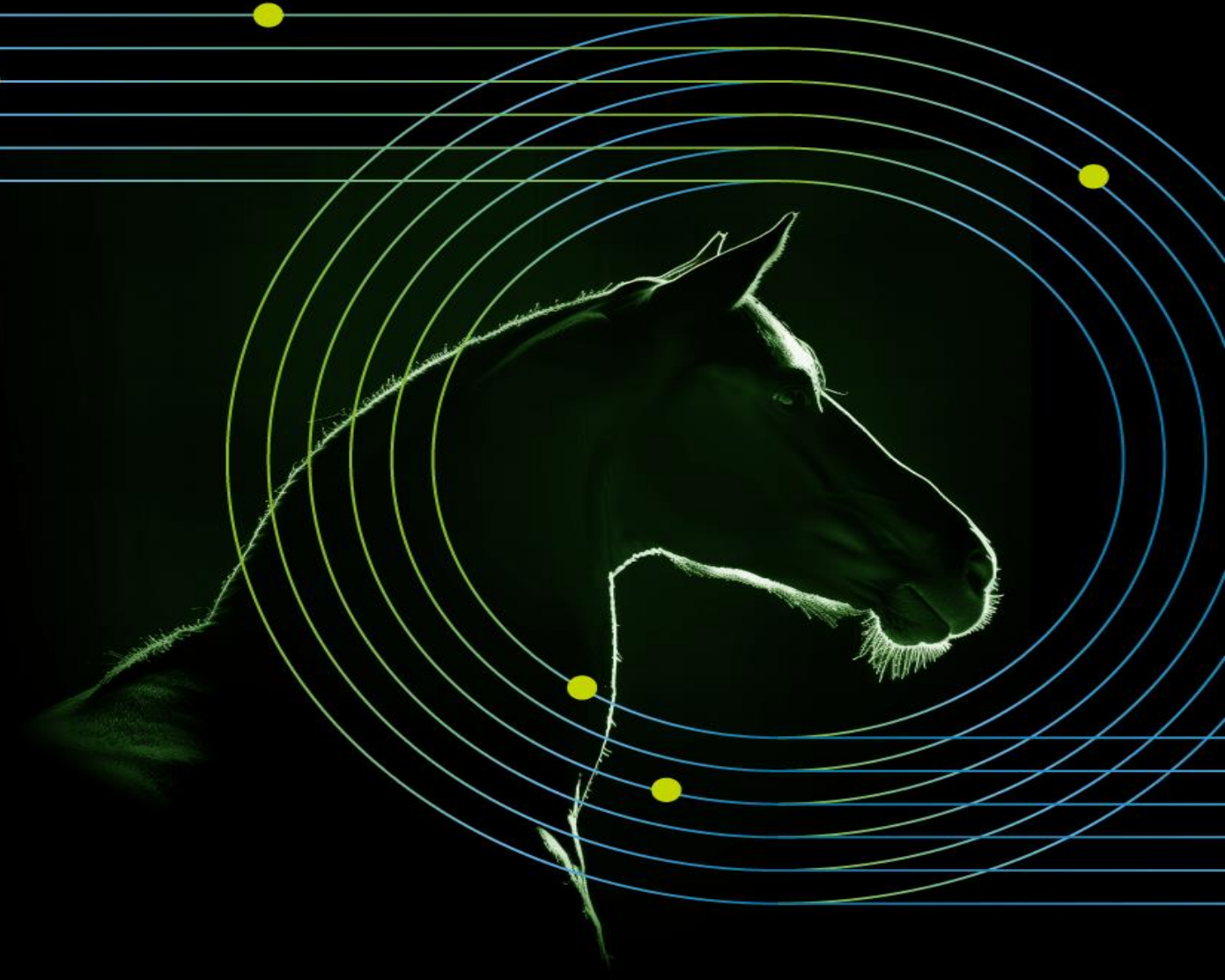




# General Tax Update

## Back on track?

12 June 2024



# Your presenters today



