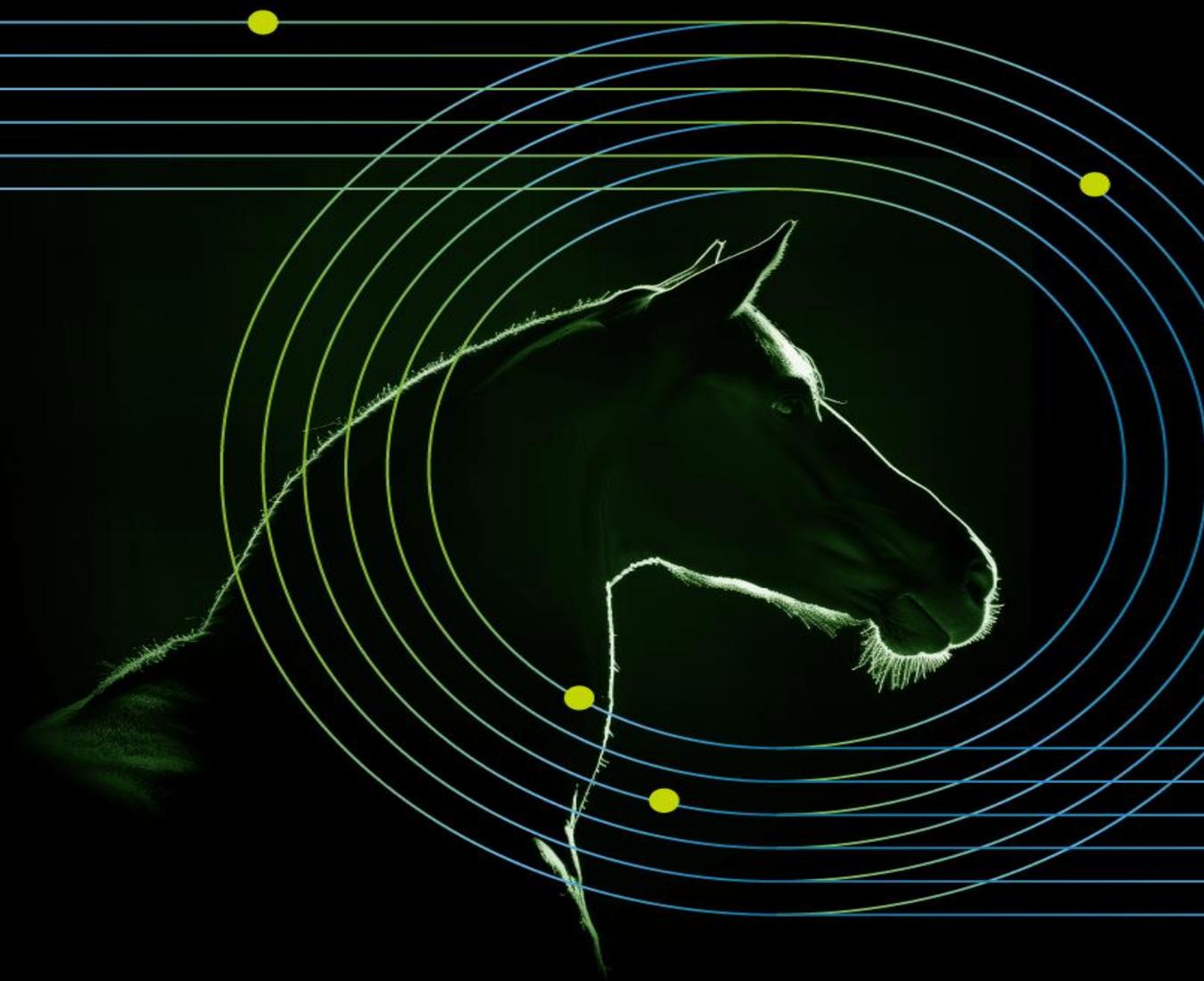


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General Tax Update

Back on track?

