exist around reporting, withholding and accounting for share schemes

Summary
There have been a number of changes to the tax treatment of employee share schemes since 2016, when employers were required to report employee share scheme benefits and given the option to withhold tax on employee share scheme income received by employees. In 2018 substantive changes were made to how employee share schemes are taxed.

Employers who report under NZ IFRS can have undesirable financial reporting treatments from having an optional withholding tax regime in place. Therefore the Government is seeking to amend the rules to make elections to withhold tax irrevocable.

Further information
Deloitte insight

Tax exempt reimbursement of mileage is more complicated than it needs to be

Summary
On 4 July 2018 Inland Revenue released its finalised Operational Statement 18/01 - *Commissioner's statement on using a kilometre rate for work related running of a motor vehicle*.

For the 2019/20 income year and onwards it is necessary to use a two-tiered reimbursement rate. The tier one rate of 76c/km applies to the work related portion of the first 14,000km of combined business and private travel per annum, provided a log book or similar records are maintained by the employee. Tier two rates (9c/km; 18c/km; or 26c/km depending on vehicle type) apply to travel that exceeds this limit. If the employee does not maintain a logbook or other records, the tier one rate can be used to reimburse up to a maximum of 3,500km per annum of work related mileage.

Further information
Inland Revenue guidance
Deloitte insight

New guidance exists to explain when resource consent costs are deductible

Summary
Inland Revenue has released comprehensive guidance on how a range of resource consent costs should be treated for income tax purposes.

Further information
Inland Revenue guidance
Deloitte insight

If you're dealing cross-border, the multi-lateral instrument (MLI) may impact how you can interpret the relevant double tax agreement

Summary
In June 2017 the Multilateral Instrument (MLI) was signed by New Zealand, with the MLI in force in New Zealand from 1 October 2018. The MLI modifies double tax agreements on a clause by clause basis. Its application can be complicated as it depends on whether the other country has adopted the MLI, whether that country has adopted specific clauses within the MLI, and whether the MLI has come into force for that country.

Further information
Inland Revenue guidance
MLI details
Deloitte insight

New Zealand and China have signed a new double tax agreement. A new agreement with the UK is in the pipeline

Summary
On 1 April 2019, a new double tax agreement (DTA) between New Zealand and the People's Republic of China was signed. This agreement, when in force, will replace a 1986 agreement and, therefore, introduce a modern set of tax rules in relation to cross-border economic activity. With regard to withholding taxes, a key change is to introduce a new lower 5% withholding tax rate for dividends where the beneficial owner is a company that has held a direct interest of at least 25% of the capital of the company throughout a 365-day period that includes the payment date.

This signed agreement will not come into force until domestic procedures in both countries have been completed and there is an exchange of diplomatic notes. This could take some months yet. If this process occurs during the 2019 calendar year, the earliest date that this DTA could apply would be from 1 January 2020 in respect of withholding taxes; or for any taxable year beginning on or after 1 January 2020 for other taxes.

Further information
Deloitte insight

Residential loss ring-fencing rules are not yet enacted but will apply from 1 April 2019

Summary
The Taxation (Annual Rates for 2019-20, GST Offshore Supplier Registration, and Remedial Matters) Bill includes fundamental changes to the treatment of residential rental property losses. These new rules have an intended application date of the start of the 2019-20 income year. As most residential rental property owners are likely to have a standard 31 March balance date, these rules will apply from 1 April 2019.

The proposed legislation intends to prevent landlords offsetting losses incurred on residential rental properties against other sources of income (for example salary or wages and investment income), which generally results in a reduced tax liability and in many cases an income tax refund. Any losses should not be permanently lost, instead they are 'quarantined' and can be carried forward and offset against any future income derived from residential rental property, and in some cases this could include any taxable income arising from the sale of the property itself.

Further information
Deloitte insight

If you have a home office, there is a draft operational statement on using the square metre rate for dual use of premises

Summary
Inland Revenue has released draft guidance to help taxpayers determine appropriate levels of costs which can be claimed when the taxpayer has a home office (note, this does not apply to employees as they are prohibited from claiming deductions in relation to earning employment income).

