Deloitte.

Tax Alert

May 2024

Tax Predictions for Budget 2024

Page 2

Tax Predictions for Budget 2024

By Robyn Walker

The National Party included tax as a major component of the 2023 election campaign, and it's no surprise that expectations are high that [Budget 2024] will contain changes to personal taxes as a major feature. The National-Act and National-New Zealand First Coalition Agreements provide us with hints about what might also be included in the Budget.

Personal Taxes

The Minister of Finance, Hon Nicola Willis, has been clear that Budget 2024 will contain "meaningful tax reductions to provide cost of living relief to New Zealanders." But what does this actually mean? National has a policy of amending tax thresholds (not rates) to reflect inflation and there have been no changes to personal taxes since 2010 (except for the addition of the 39% tax rate from 1 April 2021). However, the Coalition Agreement with the ACT Party also specifies to "[e]nsure the concepts of ACT's income tax policy are considered as a pathway to delivering National's promised tax relief, subject to no earner being worse off than they would be under National's plan," so it's possible that the tax changes may be different from what National campaigned on. ACT's tax policy broadly seeks to flatten tax rates and reduce the number of tax thresholds.

Of note, is that the Minister of Finance has consistently referenced tax cuts applying from 1 July 2024. As this is a quarter of the way through the tax year, in the 2024/25 tax year there would need to be "composite" tax thresholds for the current tax year to average how the threshold changes across the year. For example, if the $14,000 threshold was increased to $18,000 (a $4,000 difference), based on a 1 July 2024 application date, the 2024/25 tax year threshold would actually be $17,000, before moving to $18,000 for the 2025/26 tax year.

> When any personal tax rates or thresholds change, this has ripple effects across all taxes applying to individuals, so FBT, ESCT, RWT and PIR thresholds will also change.

Family Boost

The Government has already released some of the details about [Family Boost] to allow time for consultation on some final details ahead of the 1 July start date. The process will allow families to be reimbursed for a portion of childcare costs. The scheme will be administered by Inland Revenue.

Audit funding

While Inland Revenue has been subject to the expectation of public sector cost reductions, it is also expected that more funding will be received in Budget 2024 to increase audit capability. This is based on the National–New Zealand First Coalition Agreement which specifies "[t]he Coalition Government will increase funding for IRD tax audits to urgently expand the IRD tax audit capacity, minimise taxation losses due to insufficient IRD oversight, and to ensure greater integrity and fairness in our tax system."

Revenue strategy

In each Budget, the Government sets out a "revenue strategy," which sets the scene for what the Government is seeking to achieve through the tax system. Based on statements made by the Minister of Revenue, this is likely to emphasise seeking to reduce compliance costs, increasing compliance with tax laws (for all taxpayers), increased digitalisation and a commitment to following the Generic Tax Policy Process and the tax philosophy of "broad base low rate".

Digital services tax

In the final days of the last Labour Government, a [Digital Services Tax Bill] was tabled in Parliament. The process of tabling legislation meant that the anticipated revenue was "booked" into the Government finances. While the Bill has not progressed under the new Government, we will see in Budget 2024 what the intention is in this space – either with the revenue staying or being removed.

New Zealand's DST was expected to raise NZ$222 million in revenue over the four-year forecast period, with an intended commencement date of 1 January 2025.

Whether all or some of these items are included in Budget 2024 will be revealed on 30 May. You can sign up to receive our [Budget 2024 updates here].

Robyn Walker
Partner
Tel: +64 4 470 3615
Email: robwalker@deloitte.co.nz

FBT – there is still time to save

By Sam Hornbrook and Blake Hawes

May is always a month when a lot of people start thinking about fringe benefit tax (FBT). With final FBT returns due at the end of the month, if you're not all over the options for calculating FBT and you're confused about what option best suits your needs, this article provides a summary of your options.

FBT attribution has been around the whole 21st century and exists because of the 39% top personal tax rate. If you've ever wondered how FBT rates are calculated, they're a gross-up of the personal tax rate (so use the formula "tax rate / (1 – tax rate)" and you'll quickly realise that 0.39/0.61 equals the very high 63.93% FBT rate).

In the first decade of the century FBT attribution was pretty common, but with the highest tax rate being removed in 2010, many taxpayers reverted to just paying FBT at the top rate of 49.25% (equivalent to the then top personal tax rate of 33%) on all benefits, on the basis that any available savings may have been lower than the associated compliance costs.