12 June 2024



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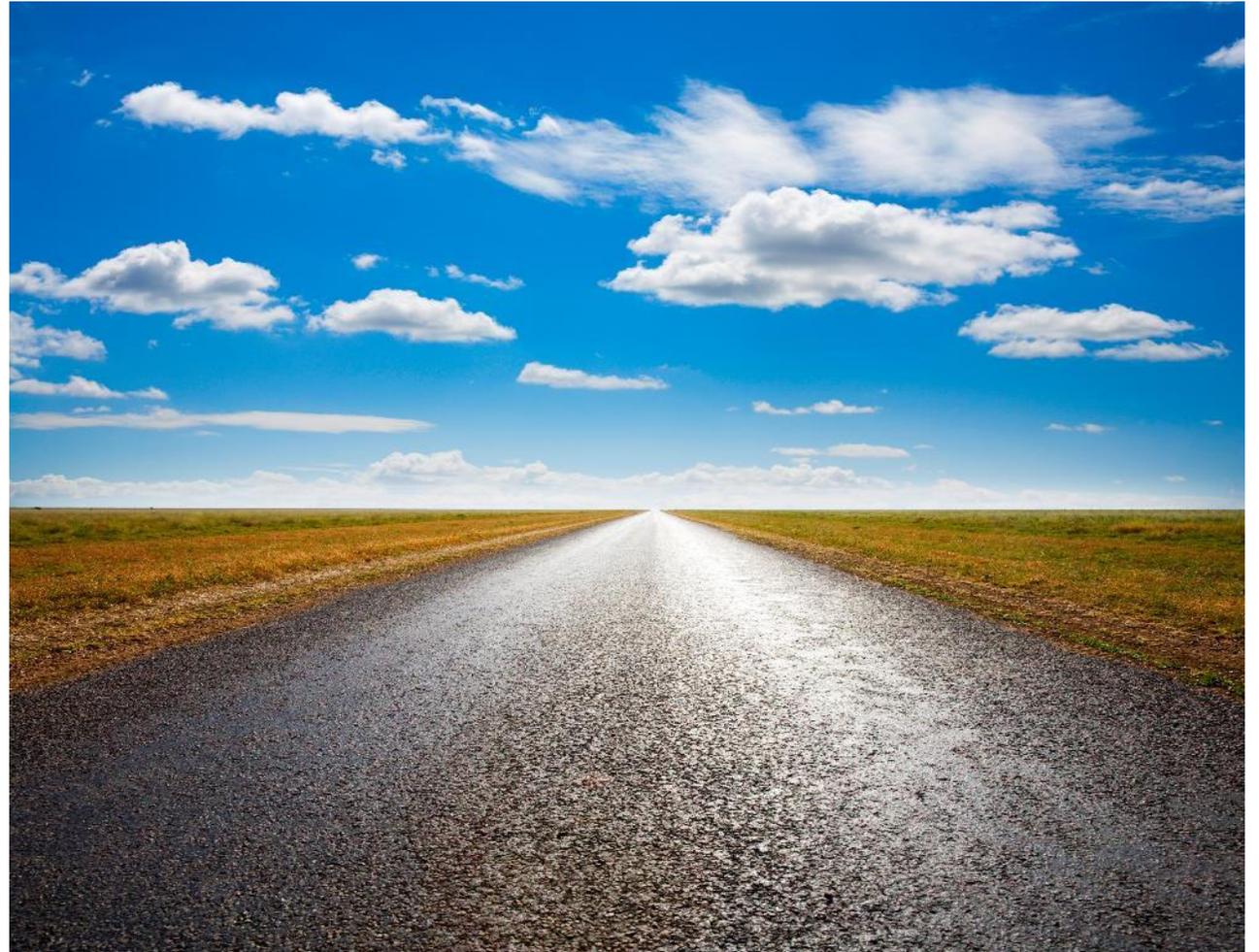
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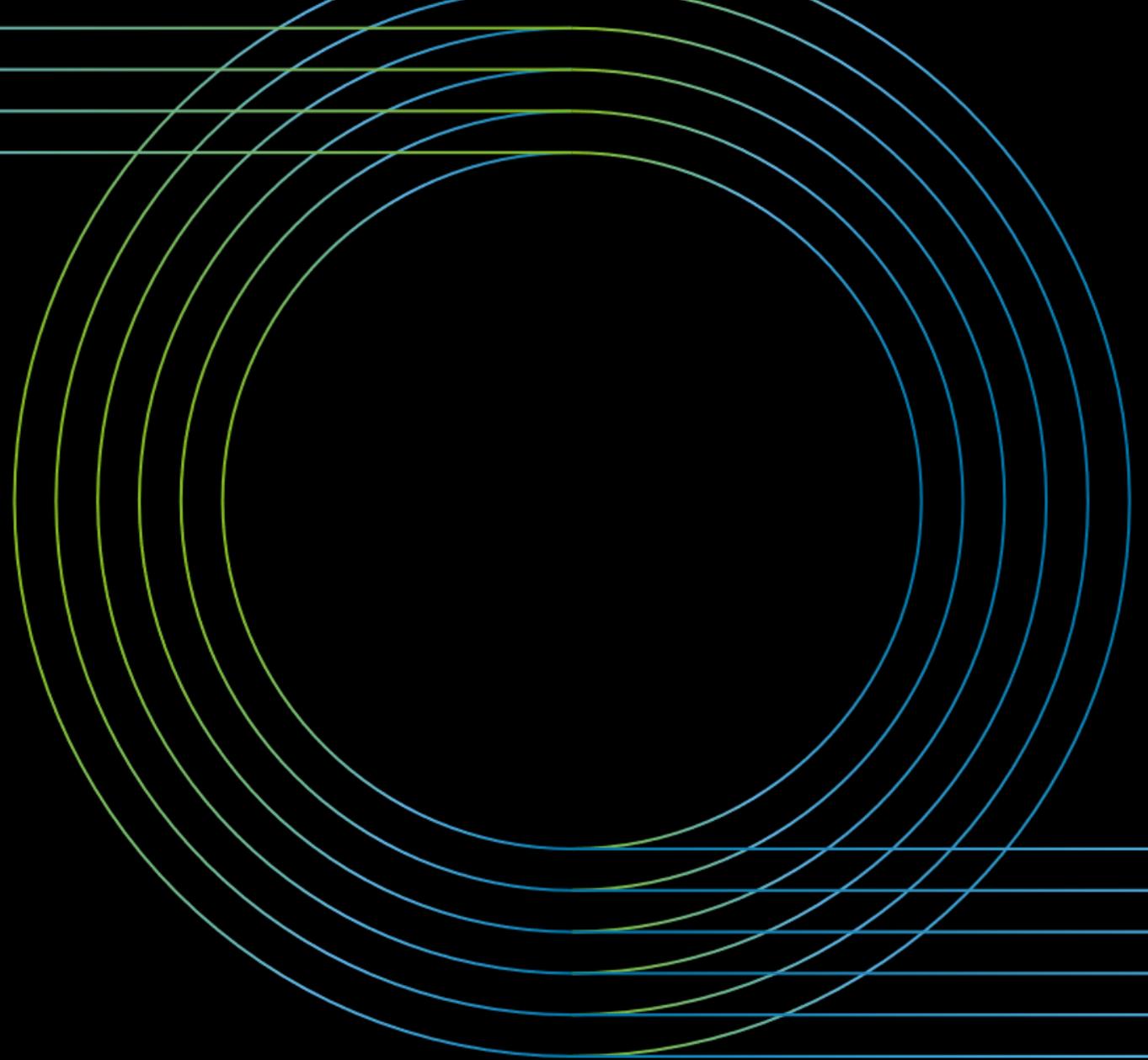
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Coalition Government

Where are we at?



