Tax Alert

April 2024

FBT enters its 40th year – time for a mid-life crisis?

Page 2

FBT enters its 40th year – time for a mid-life crisis?

By Robyn Walker

Fringe benefit tax (FBT) is one of those taxes that businesses love to hate – it is expensive, compliance cost-intensive and, in some cases, confusing or unfair. Fortunately, this tax and its compliance costs, seem to be on the radar of the new Government, with the Minister of Revenue, Hon Simon Watts, indicating that as a consequence of concerns raised with him, he wants to see "clear, surgical changes" made in a tax bill later this year, and more substantive changes in 2025.

While there have been occasional tweaks to the FBT rules over the years (and a rewrite of the Income Tax Act), the substance of the rules remains remarkably similar to how the rules were originally implemented on 1 April 1985, almost 40 years ago. Considering how much society has changed since 1985, it's not surprising that people might complain the tax is no longer fit for purpose. However, some may say it was never fit for purpose, and the regime received considerable criticism in the FBT stewardship review released in 2022.

A history lesson

Many readers of Tax Alert may be unlikely to have been following tax reform in the 1980s and may be interested in understanding where FBT came from. The idea for the tax was raised by the Task Force on Tax Reform (known as the McCaw Report) in April 1982. In the early 1980's the top personal tax rate was 60% (which increased to 66% when a 10% surtax was added in 1982) and applied at an income level of $22,000 (equivalent to $103,000 in current day terms). These high personal tax rates and a lack of any taxes on most benefits in kind was leading to widespread fringe benefits, with the McCaw Report noting:

"The scope for avoidance through fringe benefits is wider than might generally be appreciated. They range from relatively low value items such as payment by the employer of private telephone accounts up to high value items such as motor vehicles available for private use. Many taxpayers can and do receive more than one such benefit. For example, it would be quite possible for an employee to be provided with a company car (perhaps two) and a low interest housing loan, and in addition have school fees, clothing costs, annual holidays, and child care costs all paid for by his employer. Under present tax legislation, none of these disbursements by an employer on behalf of his employee can be taxed as extra income to the employee or be treated as non-deductible expenses to the employer."

The notion in 2024 of employees having a package involving multiple cars, loans, school fees and holidays paid for is inconceivable. The McCaw Report recommended ensuring such benefits were taxed, albeit it was suggested that the tax be levied at the employee level, with the employer responsible only initially while people adjusted to the tax. The McCaw Report also focused on large benefits, with the Report noting small benefits such as subsidised meals at staff cafeterias, free car parking and social or sporting activities did not represent a significant problem either in principle or equity and thus should not be taxed.

As can be commonplace with external reviews, the National Government of the day ignored the fringe benefit tax recommendations, and it was only when a Labour Government was elected in 1984 that the idea of FBT moved forward. In late 1984, the Income Tax Amendment Bill (No. 2) tabled by Finance Minister Hon Roger Douglas proposed to introduce FBT.

Back in the 1980's the Generic Tax Policy Process (GTPP) did not exist, and it was not commonplace for tax bills to be subject to a select committee process. However, a decision was made have a select committee process and this resulted in 314 written submissions and 84 oral submissions being made. While many submissions were said to agree with the notion that there was inequity with fringe benefits not being taxed, the original proposals were not popular and consequently there were numerous amendments made to the proposals through the select committee process. Submitters viewed the rules as being unworkable, difficult to enforce and having an enormous administration cost. Politicians speaking in Parliament in respect of the Bill noted "[t]he evidence was that little thought had been given to how the provisions would work in practice, and, even after substantial amendment, the remainder of the Bill is still full of inequities."

The current day issue of double cab utes being popular due to the work related vehicle exemption was predicted with National MP Michael Cox stating: "[p]eople will move from cars to vans, because one of the amendments to the Bill was that vans would not be caught by the Bill but station-wagons would"; however, in the Bill's third reading, second term MP Michael Cullen stated "Finally, I deal with the great question of the shift in the kind of vehicles that will be used. I look forward to the day when we see all the directors of [prominent construction business] driving home in Mitsubishi L300 vans. ... We will see [directors names] driving around the country in Mitsubishi L300 vans rather than BMWs. Let us not pull the legs of people as far as that." It was estimated at the time of the Bill that one-third of all cars in corporation fleets had no business-related use and were supplied absolutely as a "perk". The current day ratio is not known, but in our experience, pure "perk" cars are not common, but double cab utes are.

At the time of the Income Tax Amendment Bill (No 2), it was estimated that FBT would bring in approximately $120million - $400 million per annum (equivalent to $406m - $1.8b today) and would require an additional 415 Inland Revenue staff to administer it. FBT was to apply at the flat rate of 45% to all taxable benefits.

Compared with current day processes, one of the most shocking aspects of the legislative process for FBT was that the laws were first introduced in December 1984, enacted on 23 March 1985, and took effect from 1 April 1985; meaning businesses had just over one week to prepare to apply these complex new laws. While some tax laws still bypass the full GTPP, it is the exception rather than the norm and wouldn't ordinarily be used for something as complex as a new tax regime with imminent application.

FBT pain points

The complaints about FBT in 1985 are likely to still be complaints in 2024, however the context may be slightly different as the way people work and the types of benefits provided have changed considerably, despite the law largely remaining the same. If FBT were to get a mid-life make-over, there are a number of areas that deserve some attention.

Some common issues and gripes we encounter with FBT include:

1. The rate of FBT. Unless some form of attribution calculation is undertaken, the rate of FBT is 63.93% (this equates to a 39% marginal tax rate and is calculated as tax rate / (1 – tax rate); i.e. 0.39/(1-0.39)). The approach back in 1985 was simpler, with FBT applying at the flat rate of 45%. The introduction of FBT attribution when the top personal tax rate was moved to 39% in 2020 was arguably a good move as it allowed employers to reduce the cost of benefits provided to employees on lower marginal tax rates, but it bought with it a range of complexities, which employers continue to grapple with each year.
2. FBT was introduced because there was substitution from cash remuneration to benefits in kind. In that way, FBT still remains an important tax to ensure New Zealand doesn't return to the behaviours seen in the early 80's. However, a recurrent area of confusion is in relation to which tax applies. The general rule of thumb is you look at who the cost belongs to. If the employer has incurred a cost, FBT should apply, if an employer is reimbursing or otherwise meeting an employee's cost, then PAYE applies. In many instances employers would prefer to choose which tax to apply to best fit with business processes.
3. FBT applies to vehicles which are available for private use, with FBT calculated with reference to the capital cost of the vehicle. The rationale for this approach in 1985 was that the benefit of a work car was that the employee did not need to incur the expense of purchasing a car to drive (as well as the ongoing running costs). When the notion of public transport was raised, Cullen retorted "Few people in urban

areas rely totally on public transport, except, perhaps elderly people." Back in 1985, it may have been the case that the employee was spared the capital outlay, but in 2024 there are alternative modes of transport and car share services more readily available, meaning that in many urban areas car ownership is not necessarily an accurate counterfactual for estimating the value of the benefit.