With the 39% top personal tax rate (and therefore 63.93% FBT rate) coming back from 1 April 2021, more taxpayers are once again looking at options to save on FBT costs by not paying at the flat rate.

Deloitte recently ran some employment tax webinars and when we polled our audience, 60% were intending to undertake a full attribution, 25% were planning to do one of the 'short-form' options, but 15% were still planning to pay at the flat rate of 63.93%.

For those 15%, we expect it is a lack of understanding of the options and a lack of time which drives them to the quicker but much more expensive option. In which case there is a very simple solution – outsource! Deloitte prepares FBT fourth quarter calculations for a significant number of clients and can virtually guarantee that our fee for doing your calculation will be a small fraction of the tax savings you'll achieve (we'll tell you at the outset if your employee/benefit profile is unlikely to result in savings). Please get in touch with your usual Deloitte advisor if you'd like to talk about the options.

FBT Calculation Options

Option	Pro's	Con's
1. Pay at the single rate of 63.93%	It's simple.	It's expensive. The other options will have benefits taxed at 49.25% (or lower), resulting in 30%+ lower FBT costs.
2. Short-form alternative rate	Non-attributed benefits will be taxed at 49.25% (rather than 63.93%).	Benefits need to be allocated between attributed or non-attributed. All attributed benefits will be taxed at 63.93% (even for staff earning less than $180,000).
3. Concessional short-form rate / Pooled alternate rate - 63.93% for employees earning over $160,000 - 49.25% for employees earning less than $160,000 with benefits under $13,400	Non-attributed benefits taxed at 49.25%. Attributed benefits also tax at 49.25% if no one earns above $160,000.	You will need to collect information about benefits provided to employees earning more than $160,000.
4. Full attribution / Full alternate rate	You will save on FBT costs (attributed benefits are taxed at marginal rates). A tax advisor (and software) can help you.	Benefits need to be allocated between attributed or non-attributed. It's more complicated and relies on you having adequate information to attribute benefits to employees.

Contact

Sam Hornbrook
Director
Tel: +64 9 303 0974
Email: sahornbrook@deloitte.co.nz

Blake Hawes
Associate Director
Tel: +64 4 831 2483
Email: bhawes@deloitte.co.nz

GST on housing horror stories – act now to avoid an unexpected tax bill

By Robyn Walker and Hana Straight

For the last decade or so, the press has occasionally featured articles claiming injustices related to the application of GST on the sale of property. The horror stories normally involved someone converting a residential property into a short-term holiday rental or operating a business from home, registering for GST and claiming back GST on costs, and then being surprised that GST then needed to be paid on the sale price when the property was subsequently sold. With large increases in property values, taxpayers had found themselves with significant GST bills.

Fortunately, the law has been clarified to allow registered persons to elect certain assets outside of their taxable activity and therefore not subject to GST on sale provided input tax hasn't been claimed and the goods were not acquired/used for the principal purpose of making taxable supplies.

What if GST has been claimed?

For taxpayers who have previously claimed back GST on the cost of an asset, the time to act is now, as there is a transitional rule in section 91 of the GST Act which must be used before 1 April 2025. These rules apply to all tangible assets, but we expect them to be used most for property.

When does the transitional rule apply?

The transitional rule applies when:

- A registered person has previously claimed input tax credits for goods or acquired them as zero-rated supplies; and
- The goods were acquired before 1 April 2023; and
- The goods were not acquired for the principal purpose of making taxable supplies; and
- The goods were not used for the principal purpose of making taxable supplies.

The critical point above is that the asset can't have been principally used for making taxable supplies, so the rules don't apply to property that has principally been used as short tax accommodation, but could apply to properties that had mixed uses, with the private or exempt use being the principal use.

Under the transitional rule, the person must return an amount of output tax equal to the input tax previously deducted (less any output tax adjustments already made for non-taxable use); or the nominal GST amount of the purchase price if the property was acquired as a zero-rated supply. An election must be made to the Commissioner before 1 April 2025 – we recommended this is done by making a debit adjustment in the GST return with an accompanying letter or secure mail to Inland Revenue.