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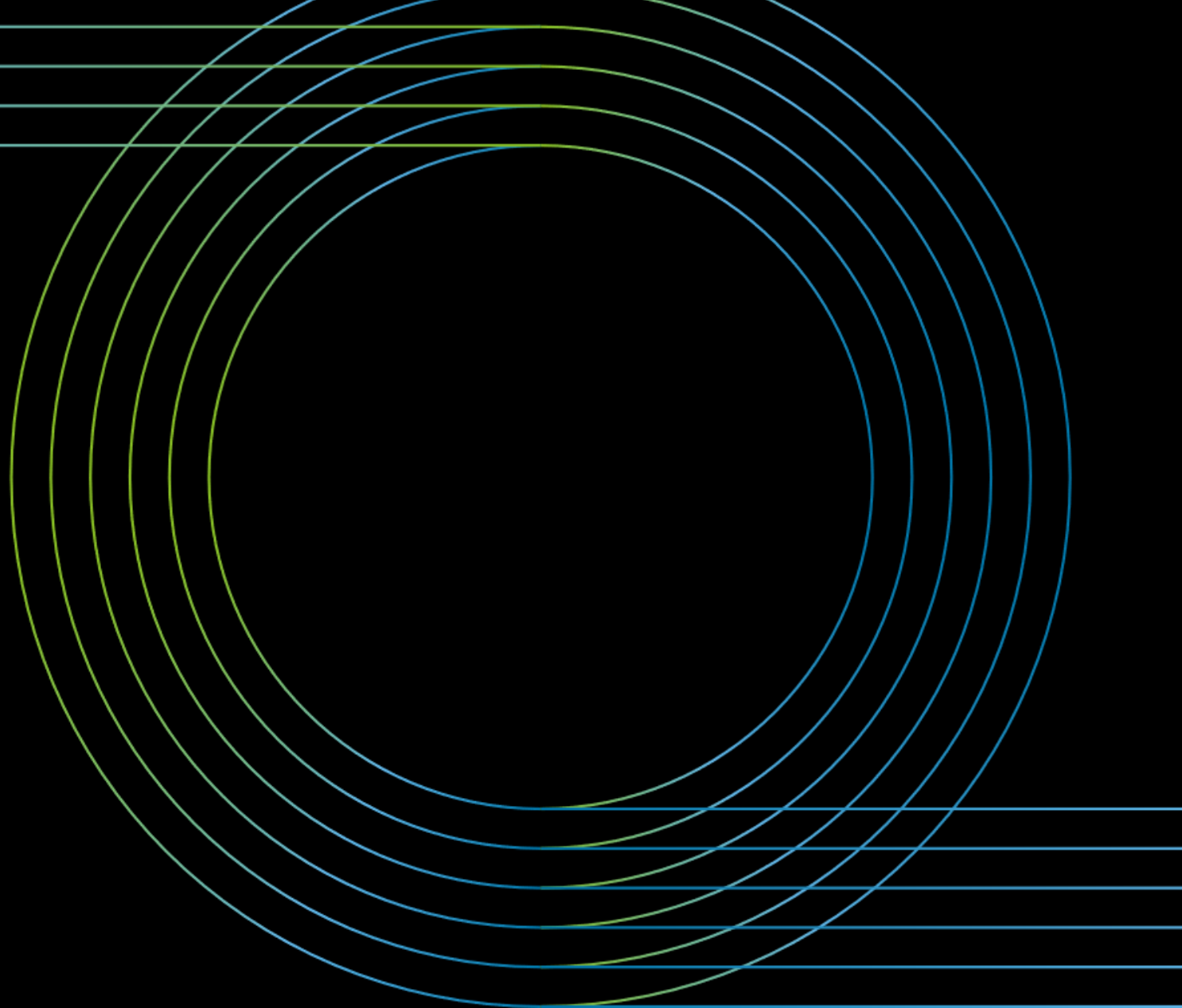
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# Coalition Government