New Government's tax policy priorities

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

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

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

Getting **government expenditure** under control

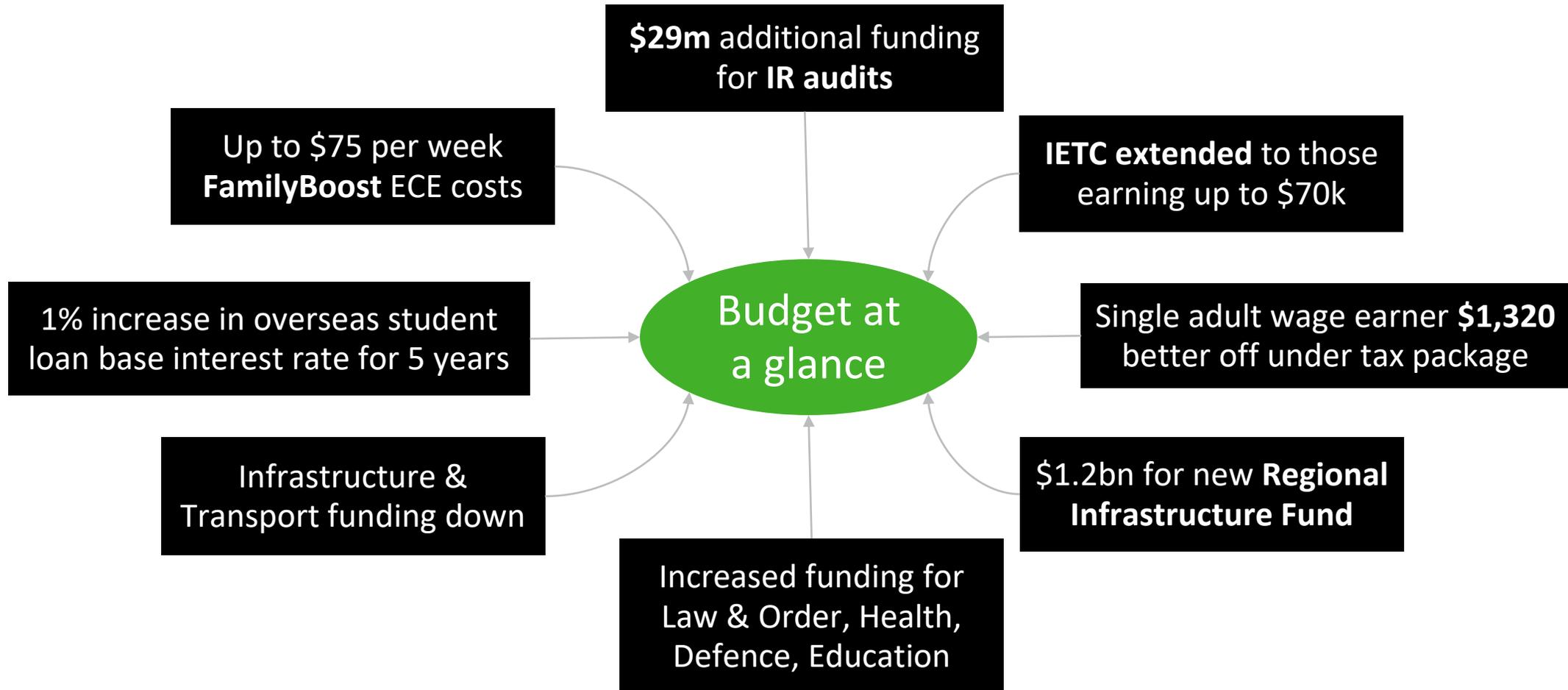
Provide **certainty** to the market

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- Clean Car Discount repealed
- Regional Fuel Tax repealed
- Business Payment Practices Act repealed
- Tax Principles Reporting Act repealed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



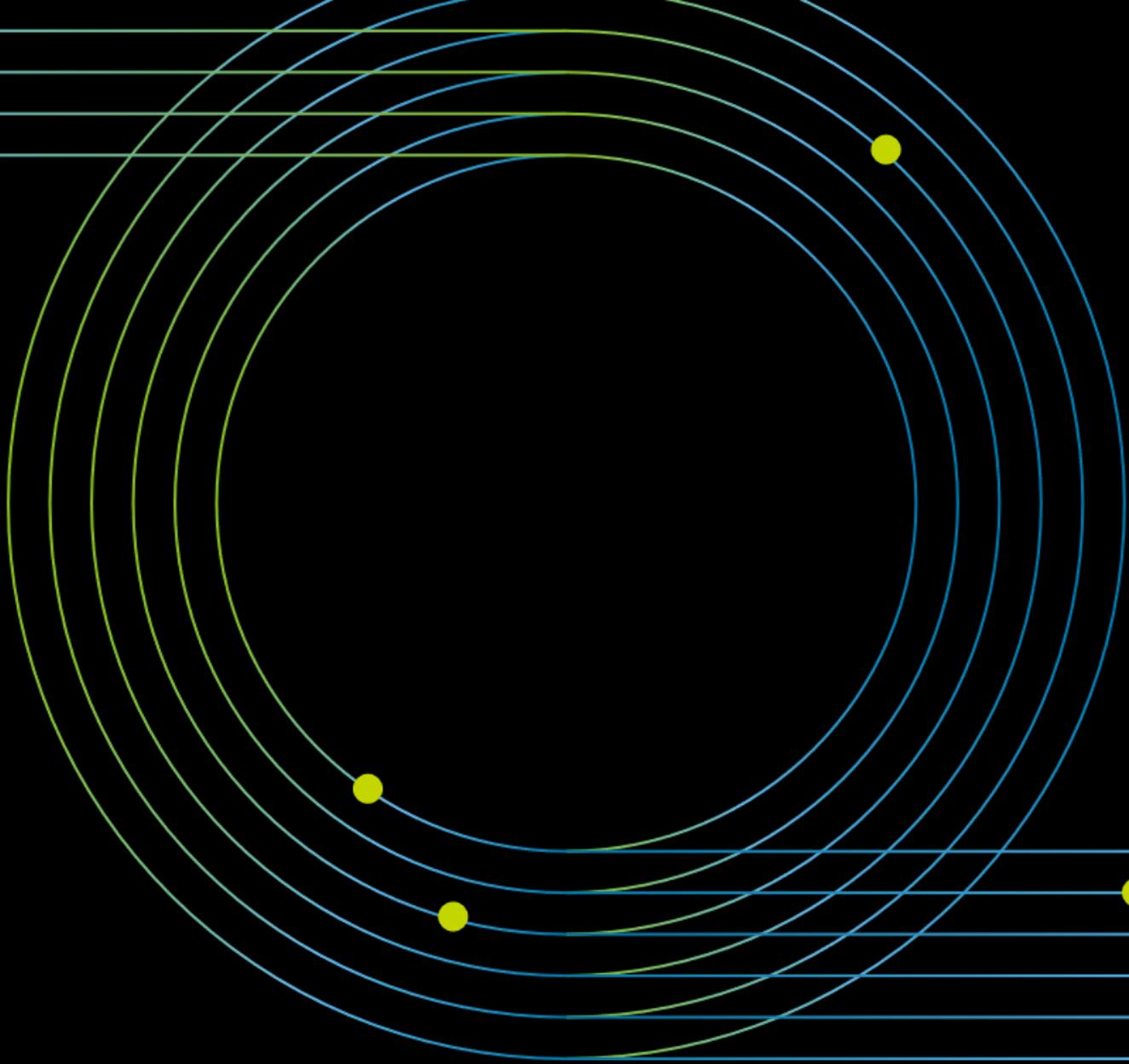
- Offshore gambling duty
- Crypto-Asset Register



