

# TAX INFORMATION BULLETIN

Volume Nine, No.13

December 1997

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ISSN 0114-7161



Inland Revenue  
*Te Tari Taake*

This is an Inland Revenue service to people with an interest in New Zealand taxation.

## Standard practice statements

These statements describe how the Commissioner will, in practice, exercise a statutory discretion or deal with practical issues arising out of the administration of the Inland Revenue Acts.

### Extension of time applications from taxpayers without tax agents

#### Introduction

Legislation provides that any taxpayer who is unable to file their income tax return by the due date may apply for an extension of time. This policy outlines how Inland Revenue will consider extension of time applications from taxpayers without tax agents.

#### Legislation

The legislative references are to the Tax Administration Act 1994 unless otherwise stated. The legislation relating to extensions of time is -

#### Section 37(3) Extension of Time

Subject to subsection (5) where any taxpayer satisfies the Commissioner that the taxpayer is unable to furnish the required return by the due date required under this section, the Commissioner, upon application by or on behalf of the taxpayer on or before that date, or within such further period as the Commissioner may allow in any case or class of cases, may extend the time for furnishing the required return to such date as the Commissioner thinks proper in the circumstances.

#### Section 37(5) Final Dates

For the purposes of subsections (3) and (4), -

- (a) Where the return required to be furnished by any taxpayer is a return for a year ended on 31 March, the time for furnishing that return shall not be extended or further extended to a time later than the 31 March that immediately succeeds that 31 March:
- (b) Where the return required to be furnished by any taxpayer is, by consent of the Commissioner under section 38, a return for a year ending with the date of the annual balance of the accounts of the taxpayer, the time for furnishing that return shall -
  - (i) Where that date is between 30 September and the next succeeding 31 March, not be extended or further extended to a time later than the 31 March next succeeding the 31 March that immediately succeeds that date:
  - (ii) Where that date is between 31 March and the next succeeding 1 October, not be extended or further extended to a time later than the 31 March that immediately succeeds that date.

#### Section 38(2) Balance dates up to 30 September

For the purposes of this section and section 39, 30 September in any year shall be deemed to be nearer to the last preceding 31 March than to the next succeeding 31 March.

#### Comments on the legislation

These sections of the legislation clearly provide that **any** taxpayer may apply (verbally or in writing) for an extension of time for their annual income tax return, provided they satisfy the Commissioner that they are unable to furnish the return by the due date.

The period of the extension cannot be extended beyond the following 31 March. If a taxpayer has a balance date of 31 March, the date for filing an income tax return may not be extended beyond the following 31 March. For example, an IR 3 income tax return for the year ended 31 March 1997 is due on 7 July 1997. The time for filing this return can not be extended beyond 31 March 1998.

#### Policy issues

The legislation clearly provides that any taxpayer may apply for an extension of time for their income tax return. To ensure all taxpayers who are not represented by a tax agent are treated fairly, applications for an extension of time will be considered on a case by case basis.

#### Application verbally or in writing

The legislation has recently been changed to allow for an application to be made verbally as well as in writing. However taxpayers should ensure that they are requesting "an extension of time arrangement" for clarity.

#### Reasons for requesting an extension

The following are *examples* of reasons that Inland Revenue considers appropriate for extending the filing date:

- Taxpayer/entity is unable to obtain the necessary information to file the return e.g., awaiting IR 12/13s from an employer
- Taxpayer has been overseas and time is needed to prepare a return (dependent on dates of leaving and returning)
- Ill health, hospitalisation or injury of the taxpayer or taxpayer's family member (partner or dependant)
- Awaiting the finalisation of accounts for a related taxpayer/entity with a different balance date.

#### Return filing history

Inland Revenue will also take the taxpayer's return filing history into account. If the previous two years' returns have not been filed then it is unlikely that an extension

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of time will be granted for the current year. However, we will also consider whether the current year's reason for requesting an extension of time could apply to the previous years' returns.

### **Period of the extension**

The maximum period for an extension of time for the current year's income tax return is to 31 March. However, most individuals would probably only require an extension for a few weeks or months.

### **Confirmation - extension of time granted or declined**

Inland Revenue will send the taxpayer a letter confirming the granting or declining of the extension of time arrangement, and update details on our computer system.

### **Timing**

The legislation states that an application should be made on or before the due date for filing. However, there is room for discretion. Inland Revenue will consider extension of time requests for 1998 income tax returns after the due date to encourage taxpayers to seek a formal arrangement with us. For 1999 and future years, approval after the due date will be on a case by case basis, depending on the reasons given.

If a late filing penalty has been imposed before the approval of an extension of time arrangement the penalty *will not be cancelled*. The penalty may be remitted in certain circumstances; once the return has been filed the taxpayer will then be able to apply for a remission of the late filing penalty. (The same applies to taxpayers who become a client of a tax agent after the

late filing penalty has been imposed.) The criteria for remission of the late filing penalty in this instance are outlined in section 183A.

If a default assessment has been imposed before the approval of an extension of time arrangement the default assessment will be reversed. A new default assessment will be scheduled for action after the extension of time has expired.

### **Summary**

- Applications for an extension of time will be considered from those taxpayers/entities who are not represented by a tax agent.
- Applications can be in writing or verbal.
- Examples of granting reasons for an extension of time include:
  - ill health, hospitalisation or injury of the taxpayer and/or a taxpayer's close family member
  - awaiting information/lost records, eg IR 12/13 details from an employer
  - ill awaiting finalisation of a related taxpayer/entity with a different balance date.
- The period given for an extension will be set at the discretion of the officer reviewing the case. When agreeing to an extension of time Inland Revenue will give reasonable regard to the facts of the case. The maximum period is from the due date of the return until the following 31 March.
- A letter confirming the extension of time arrangement will be issued to each applicant.

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## **Remission of penalties and interest**

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### **Introduction**

Legislation introduced in 1997 consolidates the rules for remissions. The changes apply to all taxes and duties, but not to student loan and child support repayments.

The objective of imposing a penalty is to maximise voluntary compliance. Taxpayers who have complied see that non-complying taxpayers are penalised. Non-complying taxpayers are provided with an incentive to comply in the future. The penalty regime is therefore principally about fairness.

When considering these remission provisions the Commissioner considers it important to have in mind fair treatment for both the taxpayer requesting the remission as well as all other taxpayers. A lenient remission policy penalises complying taxpayers and may ultimately affect voluntary compliance. However, allowing an unfair penalty to stand will also impact on voluntary compliance. The issues are complex and this practice statement will assist the decision making process.

This standard practice statement sets out the relevant legislation, practical issues and the Commissioner's policy.

### **Application dates**

This policy applies to:

- remission requests received before 23 September 1997 and the penalty/interest was charged after 1 April 1997
- remission requests received on or after 23 September 1997 for all penalties/interest, other than those charged in relation to ACC employer and earner premiums.
- remission requests received for ACC employer and earner premiums for periods starting on or after 1 April 1997.

### **Strict criteria must now be met**

All applications must be made in writing. There are two main grounds for remission:

- Remission may occur if an event or circumstance provides the taxpayer with reasonable justification for not meeting their obligations.
- Remission may occur if it is consistent with the collection of highest net revenue over time. Interest remissions can only be considered under this ground.

Shortfall penalties can't be remitted. The taxpayer's circumstances will have already been taken into account when considering the imposition of the penalty.

All legislative references in this statement are to the Tax Administration Act 1994.

## Remission for reasonable cause

### Legislation – section 183A

- (1) The Commissioner may remit a late filing penalty or late payment penalty or any imputation penalty tax imposed under section 140B or any dividend withholding payment penalty tax imposed under section 140C if –
  - (a) The Commissioner is satisfied that the late filing or late payment was caused by an event or circumstance beyond the control of the taxpayer that provides the taxpayer with a reasonable justification or excuse for not providing the tax return or paying the tax on time; and
  - (b) The taxpayer files the required tax return or pays the unpaid tax as soon as practicable.
- (2) Without limiting the Commissioner's discretion under subsection (1), an event or circumstance may include -
  - (a) an accident or a disaster; or
  - (b) illness or emotional or mental distress.
- (3) An event or circumstance does not include -
  - (a) An act or omission of an agent of a taxpayer, unless the Commissioner is satisfied that the act or omission was caused by an event or circumstance beyond the control of the agent -
    - (i) That could not have been anticipated; and
    - (ii) The effect of which could not have been avoided by compliance with accepted standards of business organisation and professional conduct; or
  - (b) A taxpayer's financial position.