## Where are we at?





# New Government's tax policy priorities

**Consolidate** the tax system and make it more **efficient**

Getting **government expenditure** under control

**Reduce** the tax burden and the **compliance costs**

Provide **certainty** to the market

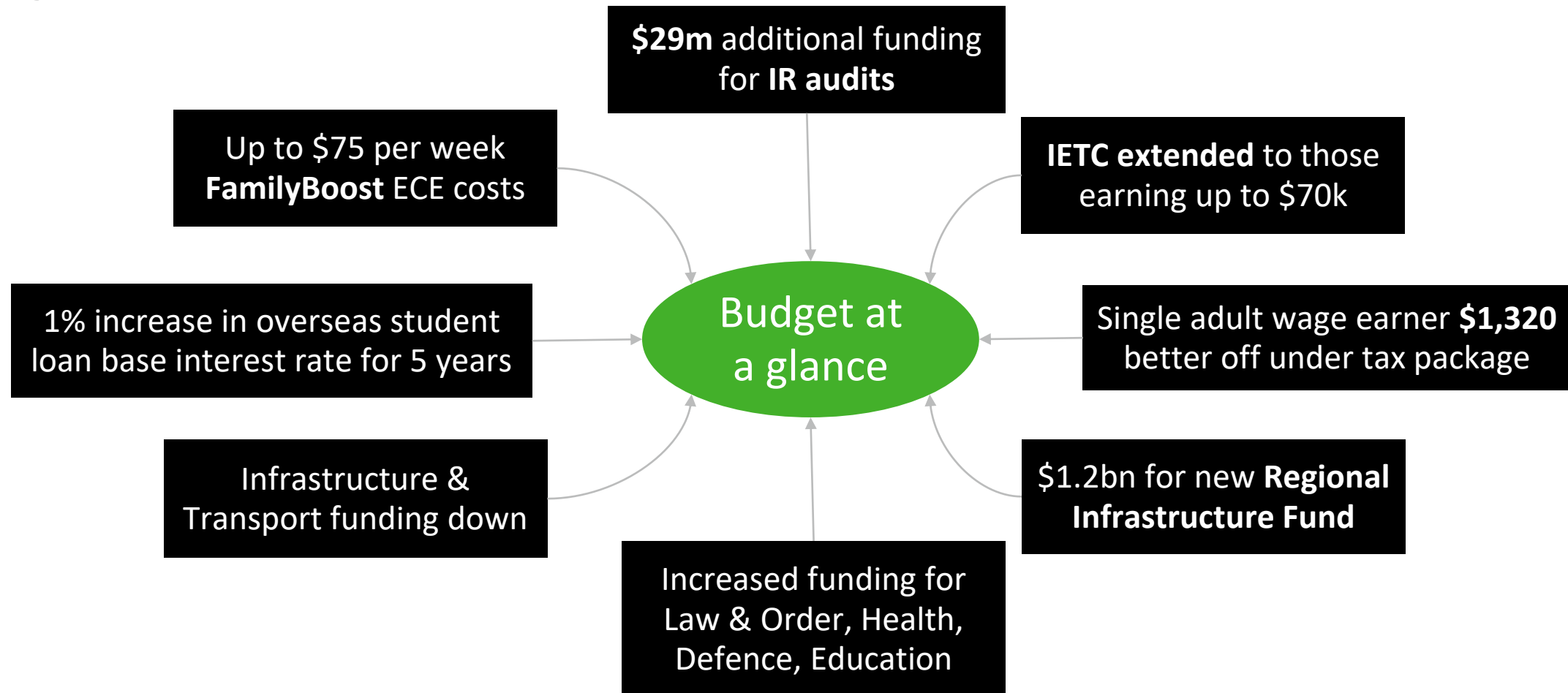
**Increase enforcement** for those that are currently cheating the system

