

Our presenting team today



Liz Nelson Partner - Auckland



Susan Wynne Director - Hamilton



Simon Taylor Director - Auckland



Alex Robinson Director - Christchurch

Links to materials for this session

Housekeeping...



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Contents

SaaS Contracts | COVID-19 | R&D tax credit incentive | Property tax changes | Trust disclosure, information gathering & dividend integrity measures | Other bits and pieces | The next 12 months



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Accounting changes - SaaS

Long term cloud-computing arrangements

- · Two IFRIC agenda decisions clarifying:
 - These are service arrangements, (rather than intangible or leased assets)
 - How configuration and customisation costs should be treated
- · Fact specific and varied arrangements which can be complex, involving large amounts!
- · The tax treatment of these arrangements needs to be considered



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Useful links:

Deloitte Insight: Software as a Service arrangements

Your notes:				

COVID-19 What's still available in terms of relief?



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- Short-term absence and leave support payments
- Income and GST treatment
- Some remaining COVID-19 tax concessions
 - Managing tax payments, UOMI and penalties
- Deductions for costs incurred due to COVID-19
- CIR's discretions a few COVID-19 variations still in effect

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Useful links:

Deloitte Insight: COVID-19 updates

Deloitte Insight: Managing tax filings, payments and cashflow in light of COVID-19

Deloitte Insight: Claimed government support? What comes next?

Your notes:			

R&D tax credit regime

- Status of claim landscape
 - Supportive of R&D
 - IR and Callaghan Innovation review approaches
- Due dates
 - COVID-19 extension to 30 September 2022 for 30 June 2022 General Approvals
 - Hard deadlines
- Digital Technology Guidance published



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Useful links:

Deloitte Insight: R&D new guidance and deadlines - you might be back in the running for a 15% credit Deloitte Insight: Research and Development Tax Incentive – Guidance on claiming software development R&D and upcoming due dates

Your notes:				

R&D tax credit regime

- Focus on improving systems to ease of claim process
- · Trailblazer grant



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Your notes:				

Property tax

Key changes



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- Bright-line test is 10 years for residential properties acquired on or after 27 March 2021
- Bright-line test remains 5 years for residential "new builds" acquired within 12 months of a CCC dated on or after 27 March 2020
- Bright-line main home exclusion remains but narrowed for properties subject to the 10 year bright line test
- Some bright-line concessions / rollover relief introduced

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Useful links:

Deloitte Insight: Residential land – where are we now? Deloitte Insight: Property tax details revealed

Your notes:		

Property tax

Key changes

- Pre-27 March 2021 residential properties: interest deductions will be phased out from 1 October 2021 until 31 March 2025
- · Post-27 March 2021 residential properties: no interest deductions will be available from 1 October 2021
- · "New builds": continue to claim interest deduction for a period of 20 years from date of completion
- Exceptions for social housing, widely held entities and excepted land in new Schedule

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Useful links:

Deloitte Insight: Property tax trap – a cautionary tale for co-ownership Deloitte Insight: Inland Revenue is watching your residential property transactions Deloitte Insight: Tax considerations for residential land owners

Your notes:	

Trust disclosure and section 17GB information gathering powers

Integrity of the tax system

- · When 39% rate introduced, also enacted were:
 - New trust disclosure rules 39% top marginal rate vs. 33% trustee rate.
 Government wants insight into how trusts are being used
 - New information gathering powers A new power to collect information to assist with development of tax policy
- Trust disclosures do not apply to non-active trusts. Several new disclosures required when filing tax returns for 2022 tax year
- High Net Wealth Project is first use of information gathering powers. Have identified 400+ "high net worth individual leads". Final report due in June 2023

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Useful links:

Deloitte Insight: Tax rate change enacted along with big-brother information gathering powers

Deloitte Insight: Extreme tax powers could be used for almost anything

Deloitte Insight: Trust disclosure rules a step closer to reality

Deloitte Insight: The reality is here – Inland Revenue releases final detail for trust disclosure rules

Deloitte Insight: Economic income and tax on a collision course? Inland Revenue's effective tax rate project is about

to start

Your notes:				

Top tax rate avoidance prevention measures

Avoiding the 39% tax rate



- Consultation on 3 proposals:
 - Taxing retained earnings and ICA balances when a controlling shareholder sells shares
 - Requiring companies to maintain ASC and ACSA balances
 - Expanding the Personal Services Income Attribution rules
- These changes are <u>complex</u> and target more than the 39% tax rate
- Following submissions, proposals expected to be refined

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Useful links:

Deloitte Insight: Dividend Integrity proposals - another wolf in sheep's clothing? Deloitte Insight: Are small business owners paying their fair share of tax?

Your notes:	

Offshore compliance focus

Foreign income guide for NZ tax residents



- · Tax take from individuals is 48%
- Information sharing is in full swing with other tax authorities
- · Data matching is being used
- Right from the start campaign launched with tools

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Useful links:

Deloitte Insight: Overseas Investments - Offshore is not off-limits

our notes:	

A round up of other topical issues

Some of which is covered in other sessions today

- August Tax bill expected
- Distribution network changes
- Remedial changes foreign trust and residential land tidy ups
- Cross-border worker reform / new rules for taxing the "gig economy" (refer employment tax issue session)
- GST apportionment rule changes (refer GST session)
- Business Continuity Test for loss carry forward
- Draft guidance to be finalised (refer M&A session for more details)
- · Cost of living payment



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Useful links:

Deloitte Insight: New business continuity test – Inland Revenue releases guidance Draft interpretation statement Loss carry-forward – continuity of business activities Deloitte Insight: FAQ's on the Cost of Living Payment

Your notes:				

Bringing it home, but looking ahead

What to expect in the next 12 months

- · Principles Act
- · NZ Income Insurance scheme progressed?
- · Election 2023



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Useful links:

Deloitte Insight: What's on the tax policy agenda?

Deloitte Insight: A New Zealand Income Insurance Scheme – What does this mean?

Deloitte Insight: What tax reform to expect through to Election 2023

Your notes:				

Questions Housekeeping matters | What's up next!

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