### Practical issues

Remissions under this section apply to late filing penalty, late payment penalty or any imputation penalty (imposed under section 140B) or any dividend withholding payment penalty tax.

Application can be made under section 183A, regardless of the Act under which the penalty was imposed (except for penalties on student loan and child support repayments).

The request must be in writing and the taxpayer may be required to produce relevant information (section 183H). It is envisaged that Inland Revenue would request additional information only in circumstances when there

is insufficient information available in the original application and there is difficulty deciding if the case meets the "reasonable cause" criteria.

There is no right to dispute the Commissioner's decision.

### Policy

Remission will only occur if the taxpayer is able to provide reasonable justification for the failure.

The term "reasonable" must be applied to the event or circumstance. This is an objective test, which requires that it be reasonable for an average person in the taxpayer's position not to have complied.

### Application of policy

In deciding whether remission is appropriate the Commissioner will consider:

1. Has the penalty been correctly imposed?
2. Has the taxpayer paid the tax (or filed the return) in question?
3. Why did the taxpayer pay (or file) late?
4. Was the failure caused by an event or circumstance that was –
  - an accident or a disaster?
  - illness or emotional or mental distress?

When considering the above-mentioned circumstances or events the Commissioner will use the following definitions:

- accident – an event that is without apparent cause or unexpected
  - disaster – sudden or great misfortune or a calamity
  - illness – state of being ill
  - emotional distress – disturbance of the mind, mental sensation or state
  - mental distress – of the mind, done by the mind, affected with mental disorder.
5. Has this reason been used before? Were measures put in place to ensure that this situation does not recur in the future (where appropriate)?
  6. Was the tax paid or return filed as soon as "practicable" (as soon as it can be done, and as soon as is feasible and realistic)? This will depend on each case, specifically was the default corrected as soon as possible after the event or circumstance passed?
  7. Was the failure an act or omission of the taxpayer's agent? Did an event or circumstance beyond the control of the agent cause it? Could the default have been avoided by compliance with accepted standards of business organisation and professional conduct?
  8. Any other information that the Commissioner considers relevant in assessing the application.

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## Examples

### **Emotional or mental distress**

Taxpayer's return was due on 7 July. The return was near completion and the taxpayer's previous compliance history was exemplary. However, leading up to the due date his daughter became seriously ill and was hospitalised. Her condition steadily deteriorated and the family spent a great deal of time at the hospital where she was in intensive care until the first week in September.

During this time a reminder notice had been issued advising the taxpayer that a late filing penalty would be imposed if his current year's income tax return was not filed within 30 days. He ignored the notice but filed the overdue return in the middle of October along with documentation verifying his daughter's illness/hospitalisation after the penalty had been imposed.

In these circumstances, the taxpayer filed the return three months after the due date, but given the "circumstances and events" this would be considered a "practicable" time frame.

### **Circumstance beyond agent's control**

An agent was entrusted to pay a client's income tax by the due date of 7 February, as the taxpayer would be overseas at the due date. The cheque was made out for the correct amount, signed and post-dated. The cheque was given to the agent and placed in the office safe. The night before 7 February the office was burgled and the safe blown up – the safe's contents were destroyed. The client's agent produced supporting documentation. This is considered to be an event beyond the agent's control.

## Remission consistent with collection of highest net revenue over time

### Legislation – section 183D

- (1) The Commissioner may remit -
  - (a) A late filing penalty; and
  - (b) A late payment penalty; and
  - (c) Interest under Part VII - payable by a taxpayer if the Commissioner is satisfied that the remission is consistent with the Commissioner's duty to collect over time the highest net revenue that is practicable within the law.
- (2) In the application of this section, the Commissioner must have regard to the importance of the late payment penalty, the late filing penalty and interest under Part VII in promoting compliance especially voluntary compliance, by all taxpayers with the Inland Revenue Acts.
- (3) The Commissioner must not consider a taxpayer's financial position when applying this section.

## Practical issues

Remissions under this section apply to late filing penalty, late payment penalty or any imputation penalty (imposed under section 140B) or any dividend withholding payment penalty tax and interest payable under Part VII. There is no requirement to remit all three (late filing penalty, late payment penalty, interest). Each case will be considered on its merits.

Application can be made under section 183D, regardless of the Act under which the penalty was imposed (except for penalties on student loan and child support repayments).

The request must be in writing and the taxpayer may be required to produce relevant information (section 183H). It is envisaged that Inland Revenue will request additional information only in circumstances when there is insufficient information in the original application and the Commissioner needs to substantiate the assertion made by the customer to be able to make an informed decision.

There is no right to dispute the Commissioner's decision.

## Policy

The Commissioner is required by law to collect over time as much revenue as possible in a timely manner, but with underlying emphasis on voluntary compliance by *all* taxpayers. The Commissioner recognises that pursuing the collection of penalties in some circumstances will not meet his legal duty. Those circumstances are where a penalty is charged because of:

- a genuine error
- a "one-off" situation
- wrong advice given by an officer of Inland Revenue which has directly resulted in the failure.

Interest will only be remitted if an Inland Revenue officer has given incorrect advice to the taxpayer, and that advice has directly resulted in the failure. Interest will not be remitted when the cheque has gone astray in the post.

Section 183D expressly prevents a taxpayer's financial circumstances being taken into account. The hardship provisions deal with such situations.

Remissions under section 183D apply to recent events. It was not intended that this section be used to remit penalties remaining from longstanding arrears when the taxpayer has financial difficulties and eventually can only pay the core tax or the core tax plus minimal penalties. These cases are dealt with under the hardship provisions.

## Application of policy

In deciding whether remission is appropriate the Commissioner will consider:

1. Has the penalty or interest been correctly imposed?
2. Has the taxpayer paid the tax (or filed the return) in question?
3. Why did the taxpayer pay (or file) late?
4. Was the failure because of a genuine oversight or a one-off situation? Remitting a penalty for a "reliable" taxpayer who failed to comply due to a genuine oversight or "one-off" situation recognises that penalising a compliant taxpayer for a small failure is counter-productive and may actually reduce voluntary compliance.

Requests for remission because of a genuine oversight or a one-off situation apply to penalties only. The Commissioner will not remit interest in these cases as he considers interest is compensation to the Revenue for the loss of funds on timely deposit.

Interest charged because of a default by a third party does not fall into this category. In this situation the Commissioner considers the taxpayer should look to the third party for compensation.

5. Has Inland Revenue given incorrect advice to the taxpayer, which has resulted in the failure? If an officer(s) of Inland Revenue has given the wrong advice, the imposition of the penalty may adversely affect future compliance by the taxpayer or other taxpayers. This is due to the adverse impact that imposing a penalty would have on a taxpayer's perceptions of the integrity of the system eg where the taxpayer has been given the incorrect date, or amount, for payment and can substantiate to Inland Revenue's satisfaction that they were given the incorrect advice. The tax must be paid in full as soon as the error is established.

Section 183D is the only provision under which interest can be remitted. Interest will only be remitted if Inland Revenue has given a taxpayer incorrect advice which caused a return or payment to be made late and the taxpayer can substantiate to Inland Revenue's satisfaction that they were given the incorrect advice. The tax must be paid as soon as the error is established.

6. Any other information that the Commissioner considers relevant in assessing the application.

## Examples

The following are all examples where the penalty would be remitted.

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### **Wrong advice**

A small business person registered for GST and was a six-monthly payer. However as business improved the person elected to file GST returns two-monthly. The person sought the advice from the nearest Inland Revenue office but unfortunately confusion arose over the date the next return was due to be filed, resulting in the imposition of a late payment penalty.