Further information
Inland Revenue guidance

Summary of Tax Developments

Legislation and policy documents

Refer to the Government's Tax Policy Work Program for more detail on current priorities.

Acts	Summary of contents	Status
Taxation (Research and Development Tax Credits) Act 2019	This Act introduces a R&D tax incentive. Key features include: • Applies from the 2019/20 income year. • 15% tax credit, with imputation credits also received. • Non-refundable tax credit in most cases in "year one". • Minimum spend required is NZD 50,000; maximum level of claim is NZD 120 million of expenditure (with the ability to have this increased on application). • Focus is primarily on R&D conducted in New Zealand (but some supporting activities can be undertaken outside New Zealand). • Costs that are eligible for the credit include employee costs, depreciation on assets used in R&D, cost of goods and services used as part of the R&D. • Specific activities and costs are excluded from eligibility. • Internal software development has specific rules and has an eligible expenditure cap of NZD 25 million.	*Introduced:* 25 October 2018 *First reading:* 1 November 2018 *Submissions closed:* 14 December 2018 *Second Reading:* 11 April 2019 *SOP introduced:* 30 April 2019 *Committee of Whole House: 30 April 2019* *Third reading:* 2 May 2019 *Royal Assent: 7 May 2019*
Taxation (Annual Rates for 2018-19, Modernising Tax Administration, and Remedial Matters) Act 2019	This Act contains a number of tax administration related measures as Inland Revenue looks to modernise and transform how it administers income tax. It also contains several other policy related matters as follows: • New year-end filing processes for individuals (with effect for the 2019 year end). This is in conjunction with stage 3 of the Business Transformation process and new START computer system. The rules have been simplified and automated for most individuals. Inland Revenue will pre-populate taxpayers' accounts with information it holds. • New processes apply in regard to issuing refunds automatically and advising individuals that they have tax to pay or are due a refund. • Individuals can now use tailored tax codes. Inland Revenue can now take proactive actions during the year to help people use appropriate tax rates or codes to minimise year-end debts and refunds. • The administration of tax donation credits has been improved. • A suite of changes modernises the information collection, use and sharing rules set out in the Tax Administration Act. • A new short-process rulings services has been introduced to make it cheaper and more straightforward for individuals and small-to-medium sized taxpayers to obtain binding rulings from the Commissioner. • The scope of the existing binding rulings process has been extended. • Section 113A regarding self-correction of errors in subsequent income, GST and FBT returns has been (slightly) expanded with a new "non-materiality" threshold being added to the $1,000 minor error rule. • Clarifications regarding overpayment of employment income subject to PAYE. • The payment allocation rules are being amended to allocate payments between UOMI and core tax in a more taxpayer favourable manner. • KiwiSaver changes which include introducing a 6% and 10% contribution rate; reducing the "contributions holiday" from 5 years to 1 year and renaming it "savings suspension"; and allowing over 65's to opt into KiwiSaver. • Tax relief for Canterbury businesses affected by earthquakes has been extended. • Rules to ensure that assets sold by not for profits and in respect of which input tax deductions had been claimed would be subject to GST from 15 May 2018. • The Act adds 13 charities to the list of overseas donee organisations in schedule 32 of the Income Tax Act 2017. • The FBT rules for employment related loans by banks / money lenders are being modified.	*Introduced:* 28 June 2018 *First reading:*3 July 2018 *FEC report back:* 16 January 2019 *Second reading* 19 February 2018 *Committee of Whole House:* 5 March 2019 *Third reading:* 12 March 2019 *Royal assent:* 18 March 2019