4. The work related vehicle definition provides an exclusion from FBT for vehicles which only allow home to work and incidental provide travel, however this definition excludes "cars" and means that any vehicle which is mainly for carrying people cannot easily qualify without having seats removed or permanently bolted down. Accordingly, small cars and electric vehicles are subject to full FBT if they are taken home, whereas vehicles such as double-cab utes escape the tax. These rules remain unchanged since 1985, and at least anecdotally is the reason why so many businesses choose utes, despite Cullen not expecting FBT rules to change vehicle choices.

   Due to the mismatch in FBT outcomes for utes as compared to electric vehicles, Hon Julie-Anne Genter has had a Members Bill drawn from the Parliamentary Ballot. Given the make up of the current Government its unclear whether the Bill would get past its first reading in Parliament. Nevertheless, the Income Tax (Clean Transport FBT Exclusion) Amendment Bill seeks to implement a five year exemption from FBT for electric vehicles and to exclude double-cab utes from the definition of work related vehicle (by legislatively deeming them to be 'cars').

5. The FBT rules capture a wide range of things provided to employees which are not substitutes for remuneration and are unlikely to be viewed as benefits, such as sending flowers to an employee who has suffered a bereavement. For smaller employers there is a de minimis rule which allows certain unclassified benefits to be disregarded provided the total level of benefits provided across all employees in the previous rolling 12 months has not exceeded $22,500, and $300 per employee per quarter. For all but the smallest employers there are material compliance costs to monitor these thresholds. Back in 1985 the de minimis rule was arguably more generous because there was an exemption for the first $50 of unclassified benefits provided to any employee each quarter. While this only equates to $170 per quarter in today's dollars, every employer was entitled to the exemption, not just those smaller employers with total benefits under $22,500.

6. Where an employer provides goods to an employee, the FBT consequences differ depending on whether the employer purchased the goods (in which case you consider the cost to the employer) or the goods are manufactured or produced by the employer (in which case you look at the market value of the goods). A similar distinction applies to services. These rules remain largely untouched since 1985, when they were also criticised. The Hansard at least reveals that the reason the provisions for staff discounts are so stingy is that the discount rule was designed to "ensure that staff discounts offered on low value items such as groceries, which at the time concerned are sold at a low profit margin, will not be liable for the tax when the normal staff discount brings the price paid by the employer [sic] marginally below cost price."

7. A number of exemptions from FBT have been added since 1985, including distinctive work clothing, business tools, public transport and bikes. However, many of these have some impracticalities, such as:

a. The unnecessary focus on trying to tax any level of private benefit, for example, the requirement that distinctive work clothing can't be clothing that an employee "would normally wear for private purposes";
b. Business tools only being exempt if they are taken to/from the employers' premises. This creates issues when employers provide computer equipment to use at home, as the exemption only applies if a 'significant' part of the employees' duties are undertaken at home;
c. The inability to deal with benefits through reimbursements or allowances. The public transport exemption only applies to FBT and its difficult for small and medium sized employers to arrange direct billing with public transport providers in order for FBT to apply; and
d. Difficulty in structuring an equitable benefit. Most employers would want to structure a bike benefit through a salary sacrifice arrangement, but these are prescriptive and cumbersome.

Where to from here?

With the Minister signalling that there might be some minor surgery this year and a more significant makeover for FBT next year, there is hope for businesses that some compliance costs and inequities may be reduced, potentially in time for FBT's fortieth birthday.

In the meantime, the same old rules continue to apply. If you need help understanding your FBT obligations or want to discuss options for the 2024 forth quarter attribution calculation, please contact your usual Deloitte advisor.

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Anatomy of a Tax Bill

By Joe Sothcott, Amy Sexton and Robyn Walker

On 28 March, the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill, after many twists and turns, was enacted into law and transformed into the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act 2024.

A lot has changed since the Bill was first introduced on Budget Day in May 2023, so you could be forgiven for losing track of everything that has happened since then. So, as a reminder, we have collated the various aspects of the bill, what the changes were, when they were introduced, and a few other issues to be aware of.

Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill

The Bill was introduced on 18 May 2023 by the previous Labour government under the then Minister of Revenue David Parker. At that stage, as discussed in our June 2023 article, the key features of the Bill included:

- Increasing the trustee tax rate from 33% to 39% to align the trustee rate with the top personal tax rate.
- Introducing the OECD Pillar Two Global Minimum Tax Rules (GLoBE rules).
- Taxation of backdated lump sum payments.

The Bill passed its First Reading and was referred to the Finance and Expenditure Committee (FEC) and submission from the public was sought.

The Supplementary Order Paper (SOP)

Before the Bill was reported back from the Select Committee (and before SOPs became “Amendment Papers”) SOP No 423 was referred to the FEC. The proposals were to:

- Ensure that the bright-line and other timing-based land sale tests did not apply to those impacted by the North Island flood events.
- Allow Fonterra to deduct certain distributions to its shareholders, as it was allowed to under its previous constitution.

These changes were ultimately adopted by the new government and enacted as part of the bill.

Report back from Finance and Expenditure Committee (FEC)

Due to the dissolution of Parliament for the election, and despite the public needing to make submissions by 30 June 2023, the Bill stayed at the FEC stage until early March 2024. The FEC heard oral submissions at the end of January 2024 and consequently made several recommendations (which were agreed to unanimously in Parliament), including:

Trustee tax rate

- The increase to the trustee tax rate of 39% was confirmed, but a $10,000 de minimis threshold was introduced. Trustees with income up to and including $10,000 will continue to be taxed at 33%. Trusts with trustee income of more than $10,000 (after deductible expenses) would be taxed at 39%.

- A flat 33% rate for disabled beneficiary trusts. There would also be a new expanded definition for "disabled beneficiary" to include a wider class of beneficiaries and the definition of "disabled beneficiary trust" expanded to permit multiple beneficiaries.
- A flat 33% rate for deceased estates for the income year of the person's death and the 3 subsequent income years.

GLoBe rules

- The primary change was the introduction of application dates for the income inclusion rule (IIR) and undertaxed payments rule (UTPR) (1 January 2025) domestic income inclusion rule (DIIR) (1 January 2026).
- It was also clarified that the OECD commentary or guidance prevails over the GloBe rules, that money paid under the qualified domestic minimum top-up tax (QDMTT) is foreign income tax and eligible for foreign tax credit, and that the Commissioner of Inland Revenue can issue binding rulings about the GloBE rules.

Other

- Several other remedial changes were recommended, such as extending the proposed changes to backdated lump sum payments for attendant care, correcting extra pay on termination, and other amendments to rollover relief for 2023 North Island Flooding Events.

The Amendment Paper

With the new coalition Government coming into power, there was an array of tax priorities campaigned on which needed to be included, this was once done through Amendment Paper No 20 (previously called a SOP). Notably, these amendments were introduced at the Committee of the Whole stage, therefore bypassing FEC scrutiny and public submissions.

The headline changes that were introduced as part of the Amendment Paper include:

- Removal of commercial building depreciation for building (from the 2024/25 income year).
- Interest deductibility for residential investment property restored (80% of deductions allowed from 1 April 2024, and 100% of deductions allowed from 1 April 2025).
- Residential property bright-line test reverting to two years (for agreements entered into on or after 1 July 2024).
- Introduction of a new 12% duty on offshore gambling profits (from 1 July 2024).
- Changes to the tax treatment of disposals of trading stock at below market value to prevent legislative overreach.
- Introduction of a transitional rule in the GST platform economy rules for contracts entered into before 1 April 2024 on digital platforms.