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### **One-off situation**

An employer has a computer system set up for PAYE/wage records. A virus is detected on the 19th day of the month when the IR 66N was due to be filed and paid on the 20th. The software developer was called but had not fixed the problem until the 21st when the monthly data was extracted and the IR 66N completed and forwarded to Inland Revenue with payment. The late payment penalty had been imposed and a request was made for remission.

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### **Genuine oversight**

A new office person had been hired by an employer as a wages clerk. The new person's duties included preparing the wages, maintaining the wage records and preparing the end of year reconciliation.

The new person arrived in early March and found the wage records in a terrible mess. The person completed and balanced the reconciliation and forwarded it to Inland Revenue by 20 April, and had intended to enclose the monthly PAYE for March in the same envelope. Unfortunately the IR 66N and the cheque were caught up in some papers and were not discovered until 22 March. The IR 66N and cheque were promptly delivered to the nearest Inland Revenue office with supporting documentation and an accompanying letter requesting remission.

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### **Interest**

A taxpayer is advised of an incorrect date for PAYE and incurs interest and a late payment penalty. As the late payment penalty was caused by Inland Revenue error; both interest and the late payment penalty would be remitted. However the taxpayer would be expected to provide evidence to support the contention that the incorrect information was given by Inland Revenue.

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## Automatic cancellation/remission

There are two provisions for automatic cancellation of penalties and remission of interest:

1. Section 183B – Cancellation of late payment penalties under instalment arrangement. Broadly, if a taxpayer meets all obligations under an instalment arrangement all incremental penalties incurred after the date that the instalment arrangement is entered into are cancelled at the successful completion of the instalment arrangement.
2. Section 183E – Remission of interest if unpaid tax remitted. Where the underlying tax is remitted the interest is also remitted.

The Commissioner will also reverse interest in the very unlikely situation when a retrospective change to legislation caused the position taken by a taxpayer to become incorrect after it was taken. In this situation a

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new due date for payment would be made, and the interest would be cancelled.

## Difference between remission, cancellation and reversal

**Remission:** occurs when the tax, penalty or interest is correctly imposed at the time but a decision has been made to relieve the taxpayer of the liability to pay.

**Cancellation:** occurs when the tax, penalty or interest was correctly imposed at the time but a provision of the legislation relieves the taxpayer from the obligation to pay, such as the successful completion of an instalment arrangement.

**Reversal:** the tax, penalty or interest should not have been charged in the first place.

## Summary

1. Penalties exist to provide fairness to the tax system.
  2. Remission provisions are needed to allow the Commissioner to accommodate circumstances in which a penalty is not appropriate. Because penalties encourage customers to feel that the tax system is fair, the procedures used in handling cases by Inland Revenue should cause customers to feel that they have been justly treated, regardless of the outcome. Inland Revenue will weigh the particular circumstances that exist in each individual case against
- policy. The circumstances of the taxpayer will be taken into account.
3. The legislation will be applied in a manner that is not only fair to compliant taxpayers but is seen to be fair. Inland Revenue recognises that penalising a compliant taxpayer for a small failure is counterproductive and may actually reduce voluntary compliance.
  4. Application for remission must be made in writing.
  5. Late payment penalty and late filing penalty will be remitted if the Commissioner is satisfied that the failure has been caused by:
    - an event or circumstance that provides reasonable justification for the omission.
    - genuine oversight and confusion or a one off situation.
    - incorrect advice given by Inland Revenue.
  6. Interest will be remitted only if Inland Revenue has given a taxpayer incorrect advice which has directly caused a return or payment to be made late, and the taxpayer can substantiate to Inland Revenue's satisfaction that they were given the incorrect advice.
  7. Remission applications will be considered only when the return and tax have been paid.
  8. The legislation does not permit a remission to be granted under section 183A or 183D for financial reasons.
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## Binding rulings

This section of the TIB contains binding rulings that the Commissioner of Inland Revenue has issued recently.

The Commissioner can issue binding rulings in certain situations. Inland Revenue is bound to follow such a ruling if a taxpayer to whom the ruling applies calculates tax liability based on it.

For full details of how binding rulings work, see our information booklet "Binding Rulings" (IR 115G) or the article on page 1 of TIB Volume Six, No.12 (May 1995) or Volume Seven, No.2 (August 1995). You can order these publications free of charge from any Inland Revenue office.

## Sale of long-term residential properties – GST implications

### Public Ruling - BR Pub 97/12

**Note** (not part of ruling): This ruling is essentially the same as public ruling BR Pub 95/2 which was published in TIB Volume Seven, No. 2, August 1995, but its period of application is from 1 April 1998 to 31 March 2001 and some formatting changes have been made. BR Pub 95/2 applies up until 31 March 1998.

This is a public ruling made under section 91D of the Tax Administration Act 1994.

### Taxation Law

All legislative references are to the Goods and Services Tax Act 1985 unless otherwise stated.

This Ruling applies in respect of section 14(d).

### The Arrangement to which this Ruling applies

This Ruling applies when a GST registered person sells a residential rental property in the course or furtherance of a taxable activity and the property has been rented out by the registered person for five years or more prior to the sale.

### How the Taxation Law applies to the Arrangement

For section 14(d) to apply, the property must have been:

- Rented out for five years by the same person who sold it: it is not sufficient that the property has been rented out for five years but by different owners; and
- Used exclusively for residential rental purposes during that period. If the property has been used partly for rental purposes and partly for other purposes (e.g. property development purposes) it has not been used exclusively for residential rental purposes and section 14(d) does not apply.

All the other requirements of section 14(d) must be satisfied before the exemption will apply.

### The period for which this Ruling applies

This Ruling applies to the sale of dwellings where the time of supply occurs between 1 April 1998 and 31 March 2001.

This Ruling is signed by me on the 2nd day of December 1997.

Jeff Tyler

Assistant General Manager (Adjudication & Rulings)

*commentary continued on page 8*



## Commentary on Public Ruling BR Pub 97/12

This commentary is not a legally binding statement, but is intended to provide assistance in understanding and applying the conclusion reached in Public Ruling BR Pub 97/12 (“the Ruling”).

The subject matter covered in the Ruling was previously dealt with in Public Ruling BR Pub 95/2 (TIB Volume Seven, No. 2, August 1995 at page 5 under the heading “GST – sale of long-term residential properties”). This Ruling covers the period from 1 April 1998 to 31 March 2001.

### Background

Generally, the sale of residential rental property is not subject to GST. As the provision of rental accommodation is exempt from GST, the sale of the property is not in the course or furtherance of a taxable activity. However, sometimes a residential rental property may be sold by a registered person in the course or furtherance of a taxable activity (such as the taxable activity of selling houses) in which case the sale is then subject to GST.

When a registered person (“the vendor”) sells property in the course or furtherance of a taxable activity, the vendor must account for output tax on the sale. However, if the vendor has rented out the property as residential accommodation for five years or more before the date of the supply, section 14(d) exempts the sale from GST. Sometimes a property is rented out for residential accommodation for five years before the sale, but the owner of the property changes during that time. A property owner may have also used the property for another purpose as well as for residential accommodation during the five years.

### Legislation

Section 14(d) states:

The following supplies of goods and services shall be exempt from tax:

...

- (d) The supply, being a sale, by any registered person in the course or furtherance of any taxable activity of-
- (i) Any dwelling; or
  - (ii) The reversionary interest in the fee simple estate of any leasehold land,-
- that has been used by the registered person for a period of 5 years or more before the date of the supply exclusively for the making of any supply or supplies referred to in paragraph (c) or (ca) of this section:

Section 14(c) exempts:

- (c) The supply of accommodation in any dwelling by way of-
- (i) Hire; or
  - (ii) A service occupancy agreement; or
  - (iii) A licence to occupy.

Section 14(ca) exempts:

- (ca) The supply of leasehold land by way of rental (not being a grant or sale of the lease of that land) to the extent that that land is used for the principal purpose of accommodation in a dwelling erected on that land.

Section 14(d) was introduced for the purposes of the Housing Corporation. Because the Housing Corporation sold a high number of houses it was carrying on the taxable activity of selling houses.