Examples

The rule is best illustrated by some examples. These are replicated from Inland Revenue's guidance on this rule:

Output tax adjustment equal to previous deductions taken
Scott is a registered person who acquired a dwelling for $1.15m in 2022 from an unregistered person. Scott intends to use 20 percent of the dwelling (a dedicated office) to make taxable supplies for his GST-registered consulting business. He claims an input tax deduction of $30,000, which is 20 percent of the tax fraction of the purchase price.

...

[I]f Scott had still expected to continue to have some taxable use of his dwelling (such as using his home office to make taxable supplies on certain days of the week), and this was not the principal purpose of the dwelling, he could choose to apply the transitional rule in section 91 for goods acquired before 1 April 2023. To apply the transitional rule, he would need to make the $30,000 output tax adjustment before 1 April 2025 and notify the Commissioner that this output tax is because he intends to apply section 91.

In 2026, Scott sells the dwelling and as he has already made output tax adjustments to return the full amount of input tax deduction he originally claimed ($30,000), section 5(16) will not apply. Instead, Scott can treat the sale as not being made in the course or furtherance of his taxable activity, ... because he has applied the transitional rule in section 91.

What types of costs can be claimed without causing GST issues?

GST issues have largely arisen when GST has been claimed on the purchase price of a property (i.e., big amounts). If GST has only ever been claimed on more operational costs (e.g., a portion of rates or insurance for a home office), then there is no requirement to repay any GST. If the property is subsequently sold, the taxpayer can elect that the asset has not been part of a taxable activity and GST does not need to be returned.

The following examples are once again replicated from Inland Revenue's guidance:

Dwelling with minor use in registered person's taxable activity
Rebecca is a registered person who acquired a dwelling that was not a zero-rated supply when it was acquired. She did not claim deductions under section 20(3) for the cost of acquiring the dwelling or any subsequent capital improvements to the dwelling. Although part of the dwelling is used to run Rebecca's taxable activity of farming, the dwelling's principal purpose is a private residence. Rebecca claimed input tax deductions for certain overheads and operating costs, such as insurance, utilities, and local authority rates, based on the percentage that these services were used to make taxable supplies. When Rebecca sells the dwelling, she can elect to treat the sale as a supply that is not in the course or furtherance of her taxable activity (not subject to GST on sale)

Business use of a home garage
Charlie has a GST-registered business hiring bicycles. Because she has run out of storage space in her retail shop, she begins to use her home garage to store some of her hire bikes. She does not claim input tax deductions for part of the acquisition cost of her house, even though it is now partly used (the garage) to make taxable supplies. Charlie claims input tax deductions for purchasing bike hooks and shelving that she attaches to her garage and uses to store the hire bikes and related equipment in her garage. These items do not form an integral part of her dwelling. Because Charlie has not claimed input tax deductions for any costs that became an integral part of her dwelling, and the dwelling was acquired and used for the principal purpose of a private residence, she can choose to treat the sale of the dwelling as not being made in the course or furtherance of her taxable activity (and therefore not subject to GST on the sale)

What next

If you think you may be eligible to use this transitional rule, we recommend you act now to validate that you can use it and undertake the necessary calculations to determine the amounts owed to Inland Revenue. The amount would become GST payable, so we would expect that Inland Revenue will be open to providing an instalment arrangement for taxpayers who need it.

1 April 2025 will be upon us in no time, so start considering this rule sooner rather than later as there will be no extensions given to this deadline.

Please contact your usual Deloitte advisor for more information.

Contact

Robyn Walker
Partner
Tel: +64 4 470 3615
Email: robwalker@deloitte.co.nz

Hana Straight
Associate Director
Tel: +64 4 832 2886
Email: hastraight@deloitte.co.nz

Changes to residential property taxation explained

By Susan Wynne

In recent years the tax system has been used in attempts to reduce investor demand for residential property. The current Government has now brought into effect promises made by both National and ACT in their election campaigns to reverse tax changes impacting residential property.

Interest deductibility on residential rental properties

One of the changes introduced from the 2021 tax year was the interest limitation rules which targeted residential rental property owners who were claiming tax deductions for interest on the borrowing for their rental properties.