Taxation (Annual Rates for 2022-23, Platform Economy and Remedial Matters) Act 2023

With all the excitement of the latest tax bill being enacted, it is easy to forget that some of the last changes from last year's Annual Rates 2023-23 bill came into force from 1 April 2024 as well.

The most notable of these are the platform economy GST changes (the "App Tax"). These new rules mean certain "listed services" provided through electronic marketplaces must now pay GST. This includes short-stay accommodation, ride-sharing and food delivery. The idea is that these platforms will need to charge GST even if the underlying owner/driver is not GST registered and makes under $60,000 per year. For further explanation of the App Tax, you can read our article in this issue of Tax Alert.

Several changes to modernise and improve remote working arrangements also came into effect on 1 April 2024. You can read a summary of those changes in our May 2023 Tax Alert.

What next?

The next question on everyone's lips is changes to the personal income tax changes. The Government has repeatedly confirmed there will be tax cuts for individuals from 1 July 2024. The clearest indication of this was in the Budget Policy Statement 2024, delivered by the Minister of Finance Hon. Nicola Willis in late March. The statement confirmed that "delivering meaningful tax reductions to provide a cost-of-living relief to New Zealanders" was a priority for Budget 2024.

The big question mark that remains is how big this tax reduction will be, and how it will be paid for. For that, we'll have to wait until 30 May 2024.

For any questions about the issues discussed in this article please contact your usual Deloitte advisor.

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Bye-bye building depreciation – the consequences

By Joe Sothcott, Iain Bradley and Denise Hodgkins

The Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act 2024 included the Government's headline tax policy changes, including the removal of commercial building depreciation from the 2024-25 income year onwards.

We highlighted this coming change last year to help taxpayers prepare for the change. But with the technical details only now revealed as the policy is enacted, it is time for a deep dive into what it all means and how commercial building owners might be affected.

The big picture

Before 2010, commercial buildings were depreciable for tax purposes. This was first removed by the then National government, before being restored under the Labour government in 2020 as part of the response to the COVID pandemic. When commercial building depreciation was restored, the change was said to be permanent. But, as we all too often know when it comes to taxes, nothing is a certainty and both major political parties campaigned on removing commercial building depreciation to pay for other tax policies.

The change is significant. Inland Revenue estimates it will bring in $2.31 billion of additional tax over the forecast period (2024/25 – 2027/28). On the flip side, the change may prove to be quite expensive for taxpayers who own commercial buildings, not only in the lost depreciation but also the compliance costs incurred in dealing with this change.

The details

From 1 April 2024 (for standard balance date taxpayers), commercial building depreciation deductions can no longer be claimed. Technically buildings will still be considered "depreciable property", but the annual depreciation rate will be set at 0% so no deduction will be available. The purpose of setting the rate at 0%, rather than having buildings be non-depreciable property altogether, is to ensure the property remains subject to the depreciation rules, such as depreciation recovery income if it is sold for more than tax book value.

The change affects all commercial buildings with an estimated useful life of 50 years or more. Taxpayers should take some time to understand what this means. An estimated useful life of the building is determined on a whole-of-life approach, rather than a remaining life basis. This means that consideration will need to be given to the estimated useful life of the building based on the materials the building is constructed of (most concrete, steel or timber buildings have an estimated useful life of 50 years, while some agricultural or industrial buildings have a shorter life). Taxpayers should refer to Inland Revenue's depreciation rates to determine the correct estimated useful life for a particular type of building.

In terms of other changes, the legislation clarifies that a building includes where parts of a building have been separated into unit titles. Additionally, the definition of a building has also been amended to exclude commercial fit-out.

The fit-out rules

When building depreciation was first removed in 2010, section DB 65 was added to the Income Tax Act 2007 to allow taxpayers to separate an amount that covered the cost of commercial fit-out from the building's adjusted tax value. This was required as previously some taxpayers had been content to not separately itemise fitout from the cost of the building and depreciate it as part of the building.

Section DB 65 deemed 15% of the building's tax book value at the end of the 2010-11 income year to be attributable to fit-out. Depreciation could be claimed on the deemed fit-out component at 2%.

Jumping back to 2024, the new legislation effectively reintroduces this rule under new section DB 65B. This new rule only applies to those buildings owned before the 2011-12 income year where the fit-out was not being depreciated separately (other than under section DB 65), and reinstates the ability to claim deductions, albeit at the lower rate of 1.5%. Section DB 65B contains some prescriptive calculations that are required to ensure that the correct amount of deduction is claimed and is also designed to ensure that amounts claimed are factored into any disposal adjustments if the property is sold.

If any taxpayers acquired buildings between the 2020-21 and 2023-24 income years when building depreciation was restored and still did not elect to split out the fit-out, section DB 65B will not provide any assistance. Inland Revenue advises that those taxpayers can apply under section 113 of the Tax Administration Act 1994 ("a section 113 request") to have the Commissioner of Inland Revenue exercise his discretion to amend previous tax assessments so they can separately depreciate fit-out acquired with a building.

Deferred tax and tax expense implications

Taxpayers should also consider the deferred tax and tax expense implications of the removal of tax depreciation on commercial buildings in relation to any IFRS financial statements they are preparing. Broadly, we would expect the deferred tax and tax expense impact should generally be 28% of the tax base of the commercial building at the end of the 2023/24 income year – however, this will be complicated by the fit-out rules discussed above and the application of the initial recognition exception, to the extent that either are applicable. The amounts involved may well be material.

If you would like assistance calculating the deferred tax implications of the removal of tax depreciation on commercial buildings, then please reach out to your usual Deloitte adviser who can liaise with one of our specialists in this area.

What do we think?

Deloitte does not support the removal of depreciation from commercial buildings. Several studies have concluded that buildings do depreciate. We think building depreciation is just like any other business expense and should be treated as such.

Deloitte is not alone in this. Inland Revenue also recommended building depreciation be retained and has suggested it be reintroduced when fiscal conditions improve. It also informed the Government that it believes the changes will be a barrier to attracting international investment. Please get in touch with your usual Deloitte adviser if you have any questions.

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Has the gloss gone from EVs?

By Andrea Scatchard and Susan Wynne

Electric vehicles (EVs), including hybrids and plug-in hybrids, had a favourable financial treatment up until 1 April 2024. The clean car discount which was in place until 31 December 2023, and no road user charges (RUCs) before 1 April 2024, contributed to a sustained increase in the number of EVs on our roads over the last 3 years. However, their attraction from a financial perspective has now been reduced, which is reflected in the statistics from the March quarter of 2024 which show a flattening of the number of EVs on our roads after the previous sustained growth.

For context, it is worth noting that as at 31 March 2024, there are 5,781,885 registered vehicles in New Zealand, of which 3,634,925 are passenger cars/vans.