The reference to paragraph (ca) in section 14(d) took effect on 1 August 1990.

### Application of legislation

In order to apply section 14(d), the vendor must satisfy all the following criteria:

- The supply must be by way of sale.
- The supply must be by a registered person in the course or furtherance of any taxable activity. The sale of a house used for residential rental purposes will usually be an exempt supply. However, a registered person may sell a property in the course of a taxable activity of selling residential properties. A person will usually have a taxable activity of selling residential properties if that person sells properties continuously or regularly (See *Case S36* (1995) 17 NZTC 7,237).
- The property must have been used for residential, not commercial, rental purposes.
- The property must have been used exclusively for rental purposes. If the property has been used partly for rental purposes and partly for other purposes, section 14(d) does not apply. For example, a property developer who rents out property for residential purposes while trying to sell the property does not meet this test. A property developer can only take advantage of the exemption in section 14(d) if the property has been used exclusively for rental purposes. When the property has been used for two purposes, one a taxable supply (property development) and one an exempt supply (rental accommodation), the property has not been used exclusively for the exempt purpose, so section 14(d) cannot apply.
- The vendor must have rented out the property for at least five years. It is not sufficient that the property has been rented out for a minimum of five years by different owners.

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### Example

X sold a house in May 1992 to Y Ltd, a property developer. X rented out the house for 15 years prior to the sale. This sale is exempt from GST as it was not a sale in the course or furtherance of a taxable activity. Y Ltd claimed a “secondhand goods” input tax deduction as the property was acquired for the

principal purpose of making taxable supplies. Y Ltd continued to rent out the property while developing it. In February 1996 Y Ltd sold the house in the course of its taxable activity of property development. Section 14(d) does not apply to this sale for two reasons:

- Y Ltd was trying to sell the property as part of the property development during the time that it was rented, therefore, it was not used exclusively for rental purposes.
- Y Ltd did not rent out the house for five years.

Y Ltd must account for output tax on the sale of the house.

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## Notice of extension of Public Ruling

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1. This is a notice of extension of a public ruling made under section 91DD of the Tax Administration Act 1994.
2. Public ruling No.95/1A entitled “Associated non-profit bodies - \$1,000 income tax exemption” was signed on 8 December 1996 and notice of its making appeared in the *Gazette* of 12 December 1996 (Issue

No.180). A copy of the ruling appeared in Inland Revenue’s *Tax Information Bulletin* Vol.8, No.10 of December 1996.

3. Public ruling No.95/1A originally applied for the 1998 income year. The new period of application is for the 1998, 1999, 2000, and 2001 income years.

Jeffrey Tyler  
Assistant General Manager (Adjudication & Rulings)

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## Legislation and determinations

This section of the TIB covers items such as recent tax legislation, accrual and depreciation determinations, livestock values and changes in FBT and GST interest rates.

### Foreign currency amounts – conversion to NZ currency

The tables in this item list exchange rates acceptable to Inland Revenue for converting foreign currency amounts to New Zealand currency under the controlled foreign company (CFC) and foreign investment fund (FIF) rules for the six months ending 30 September 1997. In the past we've published these rates in an annual IR 270G form. However, we are now going to publish them six-monthly in the Tax Information Bulletin instead. The conversion rates for the first six months of each income year will be published following the end of the September quarter, and the rates for the full 12 months rates at the end of each income year.

To convert foreign currency amounts to New Zealand dollars for any country listed, divide the foreign currency amount by the exchange rate shown.

#### Table A

Use this table to convert foreign currency amounts to New Zealand dollars for:

- branch equivalent income or loss under the CFC or FIF rules under section CG 11(3) of the Income Tax Act 1994
- foreign tax credits calculated under the branch equivalent method for a CFC or FIF under section LC 4(1)(b) of the Income Tax Act 1994
- FIF income or loss calculated under the accounting profits, comparative value (except if Table B applies) or deemed rate of return methods under section CG 16(11) of the Income Tax Act 1994.

#### Key

|   |
|---|
| x |
| y |

- x is the exchange rate on the 15th day of the month, or if no exchange rates were quoted on that day, on the next day on which they were quoted.
- y is the average of the mid-month exchange rates for that month and the previous 11 months.

#### Example 1

A CFC resident in Hong Kong has an accounting period ending on 30 September 1997. Branch equivalent income for the period 1 October 1996 to 30 September 1997 is 200,000 Hong Kong dollars (HKD).

$$\text{HKD } 200,000 \div 5.3001 = \text{NZ\$}37,735.14$$

A similar calculation would be needed for a FIF using the branch equivalent or accounting profits methods.

#### Example 2

A taxpayer with a 31 March balance date purchases shares in a Philippines company (which is a FIF) for 350,000 pesos on 7 September 1997. Using the comparative value or deemed rate of return methods, the cost is converted as follows:

$$\text{PHP } 350,000 \div 18.4554 = \text{NZ\$}18,964.64$$

Alternatively, the exchange rate can be calculated by averaging the exchange rates "x" which apply to each complete month in the foreign company's accounting period.

#### Example 3

A CFC resident in Singapore was formed on 21 April 1997 and has a balance date of 30 September 1997. During this period, branch equivalent income of 500,000 Singapore dollars was derived.

- Calculating the average monthly exchange rate for the complete months May-September 1997:  
 $(0.9963 + 0.9824 + 0.9586 + 0.9717 + 0.9563) \div 5 = 0.9731$
- Conversion to New Zealand currency:  
 $\text{SGD } 500,000 \div 0.9731 = \text{NZ\$}513,821.81$

#### Table B

Table B lists the end of month exchange rates acceptable to Inland Revenue for the 6 month period ending 30 September 1997. Use this table for converting foreign currency amounts to New Zealand dollars for:

- items "a" (market value of the FIF interest on the last day of the income year) and "c" (market value of the FIF interest on the last day of the previous income year) of the comparative value formula
- foreign tax credits paid on the last day of any month calculated under the branch equivalent method for a CFC or FIF under section LC 4(1)(a) of the Income Tax Act 1994.

#### Example 4

A New Zealand resident with a balance date of 30 September 1997 held an interest in an FIF resident in Thailand. The market value of the FIF interest at 30 September 1997 (item "a" of the comparative value formula) was 500,000 Thailand baht (THB).

$$\text{THB } 500,000 \div 22.1795 = \text{NZ\$}22,543.34$$

Note: If you need an exchange rate for a country or a day not listed in these tables, contact one of New Zealand's major trading banks. Round the exchange rate calculations to four decimal places wherever possible.