Acts	Summary of contents	Status
	• Changes to allow mid-year entry to the AIM method for provisional tax. • Expenditure related to remediating noise pollution will become deductible under section DB 46. • Bloodstock breeding - New rules for the tax treatment of expenditure incurred on high quality yearlings when an investor has an intention to breed for profit in the future. • Amendments to the securitisation regime. • There are a number of remedial changes which cover the following areas: PIE and Unit Trusts, Crown controlled entities, GST, land sales rules, FIF, trusts and charities and the rewrite of income tax legislation.	
Taxation (Neutralising Base Erosion and Profit Shifting) Act 2018	Enacted on 27 June 2018, the purpose of this Act is to counter base erosion and profit shifting (BEPS) and is mostly targeted at multinational companies but not in all cases. This Act includes the following measures: • Related-party loans between a non-resident lender and a New Zealand-resident borrower must now be priced using a restricted transfer pricing approach (interest limitation rules) where certain conditions are met. • A new anti-avoidance rule has been inserted into the Income Tax Act for large multinationals (with over €750m of consolidated global turnover) with a structure intended to avoid having a permanent establishment (PE) in New Zealand. • Transfer pricing rules have been strengthened. This includes aligning NZ's rules with the OECD's transfer pricing guidelines and Australia's transfer pricing rules. • New rules now apply to counteract hybrid and branch mismatch cross-border arrangements that exploit differences in the tax treatment of an instrument, entity or branch under the laws of two or more countries to eliminate, defer or reduce income tax. • Inland Revenue's powers to assess tax or collect information in relation to members of large multinational groups have been increased. The majority of the rules apply for income years which begin on or after 1 July 2018.	*Introduced:* 6 December 2017. *First Reading:* 12 December 2017. *Bill reported back:* 15 May 2018 *Second reading:*24 May 2018 *Committee of Whole House:* 12 June 2018 *Third Reading:* 26 June 2018 *Royal Assent:* 27 June 2018

Bills

Bills	Summary of contents	Status
Taxation (Annual Rates for 2019–20, GST Offshore Supplier Registration, and Remedial Matters) Bill	This omnibus bill: • Sets the annual rates of income tax for the 2019-20 tax year (they remain unchanged). • Introduces new rules which, from 1 October 2019, will add GST to supplies of "low-value goods" (defined as those valued at or below $1,000) by non-resident suppliers to New Zealand end-consumers. • Proposes to ring-fence deductions in respect of residential rental properties to the extent the deductions exceed income from the properties with effect from the 2019-20 income year. • Proposes a number of technical and remedial amendments to GST rules (capital raising costs, vouchers, arranging services relating to goods located offshore). • Makes amendments to improve the administration of student loans, Working for Families and child support. • Proposes an amendment to address an issue with the tax treatment of pre-1990 forest land emissions units. • Proposes amendments to the Tax Administration Act 1994 and the Goods and Services tax Act 1995 to allow tax records to be held in te reo Māori. • Allows employers the flexibility to elect into an irrevocable statutory obligation to withhold PAYE in relation to benefits under an employee share scheme, in order to allow tax to be withheld without undesirable financial reporting consequences (i.e. under IFRS 2 Share Based Payments). • Amends the definition of "settlor" to ensure beneficiaries of trusts do not become settlors in certain unintended situations. • Proposes a remedial change to the non-deductible cash distribution rule from co-operative companies. • Proposes a number of remedial amendments that affect the Common Reporting Standard rules, loss of earnings insurance policies and transitional rules for life insurance business. • SOP No 193, added to this bill on 6 March 2018, includes a proposal to extend the CIR's care and management role.	*Introduced:* 5 December 2018 *First reading:* 1 December 2018 *SOP introduced:* 6 March 2019