Introduction of road user charges for EVs

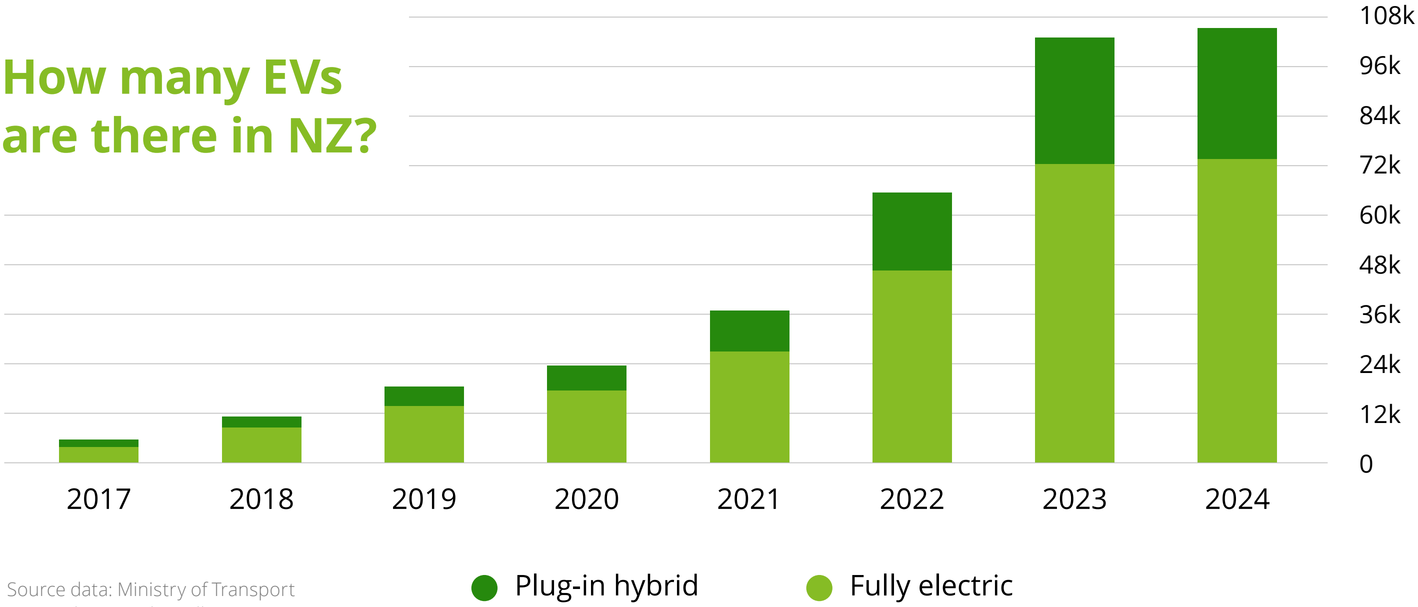
The RUC system was introduced in 1977 to help governments with paying for the cost of maintaining our roads. While petrol vehicles have a fuel tax levied at the pump, diesel has uses beyond public roads and therefore it is not appropriate to levy a roading tax at the point of purchase. The RUC system traditionally has applied to diesel vehicles and is levied based on distance travelled and vehicle type.

Initially, electric vehicles were exempted from paying RUCs as a way of encouraging the purchase of EVs in preference to new petrol or diesel vehicles. It was always intended that once the number of EVs reached 2% of the total light vehicle fleet, RUCs would be imposed on EVs. This target has now been met and thus the Government has discontinued the RUC exemption.

From 1 April 2024, fully electric vehicles are required to pay RUC of $76 per 1,000km and plug-in hybrids will pay at the rate of $38 per 1,000km (the lower amount reflects that some fuel excise duty is paid when petrol is purchased).

There is no doubt that this will increase the cost of running an EV. If the EV is a business vehicle, the extra costs should be a deductible expense (but may need to be apportioned for private use if the owner is a sole trader or for some small private companies).

How many EVs are there in NZ?



Source data: Ministry of Transport
Research & Graph: evdb.nz

Impact on employers

If you have company EVs that are provided to employees that are subject to FBT, nothing changes at this point – the same formula for calculating the FBT still applies.

If you are reimbursing employees that use their own EVs for work travel, and use the Inland Revenue mileage rates to calculate the amount that can be paid tax-free, again at this stage nothing changes – the Inland Revenue mileage rates that were last refreshed in May 2023 still apply:

2023		
Vehicle type	**Tier one rate**	**Tier two rate**
Petrol or diesel	95 cents	34 cents
Petrol hybrid	95 cents	20 cents
Electric	95 cents	11 cents

For more information on how the two tier reimbursement system works, please refer to our June 2023 Tax Alert article.

Typically, Inland Revenue issues mileage new rates around May/June each year, so we anticipate some new rates being released shortly. Remember that for reimbursements the new rates apply from the date that they are released, so you should be prepared to update systems and possibly the amount you reimburse to staff from that date.

The rates are intended to reflect the cost of running the different types of vehicles, so with the increase in the relative cost of running EVs, we would expect to see much less variance between the tier two rates in future. While it would be a welcome taxpayer-friendly concession, there may not be enough of an increase in running costs to warrant a single tier two rate for all vehicle types.

For more information on claiming or reimbursing vehicle costs, please contact your usual Deloitte advisor.

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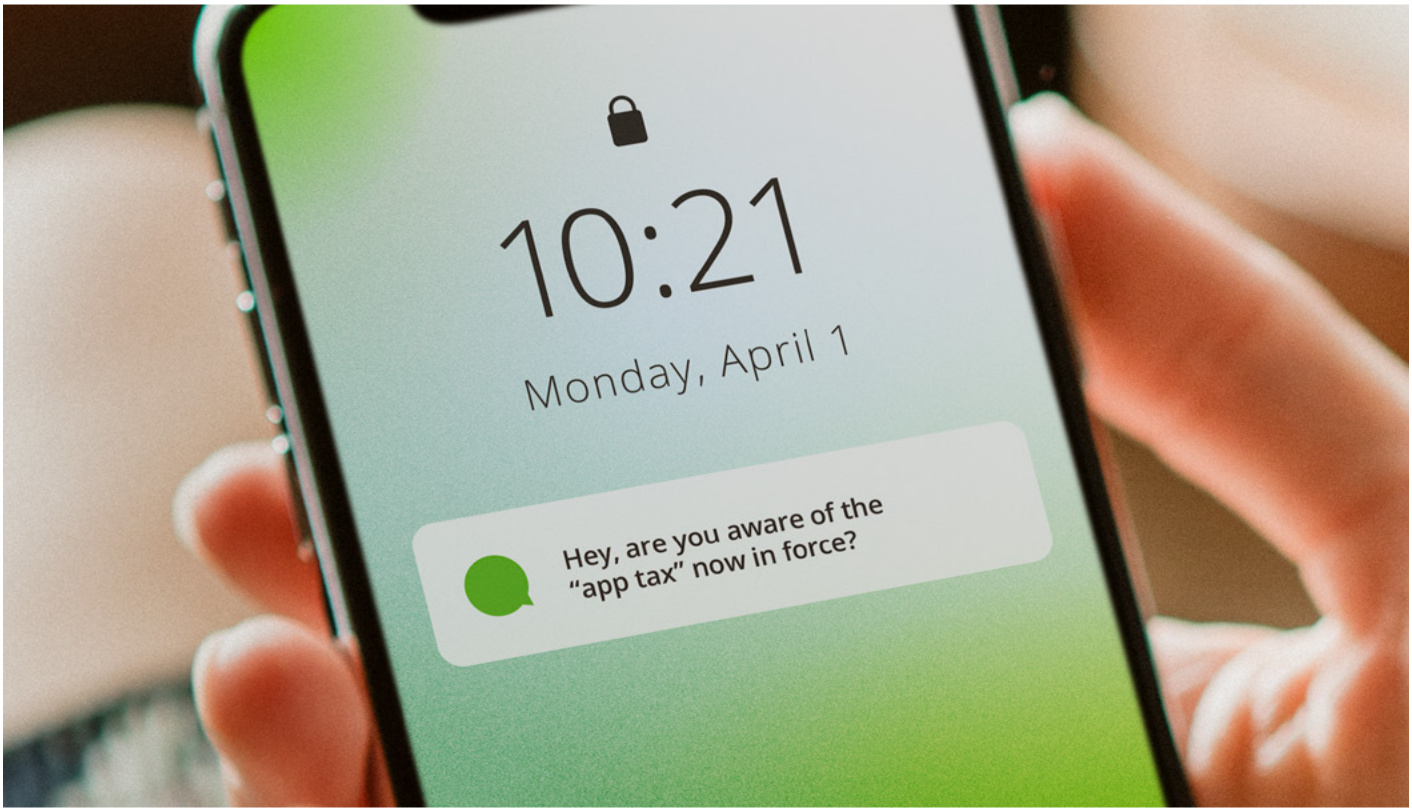
Yes, it's really 'app-ening! GST on digital platforms now in force