- 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

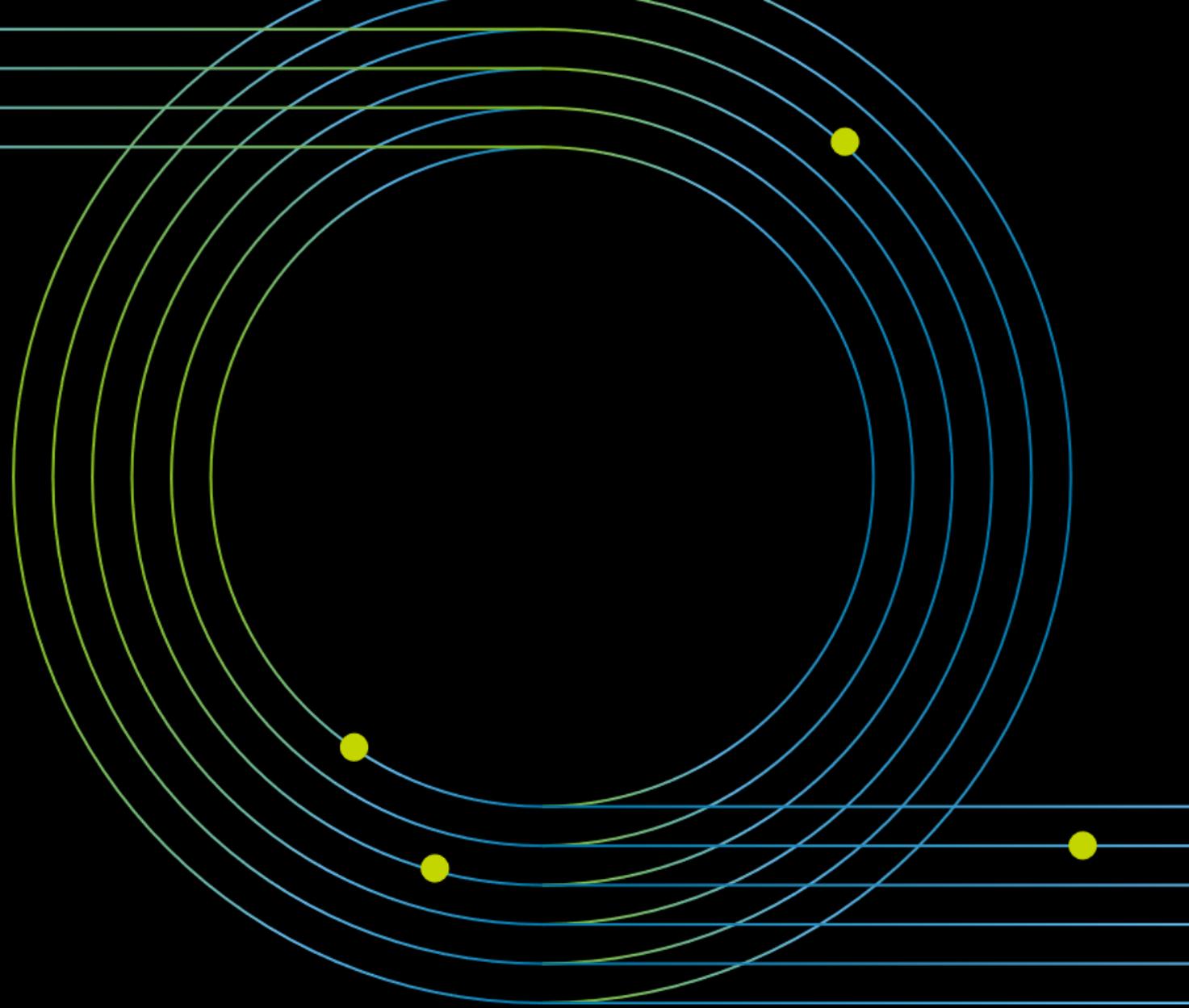
Bright-line period

- 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

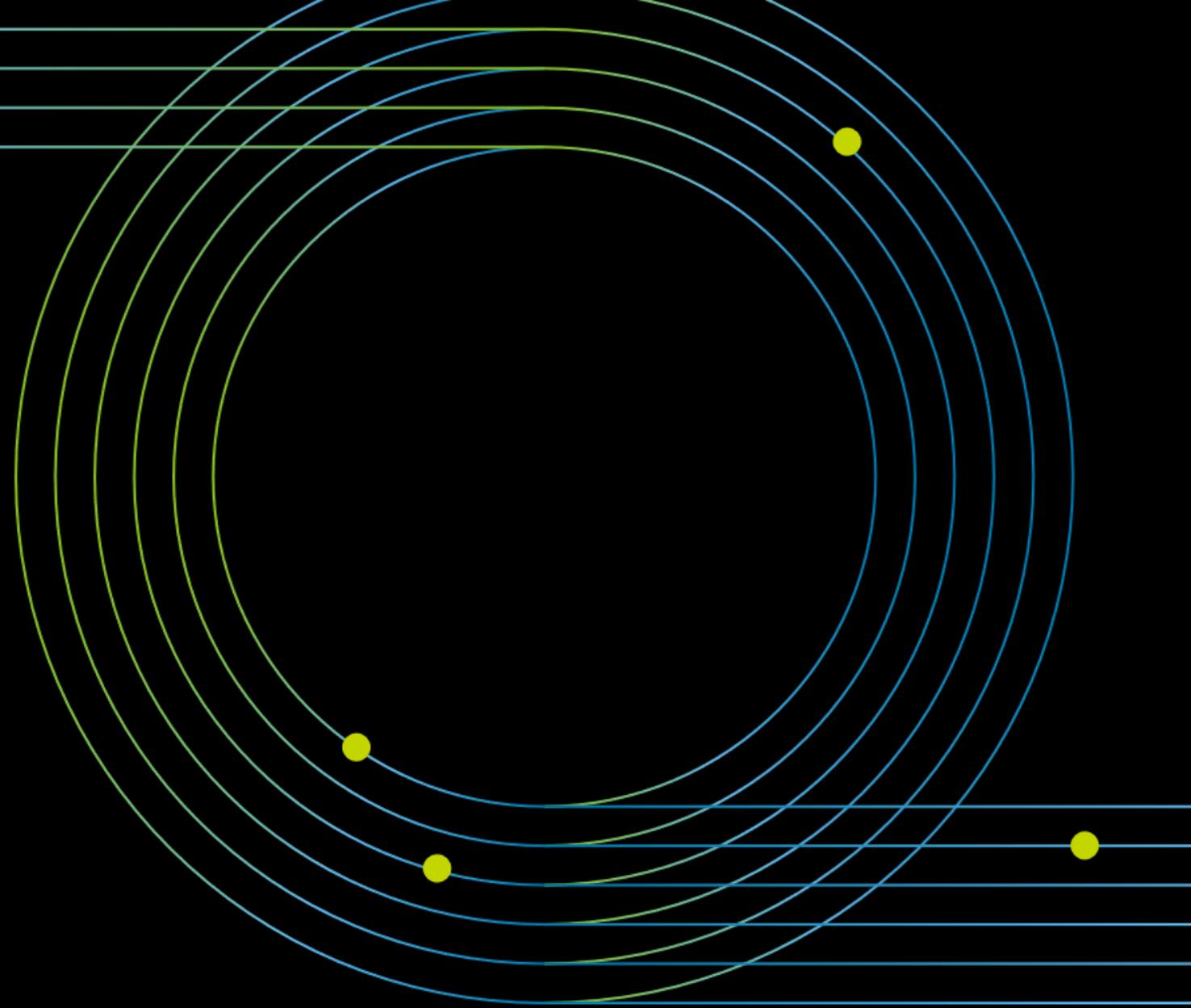
