

Asia-Pacific Region



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The Special Interest Group (Taxes) for the JHI Asia-Pacific Region is happy to release this Tax Guide for New Zealand. This guide provides key information only and the JHI member firms in New Zealand can provide further expert advice on specific tax issues.

Every effort has been made to ensure that the facts contained in this publication are correct at the time of publication; however no responsibility for loss resulting from the material herein can be accepted. Readers are advised to obtain professional advice prior to making any decisions.

Similar Tax Guides are available for the following countries in the Asia Pacific and similar Guides will be published for other countries in future.

1. China
2. Hong Kong
3. India
4. Japan
5. Mauritius
6. Singapore
7. United Arab Emirates

COUNTRY – NEW ZEALAND

Review due by July 2009

A. TAXES PAYABLE

1. FEDERAL TAXES AND LEVIES

- a. Company Tax - 30% - (was 33% to 31 March 2008)
- b. Branch Profits Tax - At Local tax rates for entity – Company 30%, Trusts 33%, personal rates see below.
- c. Capital Gains Tax - Nil
- d. Goods & Services Tax (GST) - 12.5%
- e. Dividend Distribution Tax - NZ has a full dividend imputation scheme whereby NZ shareholder gets tax credit of tax paid by company. Non-resident withholding taxes apply to interest/dividends paid to overseas shareholders.
- f. Fringe Benefits Tax (FBT) - Based on employees tax bracket, but for vehicles benefit defined as 64% of value of vehicle on which FBT is calculated at 20% of benefit.
- g. Wealth Tax - Nil
- h. Gift Tax - No gift duty on annual gifts < than \$27,000 pa. For gifts > \$27,000 pa sliding scale, but duty can be assessed at \$ 5850 + 25% of gift > \$72,000 for example
- i. Estate Duty – 0%
- j. Personal Tax - \$0 - \$20000 12.5%, \$20001- \$42500 21%, \$42501- \$80,000 33%, \$80000 >39%. Plus additional rebates for families with children.
- k. Minimum Alternate Tax (MAT) - Nil

2. LOCAL (STATE/TERRITORY) TAXES

- a. Stamp Duty - Nil
- b. Payroll Tax - Nil
- c. Land & Property Tax - Nil but local authorities levy charges for water / sewerage
- d. Octroi Duty - Nil
- e. Others - Nil

3. OTHER TAXES

- a. Customs & Central Excise – Excise duty on very few goods, mainly on petrol, liquor & tobacco. Customs Duty charged on selected items at border when importing, depending on country of origin / type of goods being imported. NZ has a free trade agreement with Australia.
- b. R & D Cess – Tax credit at 15% of eligible expenditure.
- c. Others - Nil

B. TAX HOLIDAYS & INCENTIVES

1. **EXPORTS** - Nil
2. **ECONOMIC ZONES** - Nil
3. **SPECIAL INCENTIVES** – New residents to NZ can obtain NZ tax relief on income earned overseas for a period of up to 4 years from date of NZ residency.
4. **OTHERS** - Nil

C. FOREIGN TAX RELIEF

1. **TAX CREDIT UNDER TAX TREATIES** – NZ allows a tax credit for tax paid overseas, but tax credit is limited to the lesser of actual tax paid overseas or the NZ tax on the overseas income. No refund for excess tax paid overseas. A DTA normally limits the tax paid overseas to either 10 % or 15% of income.
2. **UNILATERAL TAX CREDIT WHERE THERE IS NO TAX TREATY** – Tax credit available where proof of overseas tax paid exists. Limitations on tax credit as above.

D. RELATED PARTY TRANSACTIONS – NZ has extensive rules for both income tax & GST in relation to related party transactions. Generally must be at open market value.

E. DOUBLE TAXATION TREATIES with Australia, Austria, Belgium, Canada, Chile, China, Denmark, Fiji, Finland, France, Germany, India, Indonesia, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, Norway, Philippines, Poland, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, Taiwan, United Arab Emirates, United Kingdom, United States Of America.

F. ADVANCE RULINGS – yes can apply to NZ tax authority for advance binding rulings.

G. SPECIAL PROVISIONS - Nil