Discussion documents and other reports

Title	Summary of contents	Status
Welfare Expert Advisory Group report	The Welfare Expert Advisory Group report was released by Social development Minister. The report contains 42 recommendations for improving the welfare system and including measures that affect the tax credit system. These changes are announced as part of Budget 2019.	Released on 3 May 2019.
BEPS Final Special Reports	The final versions of the special reports on the new rules for base erosion and profit shifting (BEPS). The rules were enacted in the Taxation (Neutralising Base Erosion and Profit Shifting) Act 2018 on 27 June 2018.	Published on 29 May 2019
Future of Tax – Final Report by the Tax Working Group	The final report contains the recommendations by the Tax Working Group on the Future of Tax in New Zealand. The recommendations cover business tax, international tax, retirement savings, personal income tax, the future of work, integrity of the tax system, administration of the tax system, charities, GST, corrective taxes, housing, environmental and ecological issues as well as a recommendation to extend the taxation of income from capital. Volume II of the report contains the design details of the proposed extension of taxing capital gains. The extracted summary of the 99 recommendations can be found here. In response to this, the Government announced on 17 April 2019, that it will not introduce a capital gains tax. The majority of other recommendations have either been endorsed or will be considered for inclusion on the Inland Revenue's work program to the extent work is not already underway. See here for detailed response to all recommendations.	Interim report released on 20 September 2018. Final report released 21 February 2019. Government response released on 17 April 2019.
Draft Guidance on the proposed research and development tax credit	Draft guidance to help users understand the application of the proposed R&D tax credit which will take effect from the beginning of a businesses' 2020 tax year once passed into law.	Released on 25 February 2019. Submissions closed on 31 March 2019.
Issues paper No 13. Consequences of GST group registration	Inland Revenue released an issues paper to examine the consequences of GST group registration. This has arisen as a result of differing views on the "statutory fiction" aspect that GST group registration creates.	Released on 21 February 2019. Submissions closed on 5 April 2019.

Inland Revenue statements

Rulings		Finalisation, application or submission date
PUB00344 (draft)	*Income tax – salary and wages paid in cryptocurrency and bonuses paid in cryptocurrency*	*Submissions closed on 3 May 2019*
PUB00303 a-g (draft)	*Tax implications of providing short-term stay accommodation*	*Deadline closed on 22 March 2019*
BR Pub 18/07	Income tax and GST – writing off debts as bad	29 August 2018
BR Pub 18/06	Goods and services tax – payments to state and state integrated schools	26 June 2018

Standard Practice Statements / Operational Guidelines		Finalisation, application or submission date
OS 19/02	Persons who are permitted to confirm an income statement of a deceased person or provide information to the Commissioner to finalise the tax account of a deceased person	4 April 2019
ED 0213 (draft)	*Income equalisation deposits and refunds*	*Submissions closed on 10 May 2019*
SPS 19/02	Voluntary disclosures	27 March 2019
ED 0207 (draft)	*Square metre rate for the dual use of premises*	*Submissions closed on 10 May 2019*
ED 0211 (draft)	*SPS on late filing penalties*	*Submissions closed on 22 March 2019*
OS 19/01	Exemption from electronic filing – operational statement	7 February 2019
SPS 19/01	Tax payments – when received in time	Applies from 1 March 2019
CS 18/01	Determining "market rental value" of employer provided accommodation – boarding schools	30 August 2018
SPS 18/04	Options for relief from tax debt	22 August 2018
SPS 18/03	Effective date of GST registrations	7 August 2018 (applies from 19 July 2018)
OS 18/02	Non-disclosure right for tax advice documents	2 July 2018
SPS 08/03	Penalties and interest arising from unintended legislation changes	Withdrawn from 1 July 2018

Interpretation Statements / Guidelines		Application or submission date
IS 19/02	Income tax - attribution rule for income from personal services	18 April 2019
PUB00317 (draft)	*Income tax – exempt income of non-resident entertainers*	*Submissions closed on 10 May 2019*
IS 19/01	Income tax – How schedular payment rules apply to non-resident directors' fees, plus operational position.	28 February 2019 Applies from 1 April 2019
IS 18/07	Goods and services tax - zero-rating of services related to land	20 December 2018
IS 18/06	Income tax – treatment of costs of resource consents	5 November 2018
IS 18/05	Income tax- donee organisations – meaning of wholly or mainly applying funds to specified purposes in New Zealand	24 September 2018
IS 18/04	Goods and Services Tax – single supply or multiple supply (reissue of IS 17/03)	14 September 2018
IS 18/03	Attribution rule for income from personal services	28 August 2018