- New corporate beneficiary rule (section HC 40)



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

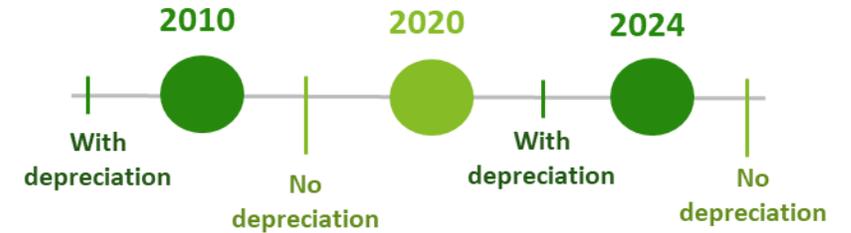
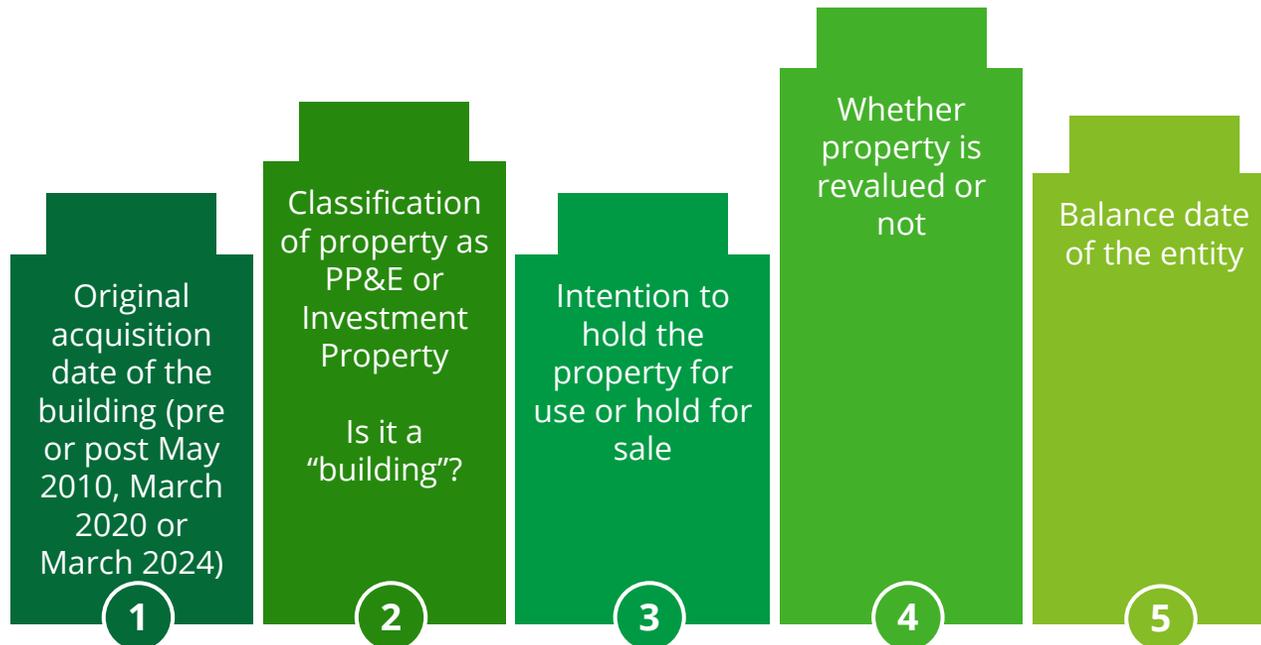