By Viola Trnski and Sarah Kennedy



If talk of an "app tax" flew over your head during a busy 2023, you may be surprised to learn that it is now in force and has not been repealed, despite promises during the 2023 election campaign. From 1 April 2024, digital platforms (software that facilitates "peer-to-peer" transactions) ("Platforms") are required to pay GST on "listed services" (ridesharing, food and beverage delivery, and short-stay accommodation) ("Rules").

While New Zealanders were jumping in rideshares and booking holiday getaways, politicians and Inland Revenue officials were thinking about whether Platforms should be paying GST.

The question arose because many listed services provided through Platforms fall under the $60,000 GST registration threshold, meaning the underlying supplier (i.e., the ride-share driver or short-stay accommodation host) was not required to register for GST. The platform economy has been growing exponentially in the last few years.

Officials were concerned that the increased use of Platforms would erode the GST base over time and lead to competitive distortions between direct suppliers and those operating through Platforms. The latter were considered to have an advantage because they were not required to pay GST on every transaction, contributing to lower prices and less tax being collected. To keep in line with New Zealand's "broad base, low rate" tax framework, Officials recommended the Rules capture these services within the GST net.

Rules survive a change in Government

The Labour government legislated for GST to be levied on Platforms in the [Taxation (Annual Rates for 2022–23](), Platform Economy, and Remedial Matters) Act 2023. These changes were enacted in March 2023 with an effective date of 1 April 2024 to give Platforms time to prepare systems.

This meant there was a window of time where the Rules were enacted but not yet in force – prior to the 2023 Election, National campaigned on "axing the app tax" and promised to repeal it if elected. At the time, they argued it would increase the costs of such services at a time when the cost of living was already soaring.

Therefore, it came as a surprise when they quietly walked back on axing the Rules post-election. Since that decision, Officials have been working through some small improvements and clarifications to the Rules. The policy question of whether to tax these services has been and gone – the Rules are here to stay, and this is what you need to know.

Can sellers claim back GST costs on making taxable supplies?

Yes and no.

For sellers that are not GST-registered – who are most impacted by these rules – the Platform will pass on a flat-rate credit of 8.5% of GST collected back to the seller. This is designed to approximate the GST that could be claimed back as an input tax deduction if the seller were GST-registered while reducing the compliance cost of sellers having to record their actual GST costs.

Essentially, this means that only 6.5% of the 15% GST charged on Platforms is collected by Inland Revenue, if the underlying supplier is not GST registered.

To illustrate with an example, say Joe lists a room in his holiday house on a Platform to make some extra income. This generates about $23,000 per year which is below the GST registration threshold. Going forward, the Platform will return GST on this amount ($3,000 – being 3/23rds of the income). As a proxy for the GST Joe spends on guest stays - for example, linen and coffee for guests - $1,700 (the flat rate credit amount of 8.5%) is returned to him by the Platform. The remaining 6.5% of GST is paid to Inland Revenue by the Platform.

This all seems reasonably straight forward, but when you factor in that in many instances the Platform was not handling all the income, it is slightly more complex.

For sellers that are GST-registered – the net GST position will not change. However, the key difference for GST-registered sellers is that the Platform will now collect and pay GST to Inland Revenue on the seller's behalf (unless an "opt-out" provision applies, as discussed below). Suppliers will include these sales as a zero-rated supply in their GST return and continue to claim GST on expenses as they have in the past. Suppliers with turnover exceeding the $60,000 threshold are still required to be registered for GST and cannot use the flat rate credit scheme.

To build on the previous example, Joe moves overseas and also lists his three-bedroom house on a Platform which brings in an additional $50,000 per year. Now Joe's income from his short-stay accommodation side hustle has exceeded the $60,000 threshold. Joe registers for GST and files a GST return, claiming back input tax deductions on the expenses incurred in renting both homes; all accommodation provided through the Platforms are included as income in his GST return, but included in the zero-rated supplies box. The Platform collects and passes on the GST directly to Inland Revenue.

Excluded sellers and property managers

Some GST-registered accommodation hosts can choose to "opt-out" of the Rules and continue filing their own GST returns i.e. opt-to-pay GST. To opt-out, accommodation hosts must make more than $500,000 of taxable supplies, or list more than 2,000 nights, on a single Platform in twelve months. Operators who do not make more than $500,000 of supplies but meet the 2,000-night threshold must have the agreement of the Platform to opt-out of the Rules.

There are also specific rules that apply to short-stay property managers, referred to as "listing intermediaries". These intermediaries will be responsible for passing out flat-rate credits to owners and also have some decisions to make on whether they wish to request an opt-out or have the Platform return the GST.

Not all Platforms are the same...

Not all Platforms have developed systems for all types of suppliers and opt-out scenarios yet. In the meantime, some Platforms have made a commercial decision to only cater to a section of the market.

For example, some Platforms that focus more on the hotel space will only allow GST-registered suppliers who operate on a large scale and can opt-out of the Rules to remain on their Platform. This means a hotel that meets the opt-out thresholds will continue to deal with GST as they have before and those who are not registered or do not meet the opt-out tests will be removed from the Platform. At the other end of the scale, some Platforms that generally deal with smaller suppliers are planning to return GST on all sales and contractually not allow opt-outs to occur.

In practice, what this means is every supplier needs to review any communications from Platforms carefully to understand the consequences of their specific situation. Suppliers may be in a position where each Platform they list on has a different approach.

Hand in hand: Information reporting and exchange rules

Accompanying the Rules are new reporting requirements for certain New Zealand resident Platforms. Information must be reported by:

- online marketplaces that connect buyers and sellers of certain services, and
- sellers on online marketplaces that receive income from certain services.

The services included are:

- renting immoveable property (e.g., commercial property, short-stay accommodation, carparks), and
- personal services i.e., any time-based or task-based work performed by an individual (or individuals) that is adapted to the requirements of the buyer requesting the work (e.g., ridesharing, food delivery, and web design services).