**Table A: Mid-month and 12 month cumulative average exchange rates**

| Country            | Foreign Currency to NZ \$ |     | 15 Apr 97   | 15 May 97   | 16 Jun 97   | 15 Jul 97   | 15 Aug 97   | 15 Sep 97   |
|--------------------|---------------------------|-----|-------------|-------------|-------------|-------------|-------------|-------------|
|                    |                           |     | 12 mth rate | 12 mth rate | 12 mth rate | 12 mth rate | 12 mth rate | 12 mth rate |
| United States      | Dollar                    | USD | 0.6910      | 0.6961      | 0.6883      | 0.6657      | 0.6402      | 0.6341      |
|                    |                           |     | 0.6935      | 0.6942      | 0.6954      | 0.6937      | 0.6900      | 0.6850      |
| United Kingdom     | Pound                     | GBP | 0.4262      | 0.4225      | 0.4208      | 0.3942      | 0.4025      | 0.3945      |
|                    |                           |     | 0.4352      | 0.4326      | 0.4311      | 0.4272      | 0.4239      | 0.4196      |
| Australia          | Dollar                    | AUD | 0.8855      | 0.8956      | 0.9162      | 0.9018      | 0.8630      | 0.8781      |
|                    |                           |     | 0.8795      | 0.8826      | 0.8881      | 0.8915      | 0.8902      | 0.8904      |
| Austria            | Schilling                 | ATS | 8.3931      | 8.2653      | 8.3705      | 8.3673      | 8.2521      | 7.8909      |
|                    |                           |     | 7.6561      | 7.7276      | 7.8230      | 7.9086      | 8.0010      | 8.0437      |
| Bahrain            | Dollar                    | BHD | 0.2605      | 0.2624      | 0.2583      | 0.2508      | 0.2412      | 0.2388      |
|                    |                           |     | 0.2613      | 0.2616      | 0.2620      | 0.2613      | 0.2599      | 0.2580      |
| Belgium            | Franc                     | BEF | 24.5941     | 24.2815     | 24.6017     | 24.6360     | 24.2580     | 23.1720     |
|                    |                           |     | 22.4351     | 22.6552     | 22.9477     | 23.2132     | 23.4891     | 23.6223     |
| Canada             | Dollar                    | CAD | 0.9662      | 0.9662      | 0.9498      | 0.9105      | 0.8895      | 0.8824      |
|                    |                           |     | 0.9446      | 0.9467      | 0.9493      | 0.9470      | 0.9427      | 0.9371      |
| China              | Yuan                      | CNY | 5.7192      | 5.7601      | 5.7010      | 5.5124      | 5.2931      | 5.2483      |
|                    |                           |     | 5.7482      | 5.7512      | 5.7598      | 5.7440      | 5.7123      | 5.6704      |
| Denmark            | Krone                     | DKK | 4.5424      | 4.4824      | 4.5425      | 4.5453      | 4.4808      | 4.2766      |
|                    |                           |     | 4.1768      | 4.2114      | 4.2600      | 4.3041      | 4.3498      | 4.3698      |
| European Community | Unit                      | XEU | 0.6091      | 0.6037      | 0.6110      | 0.6031      | 0.5984      | 0.5720      |
|                    |                           |     | 0.5682      | 0.5718      | 0.5776      | 0.5819      | 0.5867      | 0.5883      |
| Fiji               | Dollar                    | FJD | 0.9746      | 0.9786      | 0.9730      | 0.9438      | 0.9240      | 0.9278      |
|                    |                           |     | 0.9675      | 0.9695      | 0.9722      | 0.9710      | 0.9680      | 0.9650      |
| Finland            | Markka                    | FIM | 3.5616      | 3.5571      | 3.5779      | 3.5240      | 3.5234      | 3.3591      |
|                    |                           |     | 3.2762      | 3.3010      | 3.3370      | 3.3655      | 3.4053      | 3.4214      |
| France             | Franc                     | FRF | 4.0167      | 3.9697      | 4.0321      | 4.0355      | 3.9686      | 3.7766      |
|                    |                           |     | 3.6884      | 3.7213      | 3.7674      | 3.8094      | 3.8501      | 3.8671      |
| French Polynesia   | Franc                     | XPF | 72.8279     | 71.9875     | 73.1636     | 73.1285     | 71.9482     | 68.5027     |
|                    |                           |     | 66.9149     | 67.5116     | 68.3452     | 69.0995     | 69.8341     | 70.1444     |
| Germany            | Deutschemark              | DEM | 1.1949      | 1.1790      | 1.1950      | 1.1957      | 1.1778      | 1.1246      |
|                    |                           |     | 1.0911      | 1.1013      | 1.1152      | 1.1279      | 1.1410      | 1.1473      |
| Greece             | Drachma                   | GRD | 187.4440    | 187.7064    | 188.6238    | 186.9641    | 184.5894    | 177.3789    |
|                    |                           |     | 171.5416    | 173.2869    | 175.4444    | 177.3852    | 179.2721    | 180.1888    |
| Hong Kong          | Dollar                    | HKD | 5.3518      | 5.3822      | 5.3258      | 5.1553      | 4.9580      | 4.9084      |
|                    |                           |     | 5.3639      | 5.3688      | 5.3784      | 5.3657      | 5.3378      | 5.3001      |
| India              | Rupee                     | INR | 24.5707     | 24.7120     | 24.4316     | 23.4658     | 22.6475     | 22.9062     |
|                    |                           |     | 24.3573     | 24.4724     | 24.5855     | 24.5524     | 24.4441     | 24.3220     |
| Indonesia          | Rupiah                    | IDR | 1,644.49    | 1,684.64    | 1,651.29    | 1,623.64    | 1,752.56    | 1,847.80    |
|                    |                           |     | 1,707.47    | 1,715.94    | 1,725.09    | 1,728.37    | 1,743.05    | 1,764.96    |
| Ireland            | Pound                     | IEP | 0.4470      | 0.4552      | 0.4555      | 0.4395      | 0.4402      | 0.4184      |
|                    |                           |     | 0.4319      | 0.4332      | 0.4357      | 0.4366      | 0.4380      | 0.4370      |
| Italy              | Lira                      | ITL | 1,172.40    | 1,159.74    | 1,172.33    | 1,158.55    | 1,149.02    | 1,098.07    |
|                    |                           |     | 1,087.44    | 1,095.01    | 1,106.03    | 1,115.12    | 1,124.44    | 1,127.68    |
| Japan              | Yen                       | JPY | 87.3593     | 81.4940     | 78.9073     | 75.8296     | 75.4280     | 76.6920     |
|                    |                           |     | 79.2470     | 79.9640     | 80.4206     | 80.4297     | 80.5508     | 80.5653     |
| Kuwait             | Dollar                    | KWD | 0.2101      | 0.2109      | 0.2081      | 0.2012      | 0.1951      | 0.1929      |
|                    |                           |     | 0.2085      | 0.2089      | 0.2094      | 0.2090      | 0.2082      | 0.2069      |
| Malaysia           | Ringgit                   | MYR | 1.7307      | 1.7523      | 1.7263      | 1.7018      | 1.7763      | 1.8858      |
|                    |                           |     | 1.7292      | 1.7323      | 1.7364      | 1.7360      | 1.7419      | 1.7549      |
| Netherlands        | Guilder                   | NLG | 1.3415      | 1.3246      | 1.3427      | 1.3443      | 1.3251      | 1.2651      |
|                    |                           |     | 1.2225      | 1.2347      | 1.2507      | 1.2651      | 1.2804      | 1.2879      |

