RULINGS > PRODUCT | WHAKATAUNGA > WHAKAPUTANGA

Bank of China (New Zealand) Limited

Issued | Tukuna: 13 May 2026

BR Prd 26/03

The Arrangement is a mortgage offset product known as the Plus Offset Home Loan, which Bank of China (New Zealand) Limited offers to eligible home loan customers. Interest is calculated on the net balance of the home loan after offsetting the credit balance of a linked Offset Savings Account, reducing the interest payable. The Arrangement is restricted to the home loan customer(s), and the Offset Savings Account must be held under the same legal ownership. It cannot be linked to, or used by, family members or other third parties.

START DATE – END DATE | RĀ TĪMATA – RĀ MUTUNGA
01/04/2026 – 31/03/2030

(THIS TITLE PAGE DOES NOT FORM PART OF THE RULING. | KĀORE TĒNEI WHĀRANGI TAITARA I WHAI WĀHI I TE WHAKATAUNGA.)

Product Ruling | Whakataunga Whakaputanga – BR Prd 26/03

This is a product ruling made under s 91F of the Tax Administration Act 1994.

Name of person who applied for the Ruling | Ingoa o te tangata i tono i te Whakatau

This Ruling has been applied for by Bank of China (New Zealand) Limited (BoC).

Taxation Laws | Ture Tāke

All legislative references are to the Income Tax Act 2007 unless otherwise stated.

This Ruling applies in respect of:

- ss BG 1, CC 7, EW 1, EW 15, EW 31, GB 21, RE 1 to RE 6, RE 10, RF 1 to RF 4 and the definition of "interest" in s YA 1; and
- Part 6B of the Stamp and Cheque Duties Act 1971.

The Arrangement to which this Ruling applies | Te Whakaritenga i pāngia e tēnei Whakataunga

The Arrangement is a financial product that BoC is introducing called the "Plus Offset Home Loan", available to private customers or couples jointly. To be eligible, applicants can be existing or new customers and either have an existing home loan or are intending to take out a home loan to finance a residential property (the Plus Offset Home Loan Arrangement).

Further details of the Arrangement are set out in the paragraphs below.

Background

1) The Plus Offset Home Loan Arrangement is a mortgage offset banking arrangement that BoC offers to its customers who have an existing home loan or are intending to take out a home loan. The Plus Offset Home Loan Arrangement allows a customer to elect that their interest payable is calculated on the combined net notional balance of the home loan account offset by a credit balance in a specified Offset Savings Account.

2) The primary feature of the Plus Offset Home Loan Arrangement is a loan balance offsetting feature. The offsetting feature involves designating one Offset Savings Account as linked to a Plus Offset Home Loan Account for the purpose of the Plus Offset Home Loan ("offset facility arrangement").

3) The customer may request an offset facility arrangement by providing written notice, as long as they meet the conditions set out in BoC Home Loan General Terms and Conditions and the bank gives its approval.

Offsetting feature

4) The offset occurs between the amount outstanding under the Plus Offset Home Loan Account and the credit balance of the Offset Savings Account at the end of each day. The interest payable would be calculated by multiplying the net offset balance with a daily interest rate. The daily interest rate is calculated by dividing the agreed annual interest rate that applies at that time by 365 days.

5) Where the credit balance of the Offset Savings Account exceeds the amount outstanding under the Plus Offset Home Loan Account, the offset will reduce the amount outstanding under the Plus Offset Home Loan Account to zero.

6) The offset feature will reduce the customer's interest charged for the period during which the Offset Savings Account is linked. However, no interest will be accrued in or paid to the customer's linked Offset Savings Account during the period in which it is linked with the Plus Offset Home Loan Account. This applies even when the Offset Savings Account balance exceeds the loan balance.

7) Each Plus Offset Home Loan Account can only have one linked Offset Savings Account. Individuals can only use an Offset Savings Account for private or domestic use. The Offset Savings Account must be under the customer account that has exactly the same name as the name the Plus Offset Home Loan is under. It is not possible to link an Offset Savings Account that is under a different name (even if it is associated, such as the name of a relative, or an entity controlled by the customer) to the Plus Offset Home Loan Account.

Terms and conditions for the product

8) The BoC Home Loan General Terms and Conditions govern the Plus Offset Home Loan Arrangement. They set out the generic provisions that will apply to all BoC home loan facilities. For the Plus Offset Home Loan Arrangement in particular, clause 43 sets out the offset feature.

9) The Home Loan Agreement is the agreement BoC enters into with a customer if they take out a home loan. It has the Plus Offset Home Loan features added in as options if the customer elects to use the Plus Offset Home Loan Arrangement.

Condition[s] stipulated by the Commissioner | Here i āta whakaritea e te Kaikōmihana

This Ruling is made subject to the following condition:

(a) All interest rates related to the Plus Offset Home Loan Arrangement are arm's length market interest rates.

How the Taxation Laws apply to the Arrangement | Ture Tāke ki te Whakaritenga

Subject in all respects to any condition stated above, the Taxation Laws apply to the Arrangement as follows:

Financial arrangements rules

(a) When a credit balance of an Offset Savings Account and debt balance of the Plus Offset Home Loan Account are "offset", no amount of consideration is paid or payable because of that "offset" for the calculation of income and expenditure under ss EW 15 and EW 31 of the financial arrangements rules as defined in s EW 1(2).

Resident withholding tax (RWT), non-resident withholding tax (NRWT) and approved issuer levy (AIL)

(b) There is no payment of, or entitlement to, interest (as defined in s YA 1) in relation to the credit balance of the Offset Savings Account as part of the Plus Offset Home Loan Arrangement, and no obligation to deduct RWT or NRWT or pay AIL.

Section CC 7

(c) No income arises under s CC 7 for BoC or its customers in relation to the Plus Offset Home Loan Arrangement.

Tax avoidance

(d) Sections BG 1 and GB 21 do not apply to the Plus Offset Home Loan Arrangement.

Period or income year for which this Ruling applies | Te wā, te tau moni whiwhi rānei i pāngia ai e tēnei Whakataunga

This Ruling will apply for the period beginning on 1 April 2026 and ending on 31 March 2030.

This Ruling is signed by me on the 13th day of May 2026.

Jessica Griffin, Group Lead | Kaiārahi
Customer and Compliance Services | Ratonga Kiritaki me te Tautukunga

About this document | Mō tēnei tuhinga

Product Rulings are issued by the Tax Counsel Office and Customer and Compliance Services. Product Rulings set out the Commissioner's view on how tax laws apply to a particular "product" – which is an arrangement that a specified taxpayer is likely to enter into with a number of people on identical terms. Taxpayers who enter into the arrangement described in a Product Ruling may apply the ruling but are not obliged to do so. Product Rulings are binding on the Commissioner. This means that if you are entitled to apply a Product Ruling and you have calculated your tax liability in accordance with the ruling, the Commissioner must accept that assessment. A Product Ruling applies only to the taxation laws and arrangement set out in the ruling, and only for the period specified in the ruling. It is important to note that a general similarity to an arrangement covered by a Product Ruling will not necessarily lead to the same tax result.