Minister of Revenue Hon Simon Watts

NBR interview, 25 March 2024

# Tax Package Details

Budget 2024



# Personal income tax rate changes

Effective 31 July 2024

Old thresholds	Tax rate	New thresholds (31 July 2024)
\$0 - \$14,000	10.5%	\$0 - \$15,600
\$14,001 to \$48,000	17.5%	\$15,600 to \$53,500
\$48,001 to \$70,000	30%	\$53,501 to \$78,100
\$70,001 to \$180,00	33%	\$78,101 to \$180,000
\$180,001 +	39%	\$180,001 +

# Coalition Government: What else?



- Clean Car Discount repealed
- Regional Fuel Tax repealed
- Business Payment Practices Act repealed
- Tax Principles Reporting Act repealed



- Bright-line test returned to 2 years
- Interest deductibility reinstated



- Offshore gambling duty
- Crypto-Asset Register



- Building depreciation\*
- Trustee tax rate\*
- “App tax”\*
- Digital Services Tax (maybe....)\*

\*Policies retained from the previous government



# Property tax

# Property tax changes

## Interest deductibility

- From 1 April 2024: 80% deductible
- From 1 April 2025: 100% deductible

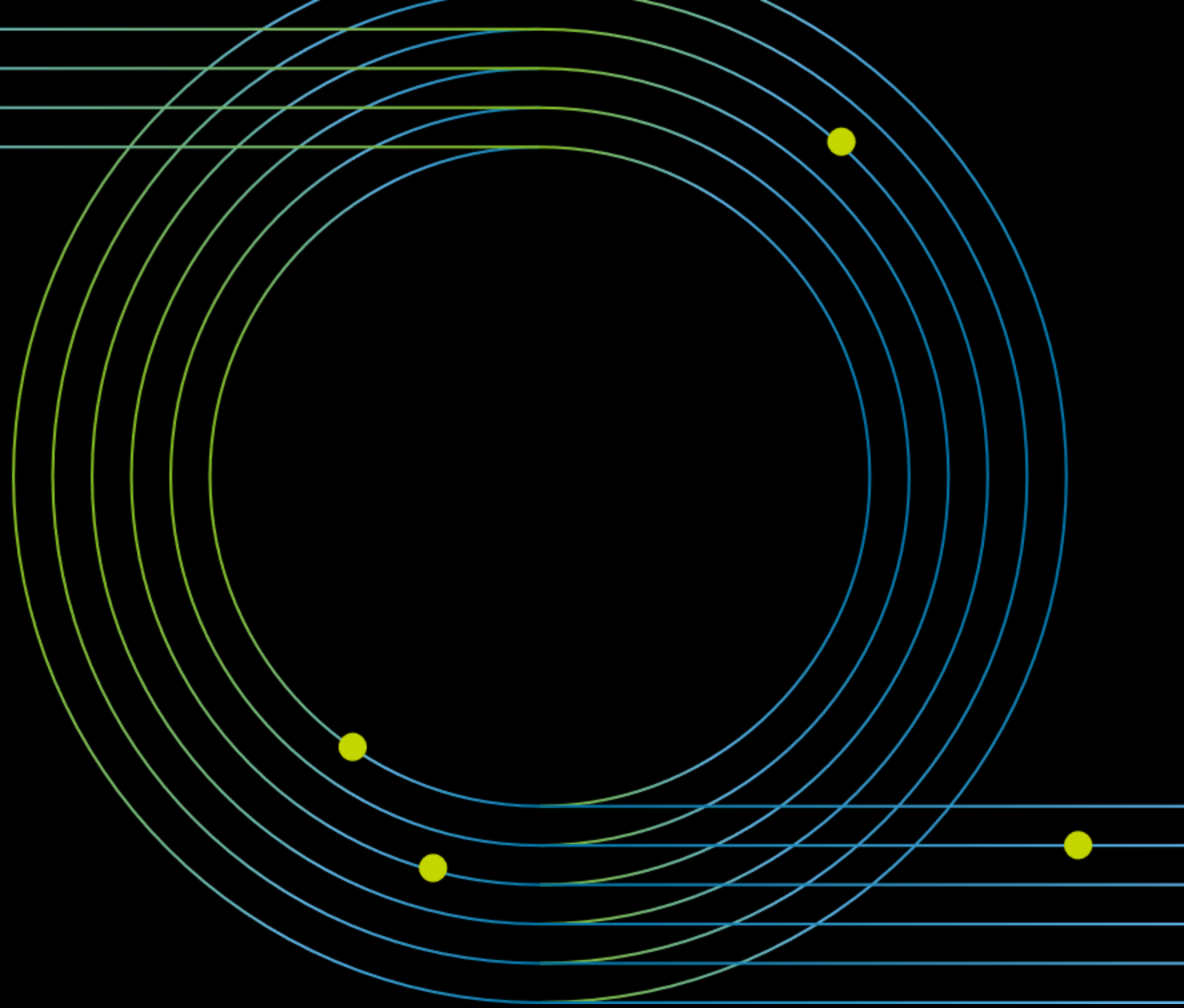
## Bright-line period

- Restored to two years – original policy intent
- Agreement to sell entered on or after 1 July 2024
- Old rules still apply for sales up to this date



# Trust tax

## Trustee tax rate change



# Trustee tax rate change from 2024-25 income year

- Trustee tax rate increased to 39%
- De minimis trusts (\$10,000K threshold)

## *Exceptions*

- Disabled beneficiary trusts
- Deceased estates
- New corporate beneficiary rule (section HC 40)



Inland Revenue will be gathering and analysing information to identify *changes in behaviour that reduce a customer's exposure* to the increased trustee tax rate, and will engage with those customers to examine the purposes for those changes.