table continued on page 12

**Table A (cont'd): Mid-month and 12 month cumulative average exchange rates**

| Country          | Foreign Currency to NZ \$ |     | 15 Apr 97   | 15 May 97   | 16 Jun 97   | 15 Jul 97   | 15 Aug 97   | 15 Sep 97   |
|------------------|---------------------------|-----|-------------|-------------|-------------|-------------|-------------|-------------|
|                  |                           |     | 12 mth rate | 12 mth rate | 12 mth rate | 12 mth rate | 12 mth rate | 12 mth rate |
| Norway           | Krone                     | NOK | 4.8139      | 4.8767      | 4.9880      | 4.9774      | 4.8752      | 4.6173      |
|                  |                           |     | 4.5421      | 4.5715      | 4.6206      | 4.6640      | 4.7041      | 4.7145      |
| Pakistan         | Rupee                     | PKR | 27.5810     | 27.9351     | 27.6447     | 26.7853     | 25.8224     | 25.6168     |
|                  |                           |     | 26.0719     | 26.4405     | 26.8189     | 27.0827     | 27.2280     | 27.2456     |
| Papua New Guinea | Kina                      | PGK | 0.9528      | 0.9624      | 0.9477      | 0.9204      | 0.8932      | 0.8979      |
|                  |                           |     | 0.9150      | 0.9218      | 0.9295      | 0.9337      | 0.9344      | 0.9345      |
| Philippines      | Peso                      | PHP | 18.0533     | 18.1990     | 17.9908     | 18.8951     | 18.6101     | 20.1879     |
|                  |                           |     | 17.9575     | 17.9912     | 18.0675     | 18.1923     | 18.2671     | 18.4554     |
| Portugal         | Escudo                    | PTE | 119.2839    | 118.4161    | 120.9286    | 120.5229    | 119.2244    | 114.1306    |
|                  |                           |     | 110.4094    | 111.2543    | 112.5246    | 113.6460    | 114.8879    | 115.4923    |
| Singapore        | Dollar                    | SGD | 0.9938      | 0.9963      | 0.9824      | 0.9586      | 0.9717      | 0.9563      |
|                  |                           |     | 0.9782      | 0.9806      | 0.9836      | 0.9825      | 0.9830      | 0.9815      |
| Solomon Islands  | Dollar                    | SBD | 2.4922      | 2.5237      | 2.4891      | 2.4261      | 2.3315      | 2.3090      |
|                  |                           |     | 2.4766      | 2.4896      | 2.5026      | 2.5037      | 2.4977      | 2.4857      |
| South Africa     | Rand                      | ZAR | 3.0707      | 3.1156      | 3.0924      | 3.0254      | 2.9919      | 2.9637      |
|                  |                           |     | 3.1264      | 3.1408      | 3.1549      | 3.1552      | 3.1451      | 3.1328      |
| Spain            | Peseta                    | ESP | 100.1278    | 99.1960     | 100.6729    | 100.3495    | 99.3774     | 94.6141     |
|                  |                           |     | 91.5267     | 92.4923     | 93.6719     | 94.7445     | 95.8547     | 96.3889     |
| Sri Lanka        | Rupee                     | LKR | 40.2207     | 40.5983     | 39.9968     | 38.6256     | 37.3157     | 37.4598     |
|                  |                           |     | 38.6521     | 38.9680     | 39.2435     | 39.3755     | 39.3655     | 39.3072     |
| Sweden           | Krona                     | SEK | 5.2779      | 5.2617      | 5.3352      | 5.1995      | 5.1324      | 4.8599      |
|                  |                           |     | 4.8024      | 4.8548      | 4.9241      | 4.9747      | 5.0240      | 5.0443      |
| Switzerland      | Franc                     | CHF | 1.0154      | 0.9990      | 0.9929      | 0.9827      | 0.9710      | 0.9301      |
|                  |                           |     | 0.9146      | 0.9261      | 0.9386      | 0.9486      | 0.9605      | 0.9662      |
| Thailand         | Baht                      | THB | 17.7692     | 17.7961     | 16.6305     | 19.5720     | 19.7839     | 21.9450     |
|                  |                           |     | 17.4654     | 17.5255     | 17.5089     | 17.7083     | 17.9348     | 18.3169     |
| Tonga            | Pa'anga                   | TOP | 0.8414      | 0.8517      | 0.8496      | 0.8327      | 0.8141      | 0.8153      |
|                  |                           |     | 0.8444      | 0.8457      | 0.8476      | 0.8475      | 0.8453      | 0.8432      |
| Vanuatu          | Vatu                      | VUV | 77.4649     | 78.2371     | 77.4905     | 75.7724     | 73.4260     | 73.5734     |
|                  |                           |     | 76.6666     | 76.9103     | 77.1860     | 77.2210     | 77.0164     | 76.7915     |
| Western Samoa    | Tala                      | WST | 1.6915      | 1.7039      | 1.6967      | 1.6645      | 1.6138      | 1.6305      |
|                  |                           |     | 1.6760      | 1.6802      | 1.6852      | 1.6857      | 1.6825      | 1.6793      |

**Table B: End of month exchange rates**

| Country            | Foreign Currency to NZ \$ |     | 30 Apr 97 | 30 May 97 | 30 Jun 97 | 31 Jul 97 | 29 Aug 97 | 30 Sep 97 |
|--------------------|---------------------------|-----|-----------|-----------|-----------|-----------|-----------|-----------|
| United States      | Dollar                    | USD | 0.6942    | 0.6898    | 0.6788    | 0.6499    | 0.6428    | 0.6367    |
| United Kingdom     | Pound                     | GBP | 0.4252    | 0.4204    | 0.4080    | 0.3988    | 0.3973    | 0.3950    |
| Australia          | Dollar                    | AUD | 0.8870    | 0.9005    | 0.9100    | 0.8721    | 0.8714    | 0.8842    |
| Austria            | Schilling                 | ATS | 8.3795    | 8.1927    | 8.2500    | 8.3700    | 8.0944    | 7.8686    |
| Bahrain            | Dollar                    | BHD | 0.2614    | 0.2599    | 0.2558    | 0.2448    | 0.2420    | 0.2399    |
| Belgium            | Franc                     | BEF | 24.6155   | 24.0926   | 24.2447   | 24.5798   | 23.9440   | 23.0886   |
| Canada             | Dollar                    | CAD | 0.9695    | 0.9513    | 0.9363    | 0.8969    | 0.8918    | 0.8801    |
| China              | Yuan                      | CNY | 5.7447    | 5.7126    | 5.6161    | 5.3704    | 5.3172    | 5.2709    |
| Denmark            | Krone                     | DKK | 4.5486    | 4.4465    | 4.4900    | 4.5369    | 4.3868    | 4.2617    |
| European Community | Unit                      | XEU | 0.6115    | 0.6001    | 0.6008    | 0.6042    | 0.5864    | 0.5372    |
| Fiji               | Dollar                    | FJD | 0.9808    | 0.9692    | 0.9593    | 0.9338    | 0.9275    | 0.9310    |
| Finland            | Markka                    | FIM | 3.5996    | 3.5195    | 3.5121    | 3.5376    | 3.4528    | 3.3418    |
| France             | Franc                     | FRF | 4.0315    | 3.9502    | 3.9780    | 4.0182    | 3.8805    | 3.7615    |
| French Polynesia   | Franc                     | XPF | 73.1334   | 71.6357   | 72.1007   | 72.8891   | 70.4076   | 68.2228   |
| Germany            | Deutschemark              | DEM | 1.1967    | 1.1695    | 1.1810    | 1.1929    | 1.1535    | 1.1213    |
| Greece             | Drachma                   | GRD | 189.0817  | 187.2762  | 187.1873  | 186.0559  | 181.2796  | 176.6620  |
| Hong Kong          | Dollar                    | HKD | 5.3743    | 5.3407    | 5.2578    | 5.0298    | 4.9771    | 4.9239    |
| India              | Rupee                     | INR | 24.5177   | 24.4732   | 23.9994   | 22.9850   | 23.1249   | 22.7217   |
| Indonesia          | Rupiah                    | IDR | 1,662.82  | 1,661.87  | 1,630.13  | 1,659.73  | 1,917.47  | 2,011.21  |
| Ireland            | Pound                     | IEP | 0.4499    | 0.4551    | 0.4481    | 0.4436    | 0.4310    | 0.4347    |
| Italy              | Lira                      | ITL | 1,183.58  | 1,158.89  | 1,151.33  | 1,160.17  | 1,127.14  | 1,095.97  |
| Japan              | Yen                       | JPY | 88.0135   | 80.1596   | 77.7395   | 76.9402   | 76.4936   | 77.0771   |
| Kuwait             | Dollar                    | KWD | 0.2109    | 0.2087    | 0.2057    | 0.1979    | 0.1954    | 0.1936    |
| Malaysia           | Ringgit                   | MYR | 1.7400    | 1.7292    | 1.7097    | 1.7081    | 1.8738    | 2.0250    |
| Netherlands        | Guilder                   | NLG | 1.3444    | 1.3156    | 1.3261    | 1.3416    | 1.2985    | 1.2608    |
| Norway             | Krone                     | NOK | 4.9192    | 4.8628    | 4.9527    | 4.9386    | 4.7607    | 4.5055    |
| Pakistan           | Rupee                     | PKR | 27.7728   | 27.6924   | 27.2490   | 26.2244   | 25.9656   | 25.7229   |
| Papua New Guinea   | Kina                      | PGK | 0.9568    | 0.9502    | 0.9438    | 0.9048    | 0.9040    | 0.9171    |
| Philippines        | Peso                      | PHP | 18.0408   | 18.0203   | 17.7443   | 18.7913   | 19.2823   | 21.4149   |
| Portugal           | Escudo                    | PTE | 119.8323  | 118.4349  | 119.1516  | 120.3508  | 117.0699  | 114.0388  |
| Singapore          | Dollar                    | SGD | 1.0007    | 0.9845    | 0.9687    | 0.9503    | 0.9808    | 0.9720    |
| Solomon Islands    | Dollar                    | SBD | 2.5118    | 2.4958    | 2.4572    | 2.3677    | 2.3430    | 2.3153    |
| South Africa       | Rand                      | ZAR | 3.0767    | 3.0757    | 3.0616    | 2.9787    | 3.0148    | 2.9622    |
| Spain              | Peseta                    | ESP | 100.5052  | 98.8198   | 99.3820   | 100.3819  | 97.2099   | 94.4123   |
| Sri Lanka          | Rupee                     | LKR | 40.7481   | 40.0344   | 39.4232   | 37.8338   | 37.5810   | 37.5971   |
| Sweden             | Krona                     | SEK | 5.4297    | 5.3022    | 5.2401    | 5.1749    | 5.0144    | 4.8132    |
| Switzerland        | Franc                     | CHF | 1.0181    | 0.9728    | 0.9883    | 0.9829    | 0.9535    | 0.9252    |
| Thailand           | Baht                      | THB | 17.8329   | 17.3415   | 16.2690   | 20.1363   | 21.6784   | 22.1795   |
| Tonga              | Pa'anga                   | TOP | 0.8458    | 0.8483    | 0.8407    | 0.8227    | 0.8155    | 0.8140    |
| Vanuatu            | Vatu                      | VUV | 77.7945   | 77.6909   | 77.1761   | 74.7291   | 73.7444   | 74.2389   |
| Western Samoa      | Tala                      | WST | 1.7035    | 1.6887    | 1.6892    | 1.6478    | 1.6401    | 1.6313    |