Removal of commercial building depreciation from 2025 income year

- 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



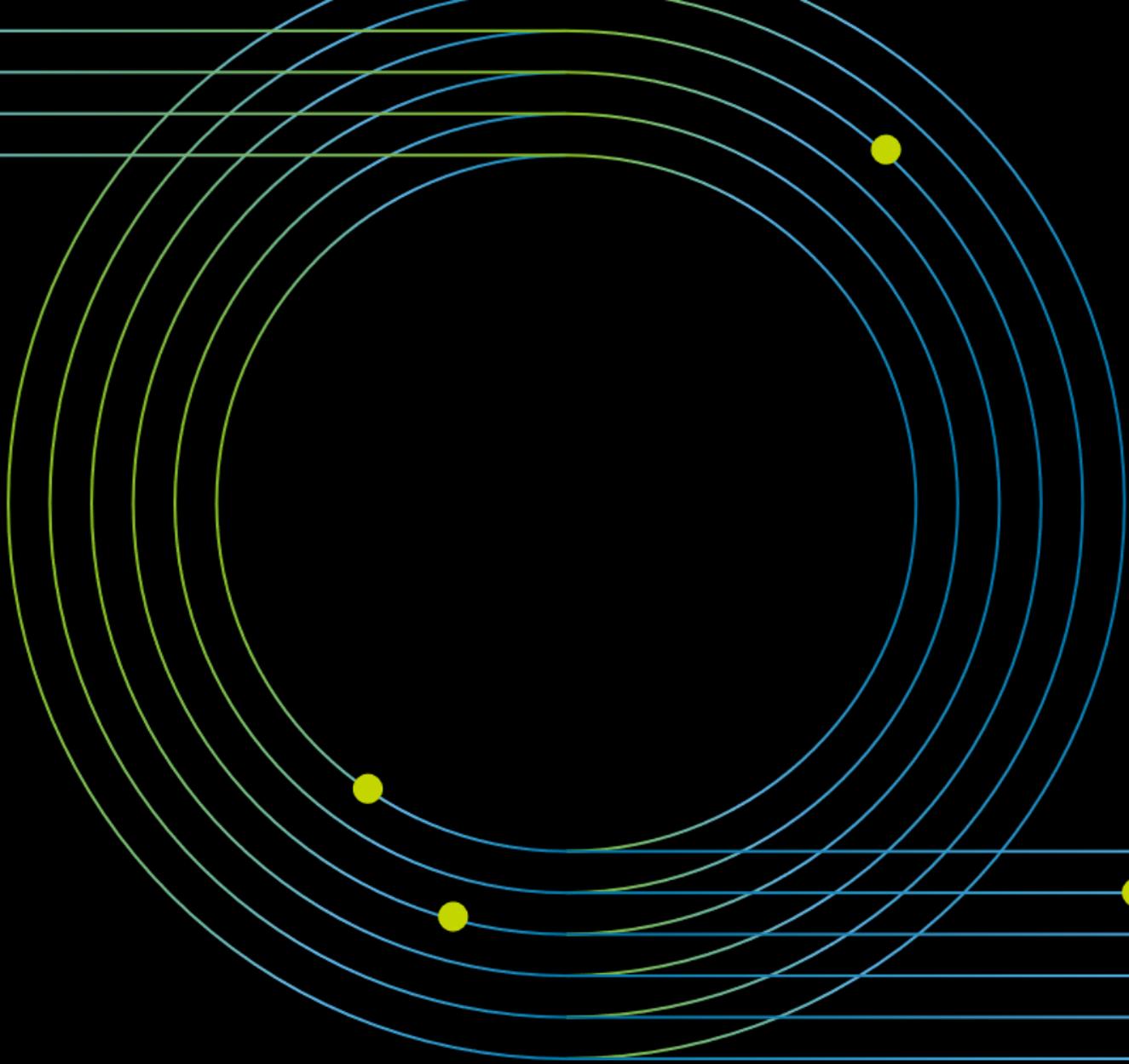
Removal of commercial building depreciation – financial reporting



What is the journal for the 2024 tax law change?