This information will make it easier for Inland Revenue to monitor compliance and ensure that transactions captured under the new Rules are visible. This will bring reporting in line with income earned from salary, wages, and investments. The reporting framework applies from 1 January 2024 with the first reports due on 7 February 2025.

There are also separate reporting requirements which extend the scope of services to also include the sale of goods and vehicle rentals. An effective date for these extended rules has not been confirmed in the legislation, which instead provides that they must be implemented on or before 31 March 2026. Officials recommended implementing the extended rules in New Zealand to ensure Inland Revenue can receive information from overseas tax authorities, however, noted that deferring the start date would allow for further consultation with affected platforms.

Regarding immoveable property and personal services, Inland Revenue will require online marketplaces to report on:

- Reportable (registered) and active (provided, or received income from, services during the calendar year) sellers. Specifically:

For individuals	For organisations
• First and last name • Address • Jurisdictions the seller is resident • IRD number (or TIN*) • Date of birth	• Legal name • Primary address • Jurisdictions the seller is resident • IRD number (or TIN) • Business registration number

For both individuals and organisations

- Seller's total income or consideration paid or credited.
- Number of relevant activities carried out to which that consideration relates.
- Fees, commissions or taxes withheld or charged.
- Financial account identifier (where available).
- Name of the holder of the financial account where the consideration is paid or credited.

*Tax Identification Number

- Details of immovable property:
  - Address of each property listing,
  - Land registration number (if known),
  - Number of days each property listing was rented during the calendar year, and
  - Type of each property listing (using a category schema)
- Self-reporting information about the online marketplace (name, registered office address, IRD number (or TIN), and business name for each reporting platform).

What next?

It will take some time for all suppliers to develop a good understanding of the Rules. In the meantime, they should read all communications from Platforms carefully and make sure that the required updates are made to the information and pricing listed on the Platform.

- If you are GST-registered, you should carefully review statements issued by each Platform and work through your first GST returns carefully to make sure that the GST is correct. You should also be on alert if you incorrectly receive a flat-rate credit you are not entitled to.
- If you are not GST-registered, you should make sure that each Platform is aware of your status and confirm that your listings can remain on their site. You will not have to file GST returns; however, you should track your flat-rate credits and make sure that these and any costs incurred in running your business are treated correctly in your income tax returns for the 2025 tax year.
- If you are a listing intermediary, please seek further advice as there is more complexity in the Rules for you.

The full impact of the changes, such as the portion of the GST cost that is passed on to consumers and New Zealand's desirability as a tourist destination (which some Platforms warned could be negatively impacted), remains to be seen.

If you have any questions on the content of this article, please get in touch with your usual Deloitte advisor.

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GST Grouping Guidance

By Robyn Walker

Goods and Services Tax (GST) can be complex. Despite its svelte size in comparison to the Income Tax Act, the GST Act punches above its weight when it comes to complex legislation. However, amongst the complexities of our GST laws there are occasional treats, where pragmatic rules help taxpayers get to the right outcomes. GST grouping, is one such set of rules.

If you have a group of companies or other entities, consideration should always be given to whether forming a GST group can materially reduce compliance costs for your business. Having a GST group allows intra-group supplies to be disregarded, meaning that "special" rules which dictate the time and value of supply for transactions between associated persons can be ignored. Supplies are all deemed to be made to and from the representative member of the Group, so grouping can also solve technical issues when costs are incurred in the wrong entity or invoices are addressed to a different group member. GST grouping can also help multinational groups to claim back GST on costs when a non-resident visits New Zealand or undertakes some activity here.

Sounds great? Yes, it is. There are some however some further details to be aware of, and specific rules which determine who is able to form a GST group.

Fortunately, Inland Revenue have recently released comprehensive guidance on these rules.

Interpretation Statement 24/02 GST – Grouping for companies (51 pages) and Interpretation Statement 24/03 GST – Who can group register? (71 pages) are the new go-to guides for anything related to GST groups and provide some really useful examples and scenarios which explain how these rules work. While most interpretation statements focus solely on technical interpretations, these go further and also contain useful information about how to go about registering, what forms to complete and what to do with them.

Before immediately planning to form a GST group, it is important to note that all group members become joint and severally liable for the tax owing by the group. However, a recent law change now allows the Commissioner the discretion to excuse an existing group member from liability in certain circumstances.

For more information about how GST grouping could help your business, please contact your usual Deloitte advisor.

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It's finally here: Is your business prepared for the NZ-EU Free Trade Agreement?

By Mirei Yahagi and Jeanne du Buisson

On 1 May 2024, a historic milestone will be reached as the New Zealand-European Union Free Trade Agreement (NZ-EU FTA) comes into force after years of negotiations. This agreement marks a significant leap forward for New Zealand businesses, providing enhanced access to the expansive European market. With 91% of tariffs on current goods trade eliminated from day one, rising to 97% within seven years, and estimated tariff savings projected to reach $110 million after the same period, the NZ-EU FTA sets the stage for future trade.

For New Zealand, the European Union (EU) stands as its fourth-largest trading partner, with two-way trade worth $20.2 billion in 2022. The elimination of tariffs and the creation of additional quota access, particularly for products like beef and dairy, offer greater opportunities for businesses looking to capitalise on this landmark agreement.

Goods benefitting from the Free Trade Agreement with the EU

The NZ-EU FTA will provide immediate tariff eliminations for a range of exported goods from New Zealand. This should level the playing field for New Zealand exporters.

The benefits extend beyond tariff reductions, with the agreement expected to deliver new quota opportunities worth over $600 million in annual export earnings. Specifically, favourable quotas have been established for butter, cheese, milk powders and protein whey, providing improved access to the EU. The beef industry also anticipates an eight-fold increase in sales to Europe. Cumulatively, red meat and dairy sectors are poised to receive up to $600 million in annual export revenue when the FTA is fully in force.

Key export sectors poised to benefit under the NZ-EU FTA from the reduced trade barriers and improved market access include:

- **Horticulture:** Kiwifruit, onions, apples, and other horticulture products will enter the EU tariff-free from day one.
- **Fish and Seafood:** Tariffs to be eliminated on day one on almost all fish, and mussels, squid, and other shellfish.
- **Honey:** Tariffs to be eliminated on day one for mānuka honey. All other honey tariffs are to be subsequently eliminated over three years.
- **Wine**: Immediate tariff elimination resulting in an estimated tariff savings of $5.5 million per annum.
- **Manufactured products:** Almost all tariffs eliminated on day one. Overall tariff savings of $9.1 million per year are estimated for manufactured products, including plastics, aluminium, organic chemicals and machinery.

New Zealand consumers will also benefit from the elimination of tariffs on all EU goods entering New Zealand, eliminating an estimated $74 million in import duties per year. This benefit includes industrial products (e.g., motor homes, plastics, furniture, kitchen appliances and other machinery, motorboats and other vessels), agricultural products (e.g., meat, dairy, horticulture and other agricultural products including chocolate), footwear and apparel, and cosmetics.