Previous phase out

The previous interest limitation rules limited the proportion of interest costs which could be claimed as a tax deduction as follows:

Tax period	Disallowed Residential Property (DRP) acquired (pre 27 March 2021)	New borrowing on existing DRP (post 27 March 2021)	New acquisition of DRP (from 27 March 2021)	New build receiving code compliance certificate (from 27 March 2020)
1/4/2021 – 30/9/2021	100%	100%	100%	100%
1/10/2021 – 31/3/2022	75%	0%	0%	100%
1/4/2022 – 31/3/2023	75%	0%	0%	100%
1/4/2023 – 31/3/2024	**50%**	**0%**	**0%**	**100%**
1/4/2024 – 31/3/2025	25%	0%	0%	100%
1/4/2025 onwards	0%	0%	0%	100%

New phase in

Going forward the interest costs that can be claimed as a tax deduction has changed as highlighted in orange in the table below:

Tax period	Disallowed Residential Property (DRP) acquired (pre 27 March 2021)	New borrowing on existing DRP (post 27 March 2021)	New acquisition of DRP (from 27 March 2021)	New build receiving code compliance certificate (from 27 March 2020)
1/4/2021 – 30/9/2021	100%	100%	100%	100%
1/10/2021 – 31/3/2022	75%	0%	0%	100%
1/4/2022 – 31/3/2023	75%	0%	0%	100%
1/4/2023 – 31/3/2024	**50%**	**0%**	**0%**	**100%**
1/4/2024 – 31/3/2025	**80%**	**80%**	**80%**	100%
1/4/2025 onwards	**100%**	**100%**	**100%**	100%

The changes restore the ability to claim interest deductions on residential rental properties to:

- 80% of interest deductions from 1 April 2024 to 31 March 2025
- 100% of interest deductions from 1 April 2025 onwards

These changes apply specifically from 1 April 2024 and 1 April 2025. Taxpayers with non-standard balance dates, e.g., not 31 March, will need to apportion interest from 1 April in each of the transitional years until interest deductions are allowed in full.

Under the previous rules certain taxpayers and properties were not subject to the interest limitation rules and these properties and taxpayers will not be impacted by the changes. For taxpayers who were impacted by the interest limitation rules, the changes will apply regardless of when residential property was purchased, or when funds were borrowed.

Once interest deductions are fully restored, the interest limitation rules will be repealed from 1 April 2025. Taxpayers who dispose of residential land and are subject to tax on disposal may still be able to claim a deduction for interest that was previously denied under the interest limitation rules at the time of disposal.

It is important to note that the residential ring-fencing rules which limit total deductions for residential rental properties to the extent of rental income remain in place.

Bright-line changes

The bright-line test also targets residential land. Where residential land is sold and is not taxable under any other tax rules, the bright-line test taxes the gain on sale where residential property is acquired and sold within a specified timeframe.

The current 10-year and 5-year new build bright line tests are being replaced with a new 2-year bright-line test. This will only apply to disposals of residential land from 1 July 2024 (generally the date a binding contract to sell is formed).

The main home is generally excluded from the bright-line test. Under the changes the main home exclusion will return to its original more simplified form. This will generally exclude land from the bright-line test that has been used predominately (more than 50% of the land area) for most of the time it has been owned (more than 50% of the period) as a main home. Periods where a dwelling is being constructed are also ignored for the main home exclusion.

The current rollover rules which provide concession for transfers with certain family trusts and related taxpayers have been extended to apply to most transfers of residential land between associated persons (subject to some limitations).

Conclusion

The question has always been whether the desired policy intent to increase housing supply with the interest limitation and bright-line rules would be effective and if it was worth the complexities introduced to the tax system. These changes simplify the rules applying to residential properties and provide greater certainty to taxpayers.

If you have any queries about your specific situation, we encourage you to reach out to your regular Deloitte adviser.

Contact

Susan Wynne
Partner
Tel: +64 7 838 7923
Email: swynne@deloitte.co.nz

FATCA and CRS update - could your NZ trust have obligations?

By Vicky Yen, Vinay Mahant and Troy Andrews

The Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) reporting season is upon us again with the due date for New Zealand Financial Institutions (NZFIs) to submit their annual FATCA and CRS reporting information for the year ended 31 March 2024 to Inland Revenue being 30 June 2024.

By way of background, the FATCA and CRS regimes were introduced to improve cross-border tax compliance. They require NZFIs to conduct due diligence on their account holders and to report certain information about their US/non-resident account holders to relevant tax authorities.