*GA 24/01 “Proposed increase in the trustee tax rate to 39%”*



# Building depreciation

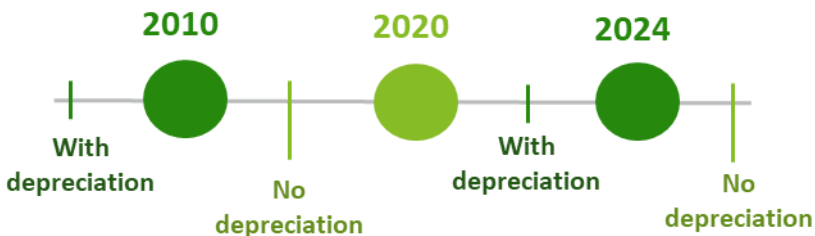
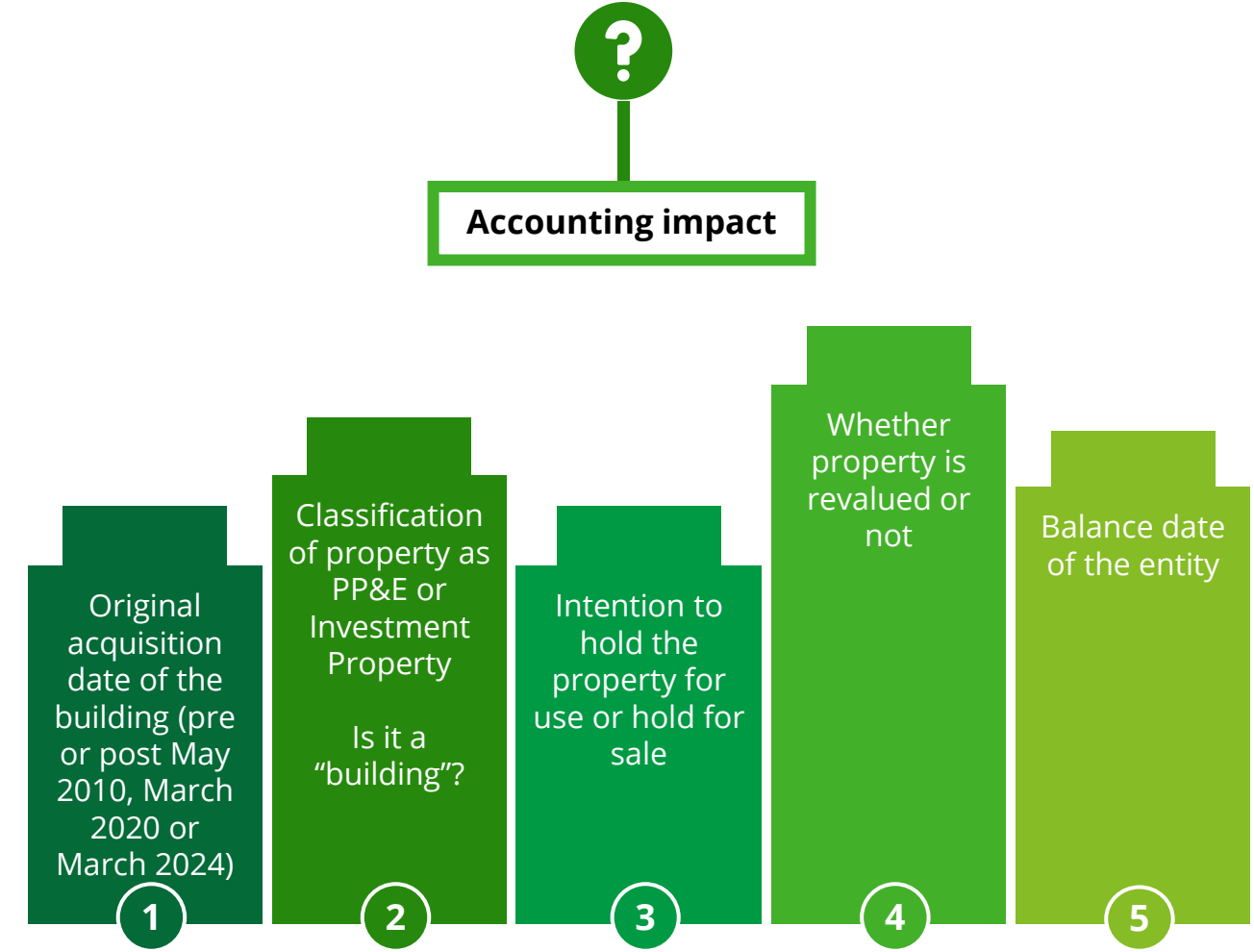


# Removal of commercial building depreciation from 2025 income year

- No tax depreciation on commercial buildings
- Still depreciable property
- Fitout depreciation not split out from building?
- Purchasing a building? Check purchase price allocation
- Deferred tax and financial accounting implications



# Removal of commercial building depreciation – financial reporting



?

**What is the journal for the 2024 tax law change?**

Dr. Tax expense	\$X	
	Cr. DTL	\$X

# International tax

# International tax issues

- Pillar Two
- Hybrids
- CFC / FIF rules
- Transfer pricing
- International changes (e.g. Australia)



# GST changes



# Platform economy changes from 1 April 2024

## GST on listed services

- Short stay accommodation
- Ride sharing
- Food and beverage delivery

## Things to be aware of...

- Flat rate credit scheme
- Opt-out provisions
- New election rules
- OECD Reporting Rules (from 1 Jan 2024)