Matters to consider before benefitting from the NZ-EU FTA

While the NZ-EU FTA offers great potential, businesses need to take specific measures to fully capitalise on the advantages as the agreement does not automatically apply. Each consignment must comply with the FTA's requirements, and proper notification must be made to the relevant authorities. Here are some essential considerations for New Zealand businesses aiming to take advantage of the trade agreement:

- Accurately determine the appropriate tariff classification for goods to qualify for the preferential tariff treatment under the NZ-EU FTA. The EU system uses 'Combined Nomenclature' (CN) codes for identifying and classifying goods. CN codes are 8 digits – the first 6 digits from the HS code (Harmonized Commodity Description and Coding System), with two more numbers added on the end to provide more detailed classification within the EU.
- Satisfy the relevant rules of origin under the NZ-EU FTA, which may involve complexities. For example, goods sourced from countries other than New Zealand and/or the EU may still be eligible if they undergo production processes within either location. Conversely, goods sourced solely from New Zealand and/or the EU may not qualify if they transit through another nation with additional operations performed.
- Comply with the restrictions regarding New Zealand and the EU's Geographical Indications (GI). This means that only EU producers can use the protected EU geographical indications on relevant products imported and sold in New Zealand, while New Zealand wine producers will benefit from protected GIs for wines exported and sold in the EU. Some of these protections will be phased in over 5 to 9 years, but eventually New Zealand producers will need to avoid GI terms such as "sherry", "port" and "feta" on their products.
- Consider seeking advance rulings from the customs authority of the importing country to obtain certainty about the origin of specific goods or their tariff classification. These advance rulings generally remain effective for up to three years unless modified or revoked.
- Comply with the declaration of origin rules, either through self-declaration from the producer or exporter or by providing documentation supporting the importer's knowledge of the goods' origin.
- Evaluate the need to renegotiate contracts with EU counterparts to address relevant matters such as origin-related obligations and entitlements in case the authorities challenge the goods' origin.

The NZ-EU FTA presents a prime opportunity for New Zealand businesses to grow and expand their operations. Deloitte can help in various ways to ensure that your business can harness this agreement effectively, whatever the stage of your business. If you are interested in exploring how you can maximise your benefits from the NZ-EU FTA, please get in touch with your usual Deloitte advisor.

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It's in the cards: Offshore gambling duty

By Viola Trnski and Robyn Walker

On 14 March 2024, Parliament introduced Amendment Paper No 20 to the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill. Amongst other proposals, the Amendment Paper substantiates a proposal of the National Party's election campaign to tax offshore online gambling.

National described the new duty in their tax plan as "closing a tax loophole" and "ensuring offshore operators delivering online gambling to New Zealanders, pay tax". The "loophole" likely refers to offshore operators only being required to pay GST in New Zealand, while operators located in New Zealand are also required to pay company tax, casino duties, gaming machine duty, problem gambling levies, and employment taxes.

While the estimates pitched by National claimed the tax would raise NZ$716 million in revenue over 4 years, the Regulatory Impact Statement prepared by Inland Revenue predicted it would only bring in NZ$145 million.

How does it work?

The offshore gambling duty (Duty) has been designed to align with the GST rules for the supply of remote services to allow existing systems to be used. Remote gambling operators (Operators) are currently required to register and file GST returns in New Zealand if they provide more than $60,000 of gambling services to New Zealand residents in a 12-month period.

The Duty will apply at a rate of 12% of offshore gambling profits. Profits are calculated after subtracting any "offshore betting amounts" which are already subject to consumption charges of 10% (being betting and sports and racing by New Zealand residents conducted through offshore operators). Amounts paid back to New Zealand residents (i.e. prize money) are also subtracted. This specific definition of "profits" is included in the draft legislation. If a negative amount of revenue is recorded, then the Operator can carry the loss forward to the next quarter and offset it against future profits.

Operators must determine whether the user is physically located in New Zealand by using at least two pieces of evidence (as the current GST remote services rules also require), which may include any commercially relevant information such as billing address, IP address, bank details, and mobile country code.

The Duty will apply for services provided on or after 1 July 2024. Reporting information must be filed with Inland Revenue for each quarter, by the 28th day of the month following the end of the quarter (and by 7 May for the quarter ending 31 March). Payment must also be made by the same date. Therefore, the first filing and payment date is 28 October 2024, for the July – September quarter.

The existing disputes and penalties process outlined in the Tax Administration Act 1994 will also apply to the level, as will Use of Money Interest (interest charged by Inland Revenue for late payments to incentivise paying tax on time) on unpaid amounts.

How do New Zealand's rules compare to other countries?

Revenue Minister, Hon Simon Watts, noted "New Zealand is one of only a handful of developed countries that does not regulate online casinos". This was supported by policy officials who warned New Zealand "is one of the last countries in the OECD with an unregulated online gambling market, which makes it a target for offshore operators".

In Australia, Canada, the United States and Singapore, offshore gambling is illegal. However, banning or blocking websites can be difficult to enforce, leading other countries, mainly in Europe, to introduce gaming duties. This is what the rules proposed in New Zealand are modelled on.

The 12% Duty will bring the approximate amount of tax paid by offshore operators to 25%, once GST is factored in. GST amounts to around 13% (or 3/23rds) of gross betting revenue because GST on gambling is applied to a GST-inclusive amount. This brings New Zealand into the mid-range of other countries that have introduced similar regimes, with Italy, the UK, Sweden, Spain, Denmark, and the Netherlands all applying gaming duty rates on online gambling of between 20% and 29%.

What now?

While National publicised the proposal during the election campaign in October 2023, the proposals were introduced in the later legislative stages and therefore will not be subject to public consultation and Select Committee scrutiny.

However, policy officials relied on information from other government departments "who have insights about these stakeholders and information provided through previous consultation or public comment" including public consultation by the Department of Internal Affairs, who regulate most gambling in New Zealand, in 2019.

The Minister of Revenue also confirmed that Cabinet "made an in-principle decision to regulate online casino gambling" to "support tax collection, minimise harm and provide consumer protections to New Zealanders." What this might look like is yet to be seen.

The Bill legislating these changes needs to pass through its final Parliamentary stages before 31 March 2024.

If you would like to discuss the offshore gambling duty or any other tax issues, please contact your usual Deloitte adviser.

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Snapshot of recent developments

Tax legislation and policy announcements

Information release: Digital services tax

On 1 March 2024, Inland Revenue released CAB-23-SUB-00361 which includes several reports and cabinet documents relating to a digital services tax (and the related Bill introduced in September 2023). The Bill is currently awaiting its first reading.

Business Payment Practices Act repealed

On 7 March 2024, the Business Payment Practices Act Repeal Act 2024 received Royal Assent. The Act repeals the Business Payment Practices Act 2023 and revokes its secondary legislation.

Treasury: New paper on effects of taxes, benefits on household incomes

On 19 March 2024, the Treasury released AN24/01 Fiscal incidence in New Zealand: The effects of taxes and benefits on household incomes in tax year 2018/19.

Good and Services (Removing GST from Food) Amendment Bill

On 20 March 2024, Rawiri Waititi's (Te Pāti Māori) Member's Bill Goods and Services Tax (Removing GST from Food) Amendment Bill was defeated at its first reading.