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## International tax disclosure forms

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### Introduction

Currently interests held in foreign companies and foreign investment funds (FIFs) e.g., shares or units, must be disclosed on a separate IR 4G or IR 4H form for each interest. Inland Revenue has recently reviewed these disclosure forms. As a result of this review two new forms have been developed to simplify the disclosure process for certain foreign companies and FIFs. This allows for multiple interests to be disclosed on a single form.

### Foreign company interests – IR 4GS

A person who holds a control or income interest in a foreign company of 10% or greater must disclose that interest. Disclosure must currently be made on an IR 4G form “Interest in a Foreign Company Disclosure Schedule”. A new form IR 4GS has been developed for disclosing multiple interests held in foreign companies listed in Schedule 3, Part A countries (i.e. Australia, Canada, Germany, Japan, Norway, United Kingdom, and the United States). The IR 4GS can be used provided the foreign company has not applied a tax preference specified in Schedule 3, Part B.

### Foreign investment fund interests – IR 4H-CVS

A person who holds an interest in a FIF must disclose that interest and calculate FIF income or loss under one of four calculation methods (accounting profits, branch equivalent, comparative value and deemed rate of return). A new form IR 4H-CVS has been developed for the comparative value method. The IR 4H-CVS allows taxpayers with ten or more FIF interests who use the comparative value calculation method to calculate their FIF income on a single form rather than a separate IR 4H-CV form for each FIF.

### Availability of forms

These forms are available now, and can be used for the 1997 tax year onwards. You can get copies from May Gregan, telephone (04) 472-1032 extension 56690, via e-mail; [may.gregan@ird.govt.nz](mailto:may.gregan@ird.govt.nz), or alternatively by post at the following address:

May Gregan  
Corporates  
Inland Revenue Department  
PO Box 2198  
WELLINGTON

## Legal decisions - case notes

This section of the TIB sets out brief notes of recent tax decisions made by the Taxation Review Authority, the High Court, the Court of Appeal and the Privy Council.

We've given full references to each case, including the citation details where it has already been reported. Details of the relevant Act and section will help you to quickly identify the legislation at issue. Short case summaries and keywords deliver the bare essentials for busy readers. The notes also outline the principal facts and grounds for the decision. Where possible, we have indicated if an appeal will be forthcoming.

These case reviews do not set out Inland Revenue policy, nor do they represent our attitude to the decision. These are purely brief factual reviews of decisions for the general interest of our readers.

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### BNZ Finance Limited v Holland and Nash (Privy Council, 30 October 1997)

**Facts:** In the 1989 tax year BNZ Finance Deposits Limited, a subsidiary of BNZ Finance Limited, entered into three redeemable preference share and floating rate debenture transactions, whereby an initial investment yielded a dividend return over the next three years or so until the date of maturity. The Commissioner alleges that by entering these transactions BNZ Finance Deposits Limited was party to a tax avoidance scheme, and would have been liable to be assessed on the proceeds.

BNZ Finance Deposits Limited was dissolved under the Companies Act before the Commissioner could reassess it for the proceeds of these transactions. The Commissioner instead assessed BNZ Finance Limited as agent for the dissolved company, relying on section 276 Income Tax Act 1976 as it stood before changes announced in the 1991 Budget.

In the High Court it was held that the Commissioner could assess for the latter two of the four years in question, and the Court of Appeal upheld this finding. The taxpayer appealed to the Privy Council, contending that as the original company had been dissolved before the reassessment was contemplated, the Commissioner had no power to assess BNZ Finance Limited. The taxpayer further argued that as the Commissioner had assented to the original company's dissolution, the Commissioner was prevented from seeking to assess any other entity for any tax which might be payable by the original company.

**Findings:** The Privy Council held that the Commissioner was entitled to assess the taxpayer for the original company's liabilities. The Privy Council held that, considering the words in the section "Where an original company was, when it ceased to carry on business in New Zealand, liable under this Act for any income tax *or was liable to be assessed for any such tax*, and that tax has not been paid, the new company shall, for the purposes of this Act, be deemed to be the agent of the original company and shall be liable for all tax payable by the original company" (emphasis added), the Commissioner had the power to assess BNZ Finance Limited regardless of whether or not the original company had been assessed. Further it was held that the Commissioner's assent to the original company's dissolution did not prevent assessment against BNZ Finance Limited.

**Implications:** This judgment reinforces the Commissioner's existing approach to the old section 276, that it was effective notwithstanding the original company had ceased existence before it had been assessed or reassessed. Section 276 (now section HK 11 Income Tax Act 1994) has been extensively redrafted and the uncertainty which arose in this case does not arise under the new legislation.

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## Depreciation determinations issued since last update of IR 260 Depreciation booklet

This list shows the contents of all depreciation determinations we've issued since the last update of our Depreciation booklet (IR 260). We've published it so you can quickly check whether you need to review any determinations when calculating depreciation for tax purposes.

Some determinations cover a large number of assets which will concern relatively few taxpayers. For these determinations we've simply listed a cross-reference to the original TIB article rather than reproduce several pages of figures here.

This list is essentially a summary; if you're claiming depreciation on any of these assets we recommend that you refer to the original TIB article to make sure you get the full context of the determination, including the relevant industry categories.