Inland Revenue has continued to increase its audit and oversight activities in this space, and while its focus has previously been on compliance of "large" NZFIs, over the last year we have seen an expansion of review actions to cover a wider population and smaller NZFIs, including a significant number of family trusts (we explain why below). Inland Revenue's activities have included on-site reviews, requests for completion of the Administrative Compliance Oversight Questionnaire, completion of the CRS Annual Questionnaire, and letters requesting for explanation about entities' CRS statuses.

CRS Annual Questionnaire

At a high level, similar to the previous year, the Annual Questionnaire requests:

- breakdowns of reported and non-reported information (e.g., the number of accounts in total, that are undocumented, new and reportable, with missing Tax Information Numbers or date of births etc); and
- information to give Inland Revenue insight on back-end operations (e.g., number of accounts subject to changes in circumstances and Day 2 validations, the extent to which third-party service providers or non-resident associated persons are involved in fulfilling CRS obligations, and whether control deficiencies have been identified).

This year's questionnaire includes a new table of "financial institution information" requiring recipients to set out the details for each financial institution in the group, including their financial institution classification type.

There is also a new question on whether the Global Intermediary Identification Number (GIIN) list is solely relied on when evaluating if an account holder is a Financial Institution (FI) (highlighting Inland Revenue's expectation that NZFIs must look beyond a GIIN to ensure an entity claiming to be an FI is indeed an FI).

Could your NZ trust have obligations?

Inland Revenue's annual compliance checks also include a process of identifying entities that they believe should be registered for CRS but are not. In the current year, this has resulted in a large batch of trusts being sent letters requesting an explanation on why they have not been registered as a Reporting NZFI.

"Financial Institutions" under FATCA and CRS encompass not only entities such as banks and custodians (which fall within "traditional" definitions of a financial institution) but also in some cases, partnerships, trusts and corporate trustees.

For example, a family trust may be deemed to be a financial institution if it has investments in financial assets (e.g., shares and bank deposits) and has a discretionary investment management service provider (such as a wealth advisor or Bank) that has discretion over its investments. In some cases, where a corporate trustee or a related party of the corporate trustee (e.g., a law firm) is remunerated for services related to managing or administering the trust's financial assets, the corporate trustee and the trust itself may also both be financial institutions for the purpose of these rules.

It is therefore timely for entities to review their FATCA and CRS status and for NZFIs to review their systems to ensure they remain fit for purpose, including working through the Inland Revenue's CRS reporting year-end checklist (available on Inland Revenue's website, amongst other useful related resources). NZFIs can also consider completing health check reviews to identify and address any gaps/remediation required, as an action to demonstrate and maintain comfort of governance/compliance ahead of any potential Inland Revenue review activity. To the extent there are gaps or errors these should be actively addressed and remediated, as Inland Revenue is encouraging voluntary disclosures with clear messaging that penalties will otherwise be considered (and applied) – a clear step up on enforcement measures compared to prior years.

Please contact your usual Deloitte advisor if you have any questions, would like assistance with your annual reporting or would like to discuss how we can help you complete a health check review of your FATCA and CRS compliance.