Income Tax (Clean Transport FBT Exclusion) Amendment Bill

On 20 March 2024, Hon Julie Anne Genter's (Green Party) Member's Bill Income Tax (Clean Transport FBT Exclusion) Amendment Bill was drawn from the Parliamentary Ballot. The Bill seeks to remove Fringe Benefit Tax for five years from zero-emissions vehicles provided to staff as part of their salary package. The Bill is yet to have its first reading.

FamilyBoost Announcement

On 25 March 2024, the Government announced that it intends to introduce a FamilyBoost payment from 1 July 2024 as part of Budget 2024. The payment will equal 25% of ECE fees, to a maximum of $75 per week. All families earning up to $180,000 with childcare costs are eligible and the payment will gradually reduce for families earning more than $140,000.

Budget Policy Statement 2024

On 27 March 2024, the Budget Policy Statement was released. The Statement sets out the Government's goals for its term of office, priorities for Budget 2024, and fiscal strategy.

Inland Revenue statements and guidance

NSC: National standard costs for specified livestock determination 2024

On 5 March 2024, the National Standard Costs for Specified Livestock Determination 2024 was published.

Technical Standards Work Programme: Items scheduled for public release

On 5 March 2024, Inland Revenue released an information table that provides an update on the status of current items on the Technical Standards Work Programme.

Draft interpretation statement: Partnerships – general guidance

On 13 March 2024, Inland Revenue released PUB00467, a draft interpretation statement on the income tax treatment of partnerships (including limited partnerships). The rules for general and limited partnerships are largely the same, and the draft also includes a discussion of the deduction limitation rule (which only applies to limited partnerships).

The deadline for comment is 24 April 2024.

Droughts declared – Marlborough, Tasman, Nelson, Canterbury, Otago

On 14 March 2024, the Minister for Agriculture announced a medium-scale adverse event for the Marlborough, Tasman and Nelson districts, and on 21 March 2024 a medium-scale adverse event for the Canterbury and Otago regions, because of the current drought conditions.

To help affected farmers and growers Inland Revenue have made a 'class of case' decision for the Income Equalisation Scheme. Information about discretionary relief can be found here.

Draft Standard Practice Statement: Requests to change a balance date

On 21 March 2024, Inland Revenue released ED0252, an exposure draft proposing changes to SPS 18/02 which sets out the Commissioner's practice for considering and approving requests to change a balance date for income tax purposes.

Proposed changes include allowing Māori taxpayers and businesses to adopt a 30 June balance date to align with Maramataka Māori and discussion of the Commissioner's ability to approve a change of balance date under the Financial Reporting Act 2013 and transitional reporting periods for any financial reporting obligations subject to that Act.

The deadline for comment is 3 May 2024.

Technical decision summary (Adjudication): Receipt of a one-off payment

On 25 March 2024, Inland Revenue published the adjudication decision TDS 24/04 Receipt of a one-off payment.

The decision relates to a real estate agent who entered a contract with an agency that included a one-off payment payable to the agency on signing. This amount was required to be repaid if the contract was terminated by either party within two years.

The agency deducted withholding tax on the amount. The agent filed their return showing the withholding deduction but did not include the payment as income. The agent argued that the payment was a loan and only taxable after the expiry of the potential termination event.

The Tax Counsel Office determined the payment was not a loan and was derived on receipt.

Technical decision summary (Adjudication): Sale of bare land when intended for subdivision

On 28 March 204, IR released TDS 24/05 Sale of bare land when intended for subdivision.

The decision relates to three taxpayers who held units in an unincorporated joint venture (the JV). The JV acquired an undivided beneficial ownership interest in various assets, including land and the activities of the JV included subdividing and selling a number of residential sections from the land. In the year of assessment, the taxpayers sold their units (including the underlying interests to the remaining undivided land). The taxpayers returned the proceeds from the sale as assessable income but subsequently issued notices of proposed adjustment to remove this amount under the contention that, in relation to section CB 6 of the Income Tax Act 2007, while the intention was to sell subdivided land, the parties never intended to sell bare land. The taxpayers also contended that given tranches of the land had previously been subdivided and sold, and proceeds returned under section CB 12, section CB 6 could not apply to the remaining land. Finally, the Taxpayers argued that the sale was a sale of the units, an identifiable capital asset, therefore land provisions could not apply.

The Tax Counsel Office determined that the amount derived on the sale of the units was income under section CB 6, as the land was acquired with a purpose or intention of sale. There was no legislative or case law basis that section CB 6 could not be used to tax the remaining land if the sale of the other land was taxed under section CB 12. There was no need to consider if the units were an identifiable capital asset, as the land was disposed of so s CB 6 applied.

Tax Information Bulletins, Vol 36, No 2 and No 3

Inland Revenue has released the Tax Information Bulletins for March 2024 (Vol 36, No 2) and April 2024 (Vol 36, No 3).

Global tax news

Australia: Treasury introduces global and domestic minimum tax legislation

On 21 March 2024, the Australian Treasury released the exposure draft primary legislation (which includes three bills) as part of the implementation of Pillar Two. An explanatory memorandum and discussion paper have also been prepared to assist stakeholders in providing feedback. The deadline for feedback is 16 April 2024.

The Australian Treasury has also released exposure draft subordinate legislation and accompanying explanatory materials. The deadline for feedback on the subordinate legislation is 16 May 2024.

Further details can be found in this tax@hand article from Deloitte Australia.

Australia: Changes to thin capitalisation rules finally pass both houses of Parliament

On 27 March 2024, the Treasury Laws Amendment (Making Multinationals Pay Their Fair Share—Integrity and Transparency) Bill 2023 was passed.

Provisions generally apply to years commencing on or after 1 July 2023. The debt creation rules apply for years commencing on or after 1 July 2024.

Further details can be found in this tax@hand article from Deloitte Australia.

United Kingdom: Carbon Border Adjustment Mechanism (CBAM)

The UK Government has announced its intention to implement the CBAM (following the European Union) from 1 January 2027. The UK CBAM aims to address "carbon leakage" and will apply to specific carbon-intensive goods.

A second consultation is currently open and will close on 13 June 2024.

More information can be found here from Deloitte UK.

Australia: NSW duty and land tax surcharges set to resume for certain foreign investors

On 8 April 2024, the Treasury Laws Amendment (Foreign Investment) Act 2024 received royal assent.

In broad terms, the act seeks to overcome the non-discrimination articles in Australia's tax treaties with Finland, Germany, India, Japan, New Zealand, Norway, South Africa and Switzerland, to confirm that the state and territory stamp duty and land tax foreign surcharges, and federal foreign investment fees, are lawfully imposed on foreign investors.

The act takes effect on and from 9 April 2024, with retroactive effect from 1 January 2018.

More information can be found in this tax@hand article from Deloitte Australia.

OECD updates

Design of presumptive tax regimes working paper released

On 19 March 2024, the OECD released Working Paper No. 69 The design of presumptive tax regimes in selected countries.

Release of the latest OECD/G20 Inclusive Framework peer review report

On 20 March 2023, the Inclusive Framework on BEPS released its latest peer review report.

The report confirms that most agreements concluded between Inclusive Framework members are either already compliant with the Action 6 minimum standard or will shortly come into compliance.

OECD presents international tax update to G20 Finance Ministers and Central Bank Governors

The OECD Secretary-General has prepared a tax report to present to Finance Ministers and Central Bank Governors at the 2024 G20 Rio de Janeiro finance meeting.

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

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