Interpretation Statements / Guidelines		Application or submission date
IS 18/02	GST treatment of distributions made by a trading trust to a beneficiary	31 July 2018
OS 18/01	Commissioner's statement on using a kilometre rate for business running of a motor vehicle	4 July 2018
IS 18/01	Income tax – taxation of trusts	29 June 2018

Questions We've Been Asked		Application or submission date
PUB00316 (drafts)	*Income tax – when does the business premises exclusion to the bright-line test apply? Income tax – when does the business premises exclusion under s CB 19 apply?*	*Submissions close on 7 June 2019*
QB 19/04	Income tax - provisional tax and use of money interest implications for a person in their first year of business	24 April 2019
QB 19/03	Provisional tax - impact on employees who receive one-off amounts of income without tax deducted	24 April 2019
QB 19/02	Depreciation – change of use event	3 April 2019
QB 19/01	What are the requirements for claiming tax deductions for payments to family members for services?	22 March 2019
PUB00333 (draft)	*What is the fringe benefit tax, GST and income tax treatment of an employee contribution to a fringe benefit?*	*Submissions closed on 1 May 2019*
PUB00337 (draft)	*Donations - what is needed to establish and maintain a fund*	*Submissions closed on 25 April 2019*
QB 18/17	Income tax — bright-line test — farmland and main home exclusions — sale of lifestyle blocks	19 December 2018
QB 18/16	Income tax — bright line test — main home exclusion — sale of subdivided section	19 December 2018
QB 18/15	GST - When will goods and services supplied in connection with the repatriation of human remains from New Zealand be zero-rated?	5 December 2018
QB 18/14	GST treatment of fees that suppliers charge customers for using a credit or debit card	7 September 2018
QB 18/13	Income tax – what is the tax treatment of allowances paid and benefits provided to farm workers?	14 June 2018
QB 18/12	Are war pensions paid under the Dutch ABVP Scheme exempt from tax?	13 June 2018
QB 18/10 and QB 18/11	Income tax – state and state integrated schools and donation tax credits	26 June 2018
QB 18/09	Income tax – can sharemilkers and contract milkers deduct farmhouse expenditure using the approach in IS 17/02?	24 May 2018

Double Tax Agreements (DTA)

Country	Information	Status
Over 100 jurisdictions	The multilateral instrument (MLI) will swiftly implement a series of tax treaty measures to update international tax rules and lessen the opportunity for tax avoidance by multinational enterprises. It will transpose results from the OECD/G20 BEPS Project into more than 2,000 tax treaties worldwide. The OECD has now released the text of the Multinational Convention. The MLI will first have effect re withholding tax from 1 January 2019 for DTAs with NZ for the following countries: • Poland • Sweden • UK • Australia • France • Japan	Officials' issues paper released on 3 March 2017 and the MLI was signed on 8 June 2017 and was ratified on 27 June 2018. Order which gives effect to multilateral agreement came into force on 14 June 2018. The MLI came into force in New Zealand on 1 October 2018. Synthesized texts available: • NZ-UK • NZ-Poland • NZ-Australia
United Kingdom	The UK plans to begin negotiations on a new DTA and Protocol with New Zealand in 2019.	Announced on 4 March 2019
Hong Kong	The Hong Kong / New Zealand DTA has been amended to widen the exchange if information provisions for the purpose of eradicating tax evasion and avoidance. It enables the automatic exchange of information between the two tax jurisdictions.	Updated DTA came into force on 9 August 2018
China	On 1 April 2019, a new double tax agreement between New Zealand and the People's Republic of China was signed. This agreement, when in force, will replace the 1986 agreement and, therefore, introduce a modern set of tax rules in relation to cross-border economic activity. It incorporates many MLI features.	Signed on 1 April 2019. This agreement will not come into force until domestic procedures in both countries have been completed and there is an exchange of diplomatic notes.

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