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

International tax

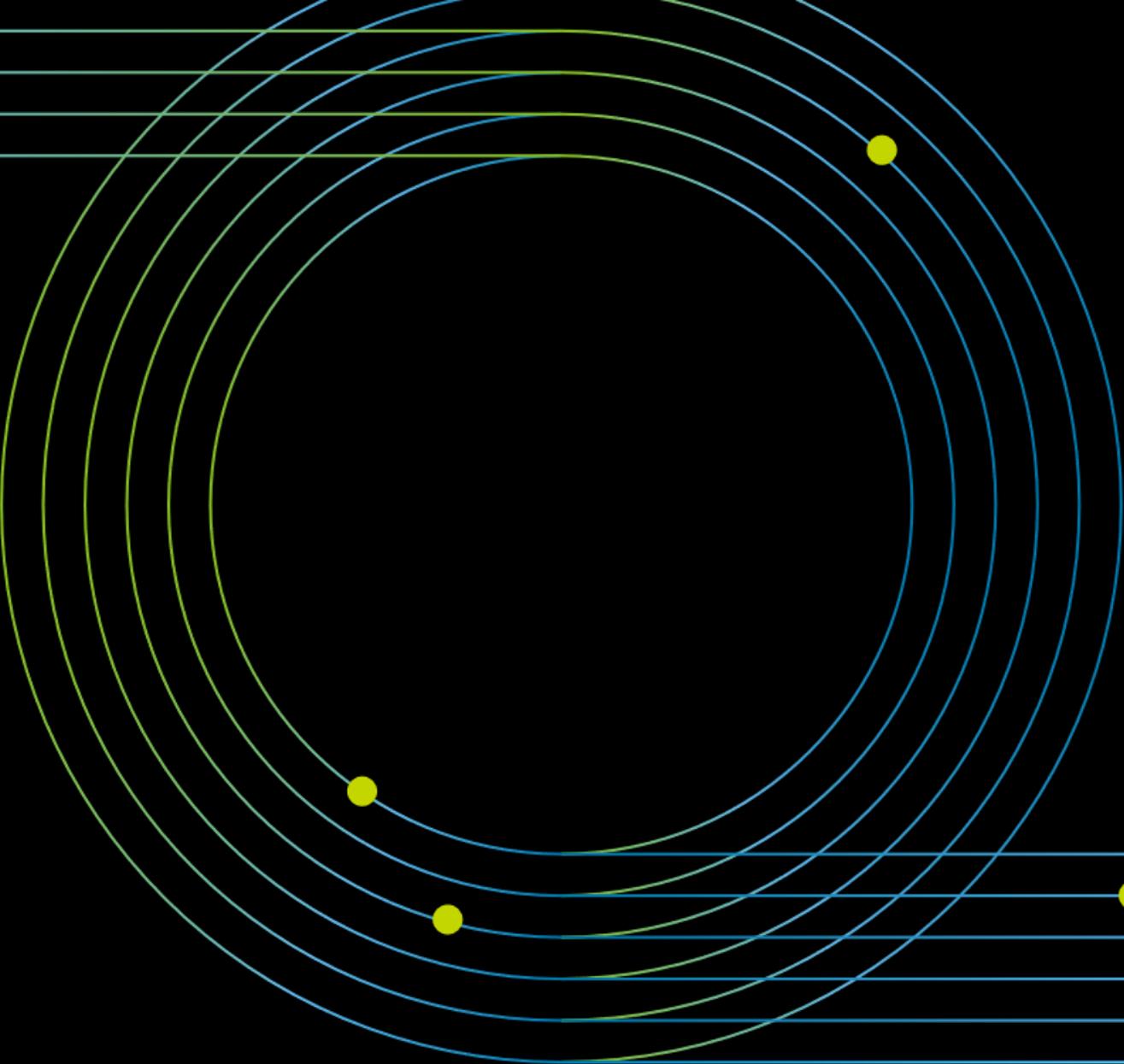


International tax issues

- 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)