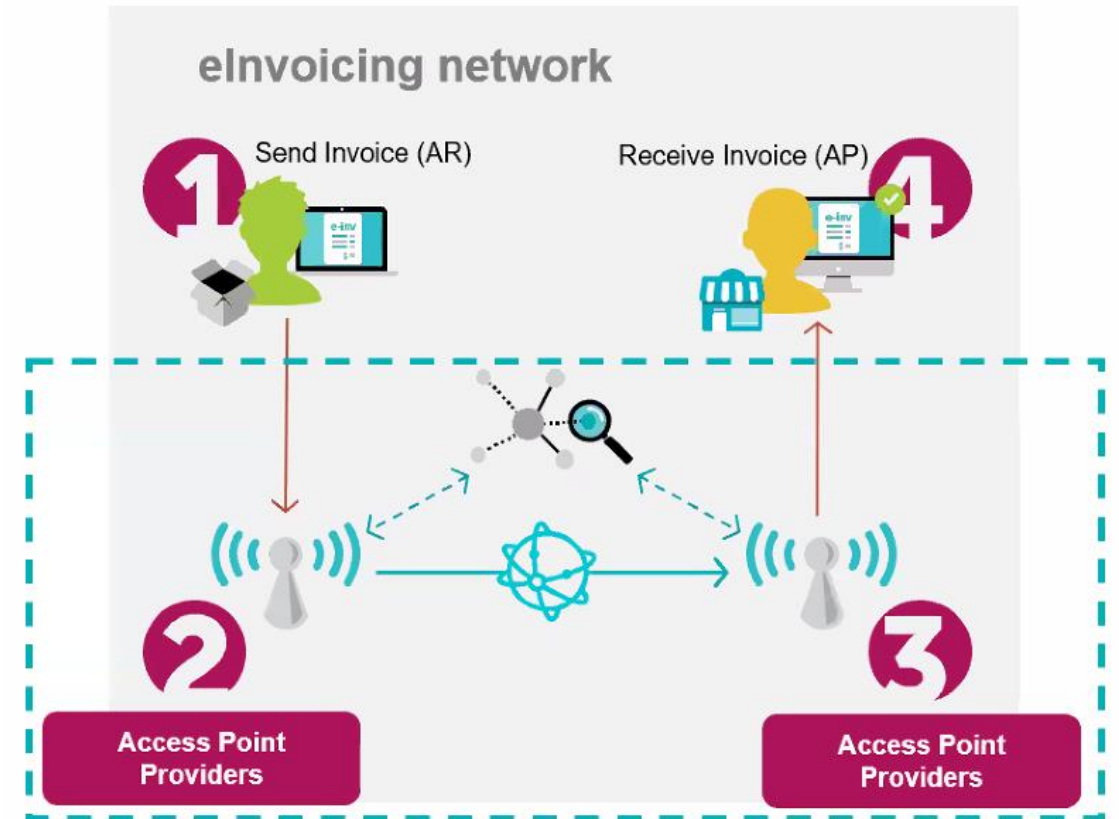


# E-Invoicing

- Invoices go directly between suppliers' and buyers' systems (even if different systems)

## Advantages of e-Invoicing

- Faster payment and improved cash flow
- Reduced admin and processing cost
- Direct and secure information
- Improved financial visibility
- Universal connection



# Mileage rates and FBT update

# 2024 Mileage reimbursement rates

## 2024 Rates

Vehicle Type	Tier One Rate	Tier Two Rate
Petrol or Diesel	\$1.04	\$0.35
Petrol Hybrid	\$1.04	\$0.21
Electric	\$1.04	\$0.12

## 2023 Rates

Vehicle Type	Tier One Rate	Tier Two Rate
Petrol or Diesel	\$0.95	\$0.34
Petrol Hybrid	\$0.95	\$0.20
Electric	\$0.95	\$0.11