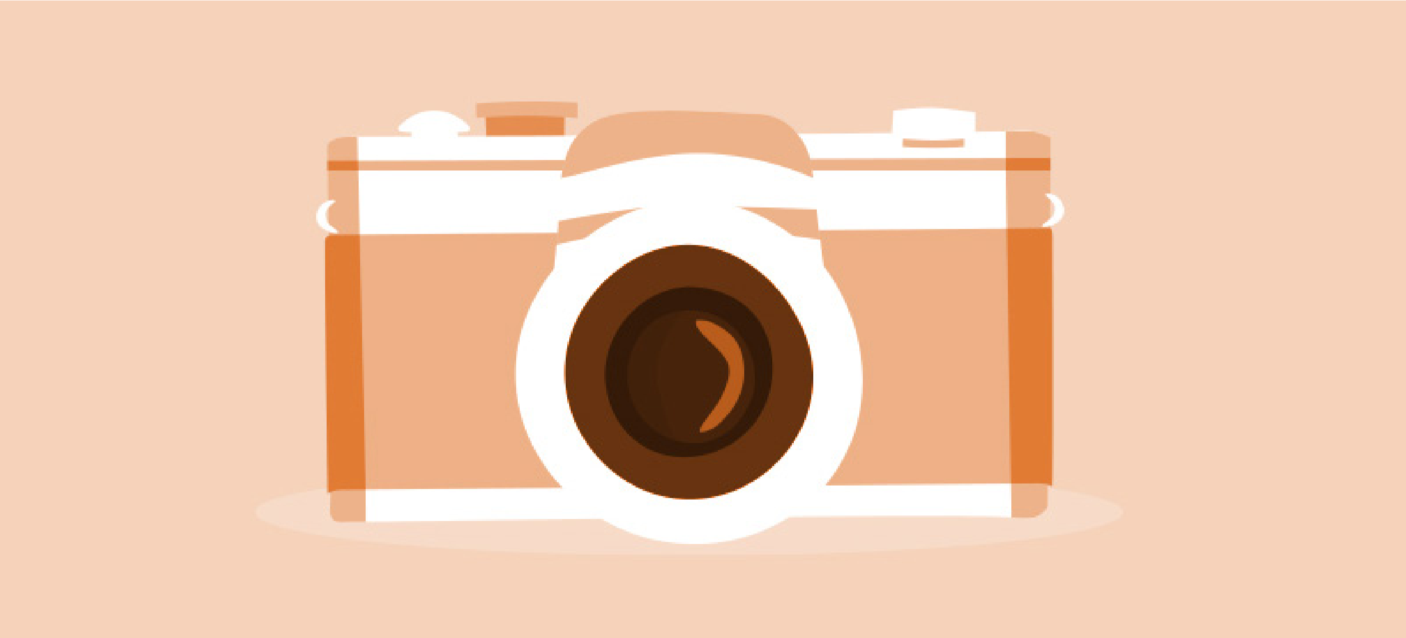
Contact

Vicky Yen
Associate Director
+64 9 975 8610
Email: vicyen@deloitte.co.nz

Vinay Mahant
Associate Director
Tel: +64 9 956 7824
Email: vmahant@deloitte.co.nz

Troy Andrews
Partner
Tel: +64 9 303 0729
Email: tandrews@deloitte.co.nz

Snapshot of recent developments



Tax legislation and policy announcements

Regulatory Impact Statement: FamilyBoost

On 3 April 2024, the Treasury released the Regulatory Impact Statement on the FamilyBoost tax credit.

Information release: Reportable jurisdictions for application of CRS Standard

On 5 April 2024, Inland Revenue published an information release on the Tax Administration (Reportable Jurisdictions for Application of CRS Standard) Amendment Regulations 2024.

Inland Revenue statements and guidance

Special reports on new measures

Inland Revenue has released special reports on three of the new measures in the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act 2024:

- 39% trustee tax rate
- GST on accommodation and transportation services supplied through online marketplaces
- Offshore gambling duty

ITR 35: 2024 International tax disclosure exemption

On 31 March 2024, Inland Revenue issued ITR35 which sets out when a resident is exempt from the requirement to disclose interests in foreign entities.

The scope is the same as the 2023 exemption, however, certain resident disclosure requirements have been removed. The requirement for a non-resident or transitional resident to disclose interests held in foreign companies and foreign investment funds has also been removed.

ITR35 applies for the income year corresponding to the tax year ending 31 March 2024.

Tax Toolbox campaign

Between April and June 2024, Inland Revenue will run a campaign targeting construction customers. The key objectives of the campaign are to: remind customers of the Tax Toolbox; educate customers about their core tax obligations; encourage and empower customers to take action and address their outstanding returns and debt; and motivate them to seek help from Inland Revenue or tax agents.

FDR 2024/01: A type of attributing interest in a foreign investment fund for which a person may not use the fair dividend rate

On 2 April 2024, Inland Revenue issued FDR 2024/01 which applies for the 2024-2025 income year and subsequent income years.

Any investment by a New Zealand resident investor in shares in the Wellington Global Impact Bond Fund — NZD Share Class to which no exemptions apply is a type of attributing interest for which the investor may not use the fair dividend rate method to calculate foreign investment fund income for the interest.

Determination 24/01: Amortisation rates for listed horticultural plants

On 3 April 2024, Inland Revenue issued Determination 24/01 (replacing Determination 05/01) which sets out the amortisation rates (based on diminishing values) for listed horticultural plants.

The Determination applies from 1 April 2023 and subsequent income years.