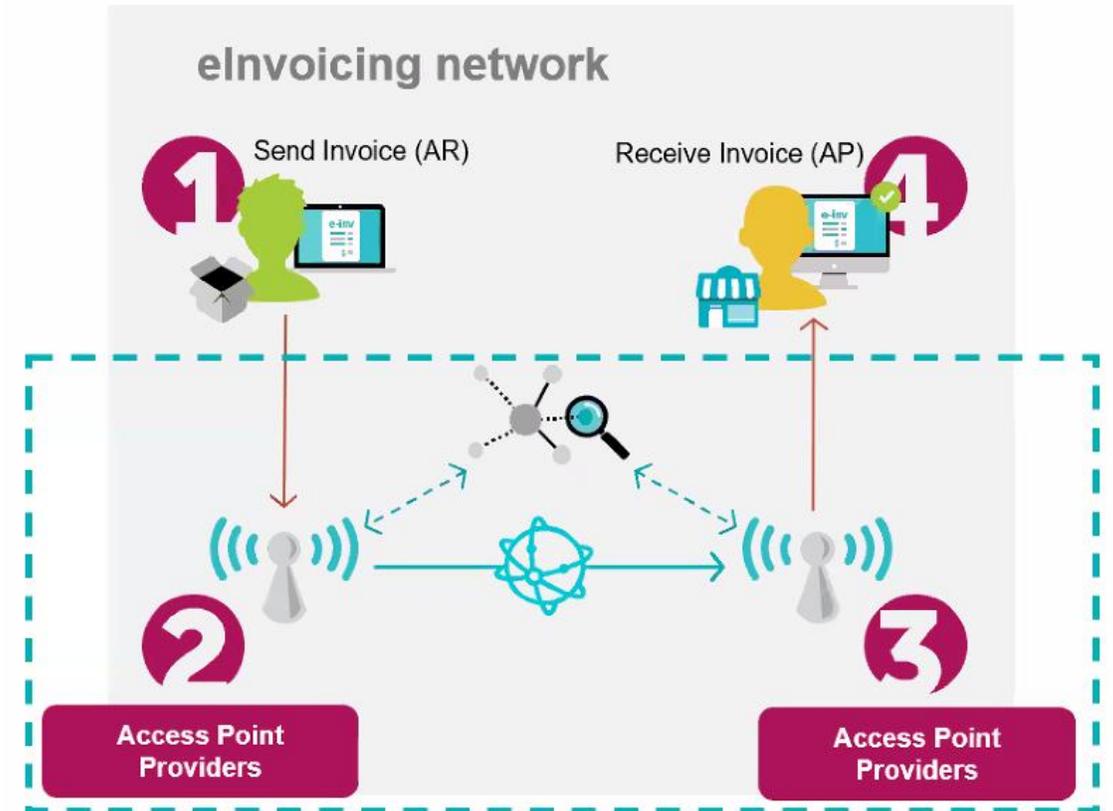


E-Invoicing

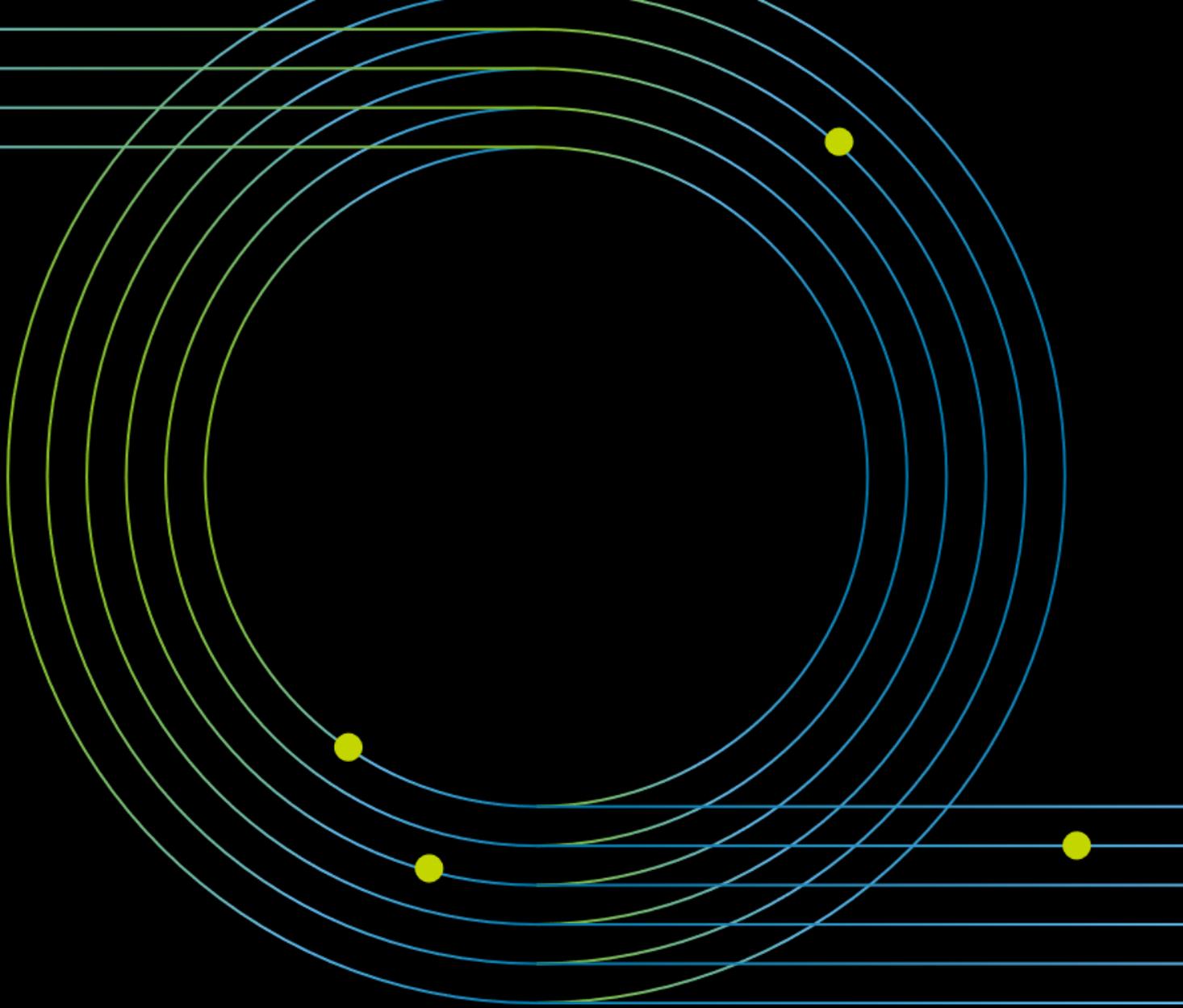
- Invoices go directly between suppliers' and buyers' systems (even if different systems)

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

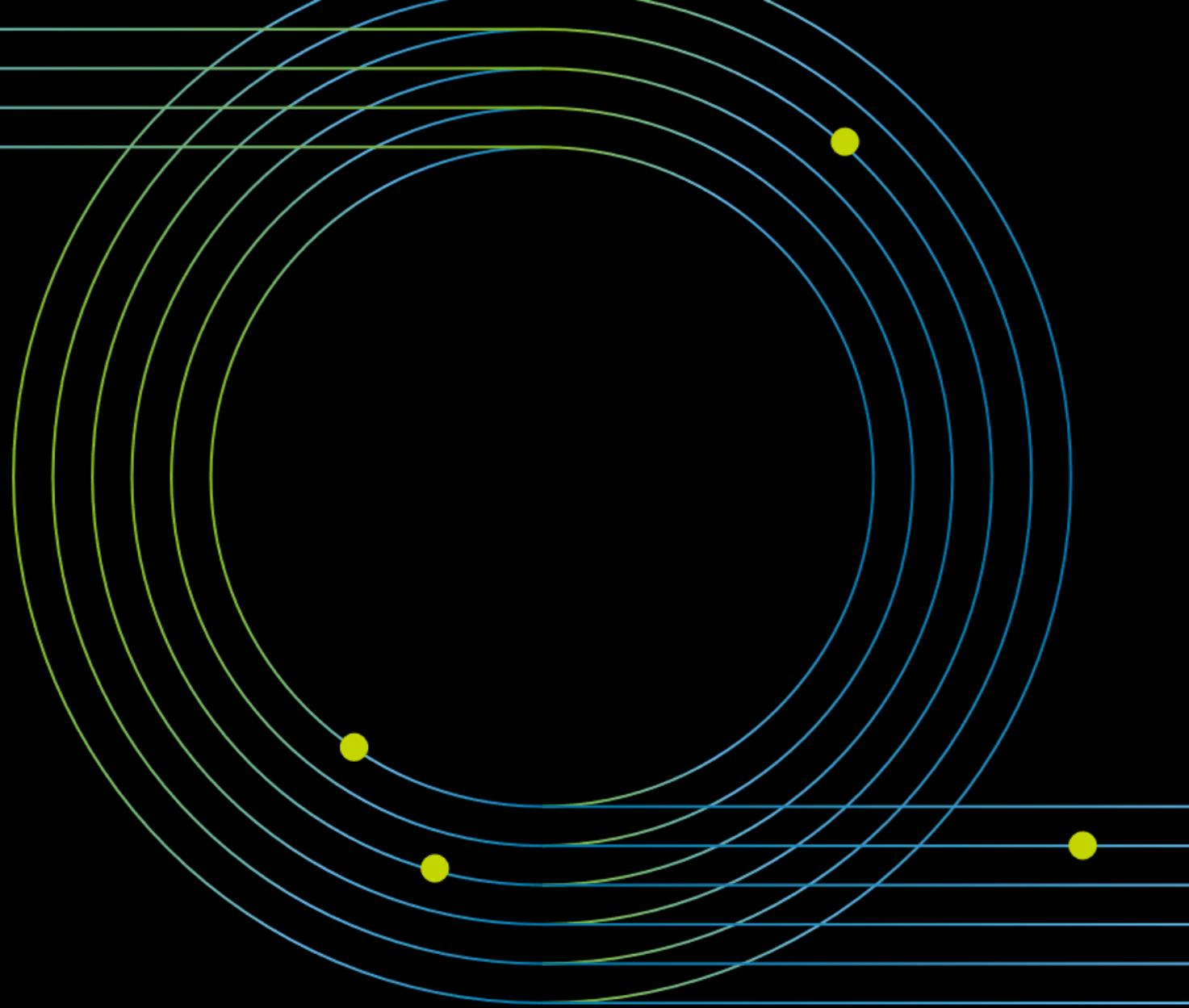
FBT attribution calculations

- 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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