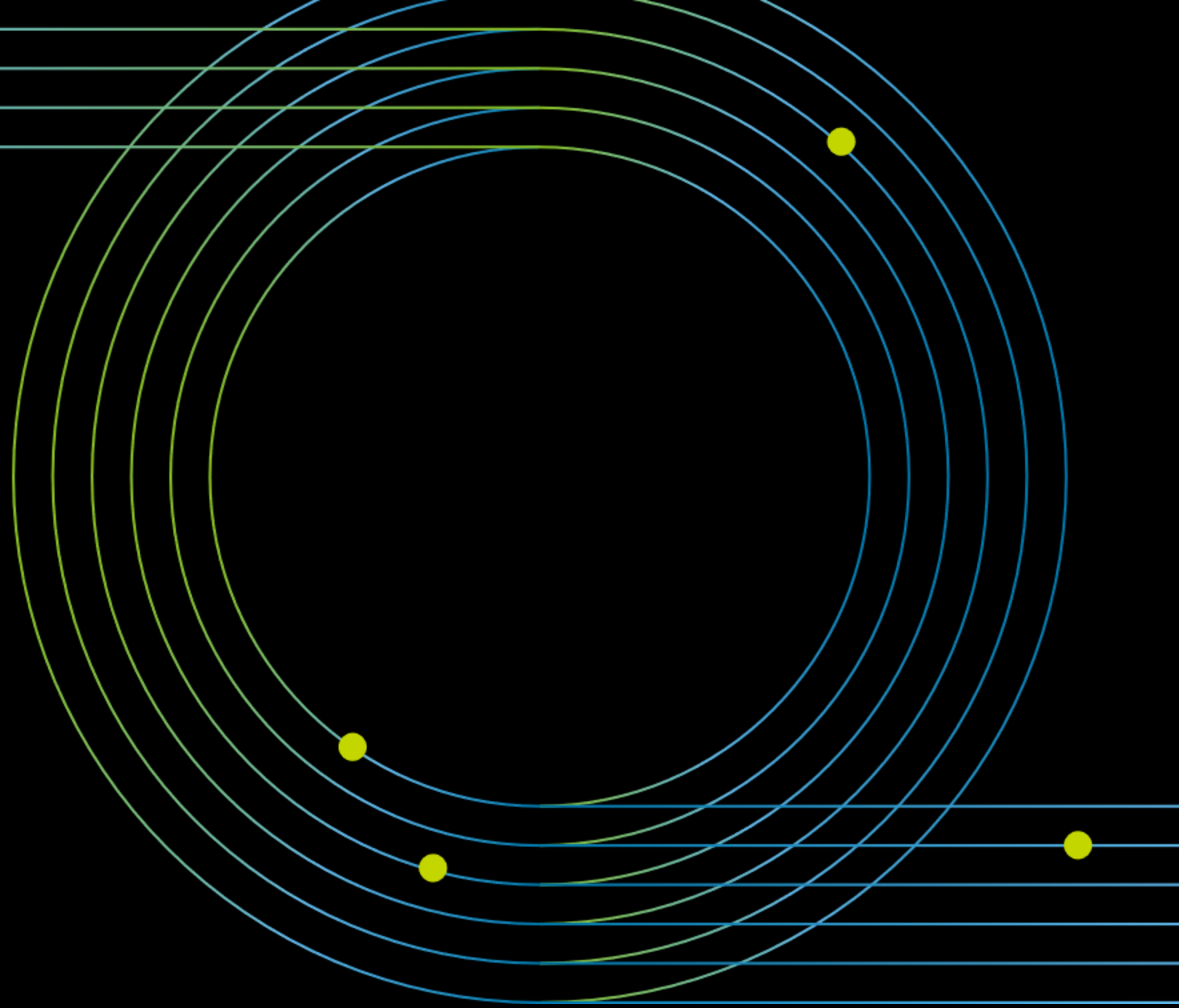
# FBT attribution calculations

- Change in income tax thresholds has a flow-on effect with FBT
- For FBT attribution calculations:
  - FBT tax thresholds will not change until 1 April 2025
  - But, there is an adjustment to how FBT is calculated with effect from 1 April 2024



# Inland Revenue Work Programme

## What to expect



# Looking ahead

- Taxation (Budget Measures) Bill
- FBT review (expect in 2025)
- Possible review of taxation of charities
- Increased Inland Revenue audit activity
- Digital Services Tax - ?
- Crypto-Asset Register







**Questions?**



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