Droughts declared across parts of New Zealand (extension)

On 3 April 2024, Inland Revenue announced they will allow farmers and growers affected by current drought conditions to make late deposits for the income equalisation scheme (2023 year) until 30 June 2024. This applies to the Greater Wellington (including Horowhenua and the Wairarapa), Manawatu-Wanganui (including Tararua), Taranaki and Northland regions. This is an extension of the previous classifications for Marlborough, Tasman, Nelson, Canterbury and Otago.

Law change for disposal of or a donation of trading stock to approved donee organisations

On 5 April 2024, Inland Revenue updated its website to include the law change for disposed or donated trading stock to an approved donee organisation at less than market value. From 1 April 2024, these disposals can be treated at the stock's discounted value, or at zero value.

Law change for charity deregistration

On 8 April 2024, Inland Revenue updated its website to note the new law change to the charity deregistration tax rules. When a charity is deregistered and not re-registered within one year, income tax may be payable on net assets not transferred to another registered charity or New Zealand tax-exempt entity. Assets transferred to an overseas charity do not qualify. This rule applies to charities that deregister on or after 1 April 2024.

Technical decision summary (private ruling): Sale of property and the bright-line test

On 11 April 2024, Inland Revenue published private ruling TDS 24/06 which concerned three sections of residential land owned by the applicant. The three sections were acquired by different groups of people, including the applicant, the applicant's spouse and another co-owner, as tenants in common and joint tenants. On the death of the applicant's spouse, the applicant inherited the shares in the properties that had been owned by their spouse.

The issues were whether the bright-line tests potentially apply to future sales (sections CB 6A and CZ 30), whether a change affecting land/rezoning land provision would apply to future disposals (section CB 14), and if it applies, whether a deduction is available under section DB 28.

The Tax Counsel Office held that sections CB 6A and CZ 30 and section CB 14 will not apply to the future disposal of the land. It was not necessary to consider section DB 28 deductions. Conditions included that the applicant sell the freehold estates in fee simple and that none of the land was "tax base property" as defined in section FC 1(2).

Technical decision summary (Adjudication): Suppressed cash sales, GST and evasion shortfall penalties

On 12 April 2024, Inland Revenue published TDS 24/07. The taxpayer traded as a restaurant. An investigation determined the taxpayer suppressed cash sales, under-returned GST and income tax and ceased carrying on a taxable activity in later GST periods, as another company took over the restaurant business. The Inland Revenue reassessed the taxpayer's GST and income tax returns for the relevant periods, accounting for suppressed cash sales based on an analysis of the point of sale data, the taxpayer's bank statements and an industry benchmark. A default assessment was also issued for one income year. Evasion shortfall penalties were applied. The taxpayer filed a Notice of Proposed Adjustment rejecting the reassessments and disputing the default assessment.

The Tax Counsel Office found that the taxpayer under-reported cash sales, was not entitled to offset the cost of fresh produce purchased with cash as no supporting evidence was provided, the reassessment of GST and income tax was correct, and evasion penalties were correctly imposed.

Fringe Benefit Tax Overview

On 12 April 2024, Inland Revenue added to its tax technical Overviews page an FBT page. This provides all items published by the Commissioner on FBT, organised by subject.

Note: The items covered here include only those items not covered in other articles in this issue of Tax Alert.

New Zealand Directory

Auckland Private Bag 115033, Shortland Street, Ph +64 (0) 9 303 0700
Hamilton PO Box 17, Ph +64 (0) 7 838 4800
Rotorua PO Box 12003, Rotorua, 3045, Ph +64 (0) 7 343 1050
Wellington PO Box 1990, Ph +64 (0) 4 470 3500
Christchurch PO Box 248, Ph +64 (0) 3 363 3800
Dunedin PO Box 1245, Ph +64 (0) 3 474 8630
Queenstown PO Box 794 Ph +64 (0) 3 901 0570
Internet address http://www.deloitte.co.nz

Sign up to Tax Alert at Deloitte.co.nz

Queries or comments regarding Alert including joining our mailing list, can be directed to the editor, Amy Sexton, ph +64 (9) 953 6012, email address: asexton@deloitte.co.nz.

This publication is intended for the use of clients and personnel of Deloitte. It is also made available to other selected recipients. Those wishing to receive this publication regularly are asked to communicate with:

The Editor, Private Bag 115033, Shortland Street, Auckland, 1140. Ph +64 (0) 9 303 0700.