| Asset   | Estimated useful life (years) | DV banded depreciation rate (%) | SL equivalent banded dep'n rate (%) | Determination number | Appears in TIB |
|---|-------------------------------|---------------------------------|-------------------------------------|----------------------|----------------|
| Aquariums   | 4                             | 40                              | 30                                  | DEP22                | 9.2:1          |
| Automotive tools ( <i>various – see TIB article</i> )   |                               |                                 |                                     | DEP30                | 9.11:2         |
| Bakery utensils (incl. pots and pans)   | 3                             | 50                              | 40                                  | DEP30                | 9.11:2         |
| Bedding (Hotels, Motels, etc, and medical/lab)  | 3                             | 50                              | 40                                  | DEP30                | 9.11:3,4       |
| Bin (wool storage, live bottom)   | 15.5                          | 12                              | 8                                   | DEP11                | 7.3:20         |
| Bulkheads (insulated, removable)  | 4                             | 40                              | 30                                  | DEP13                | 7.10:26        |
| CCH Electronic NZ Essential Tax Package, designed for a specific tax year                       | 1                             | 100                             | 100                                 | PROV4                | 7.3:19         |
| CCH Electronic NZ Master Tax Guide, designed for a specific tax year                            | 1                             | 100                             | 100                                 | PROV4                | 7.3:19         |
| Combing machines (wool)   | 15.5                          | 12                              | 8                                   | DEP11                | 7.3:20         |
| Containers (insulated, below 8m <sup>3</sup> )  | 5                             | 33                              | 24                                  | DEP13                | 7.10:26        |
| Containers (shipping)   | 20                            | 9.5                             | 6.5                                 | DEP13                | 7.10:26        |
| Crown Health Enterprise assets ( <i>half a page of various assets - see TIB article</i> )       |                               |                                 |                                     |                      | 6.5:3          |
| Dance floor   | 20                            | 9.5                             | 6.5                                 | DEP30                | 9.11:3         |
| Drilling machines (horizontal directional)  | 6.66                          | 26                              | 18                                  | DEP24                | 9.3:3          |
| Drilling machine components, underground (horizontal directional)                               | 2                             | 63.5                            | 63.5                                | DEP24                | 9.3:3          |
| Electronic article surveillance systems   | 5                             | 33                              | 24                                  | DEP26                | 9.6:3          |
| Engineering tools ( <i>various – see TIB article</i> )  |                               |                                 |                                     | DEP30                | 9.11:2         |
| Fastening guns (explosive)  | 3                             | 50                              | 40                                  | DEP20                | 8.10:1         |
| Firearms (Leisure industry category)  | 10                            | 18                              | 12.5                                | DEP20                | 8.10:1         |
| Gas cylinders – LPG (incl. propane and butane)  | 8                             | 22                              | 15.5                                | DEP16                | 8.1:10         |
| Gas cylinders – other   | 12.5                          | 15                              | 10                                  | DEP16                | 8.1:10         |
| Gill machines (wool)  | 20                            | 9.5                             | 6.5                                 | DEP11                | 7.3:20         |
| Golf ball placing machine and sensor  | 3                             | 50                              | 40                                  | DEP10                | 7.3:18         |
| Golf driving ranges, netting (for golf driving nets)  | 5                             | 33                              | 24                                  | DEP10                | 7.3:18         |
| Golf driving ranges, poles (for golf driving nets)  | 20                            | 9.5                             | 6.5                                 | DEP10                | 7.3:18         |
| Golf mats (stance and base, at golf driving/practice ranges)                                    | 2                             | 63.5                            | 63.5                                | DEP10                | 7.3:18         |
| Hand soap dispensers  | 2                             | 63.5                            | 63.5                                | DEP7                 | 6.7:16         |
| Ink mixing systems, computerised  | 3                             | 50                              | 40                                  | DEP27                | 9.8:2          |
| “Kiwiplus” – kiwifruit packhouse software   | 1                             | 100                             | 100                                 | PROV6                | 9.6:8          |
| Lawnmowers (domestic type in use by lawnmowing contractors)                                     | 2                             | 63.5                            | 63.5                                | DEP15                | 7.13:22        |
| Lawnmowers (non-domestic type in use by lawnmowing contractors)                                 | 5                             | 33                              | 24                                  | DEP15                | 7.13:22        |
| Machine centre, CNC (timber/joinery industry)   | 8                             | 22                              | 15                                  | DEP28                | 9.9:1          |
| Marquees ( <i>half a page of various assets – see TIB article</i> )                             |                               |                                 |                                     | DEP18                | 8.6:8          |
| Medical and medical laboratory equipment ( <i>3 pages of various assets – see TIB article</i> ) |                               |                                 |                                     | DEP8                 | 6.7:17         |
| Mulchers (commercial)   | 4                             | 40                              | 30                                  | DEP25                | 9.6:6          |

|  |      |      |      |       |         |
|--|------|------|------|-------|---------|
| Paintball firearms   | 2    | 63.5 | 63.5 | DEP20 | 8.10:1  |
| Pallet covers (insulated)  | 2    | 63.5 | 63.5 | DEP13 | 7.10:26 |
| Paper towel dispensers   | 2    | 63.5 | 63.5 | DEP7  | 6.7:16  |
| Pistols, Air (Leisure industry category)   | 10   | 18   | 12.5 | DEP20 | 8.10:1  |
| Plant trolleys   | 5    | 33   | 24   | DEP23 | 9.3:2   |
| Psychological testing sets   | 10   | 18   | 12.5 | PROV2 | 6.10:6  |
| Rams (hydraulic or pneumatic)  | 3    | 33   | 24   | DEP30 | 9.11:3  |
| Residential rental property chattels ( <i>various – see TIB article</i> )  |      |      |      | DEP30 | 9.11:3  |
| Rifles, Air (Leisure industry category)  | 10   | 18   | 12.5 | DEP20 | 8.10:1  |
| Rifles (less than 10,000 rounds per year)  | 6.66 | 26   | 18   | DEP20 | 8.10:1  |
| Rifles (more than 10,000 rounds per year)  | 2    | 63.5 | 63.5 | DEP20 | 8.10:1  |
| Scaffolding (aluminium)  | 8    | 22   | 15.5 | DEP19 | 8.8:3   |
| Scaffolding (other than aluminium)   | 15.5 | 12   | 8    | DEP19 | 8.8:3   |
| Scientific and laboratory equipment<br>(not medical laboratory equipment) ( <i>2 pages of various assets – see TIB article</i> ) |      |      |      | DEP8  | 6.7:17  |
| Shop utensils (incl pots and pans)   | 3    | 50   | 40   | DEP30 | 9.11:3  |
| Shotguns (less than 50,000 rounds per year)  | 6.66 | 26   | 18   | DEP20 | 8.10:1  |
| Shotguns (more than 50,000 rounds per year)  | 2    | 63.5 | 63.5 | DEP20 | 8.10:1  |
| Skidoo   | 5    | 33   | 24   | DEP30 | 9.11:3  |
| Speed humps (metal)  | 5    | 33   | 24   | PROV3 | 6.13:13 |
| Stage  | 20   | 9.5  | 6.5  | DEP30 | 9.11:3  |
| Static delimiters (timber industry)  | 5    | 33   | 24   | DEP9  | 6.11:16 |
| Tags (security)  | 3    | 50   | 40   | DEP21 | 9.1:1   |
| Toilet roll dispensers   | 2    | 63.5 | 63.5 | DEP7  | 6.7:16  |
| Tomato graders   | 8    | 22   | 15.5 | DEP14 | 7.13:23 |
| Tooling machine, CNC (timber/joinery industry)   | 8    | 22   | 15   | DEP28 | 9.9:1   |
| Trailers (class TD – over 10 tonnes) – when<br>rented for periods of one month or less   | 10   | 18   | 12.5 | DEP29 | 9.11:1  |
| Undersea maintenance equipment ( <i>1 page of various assets – see TIB article</i> )   |      |      |      | DEP17 | 8.2:9   |
| Wintering pads (rubber)  | 6.66 | 26   | 18   | PROV5 | 8.2:7   |
| Yachts (international ocean-going)   | 6    | 15   | 10   | DEP12 | 7.10:25 |
| Yachts (other than international ocean-going)  | 15.5 | 12   | 8    | DEP12 | 7.10:25 |

## Booklets available from Inland Revenue

This list shows all of Inland Revenue's information booklets as at the date of this Tax Information Bulletin. There is also a brief explanation of what each booklet is about.

Some booklets could fall into more than one category, so you may wish to skim through the entire list and pick out the booklets that you need. To order any of these booklets, call the forms and stationery number listed under "Inland Revenue" in the blue pages at the front of your phone book. This is an automated service, and you'll need to have your IRD number handy when you call.

The TIB is always printed in a multiple of four pages. We will include an update of this list at the back of the TIB whenever we have enough free pages.

### General information

**Binding rulings (IR 115G) - May 1995:** Explains binding rulings, which commit Inland Revenue to a particular interpretation of the tax law once given.

**Cash assistance for your growing family (FS 4) - Mar 1997:** Information about Family Assistance and how to apply.

**Disputing a notice of proposed adjustment (IR 210K) - Oct 1996:** If we send you a notice to tell you we're going to adjust your tax liability, you can dispute the notice. This booklet explains the process you need to follow.

**Disputing an assessment (IR 210J) - Oct 1996:** Explains the process to follow if you want to dispute our assessment of your tax liability, or some other determination.

**How to tell if you need a special tax code (IR 23G):** Information about getting a special "flat rate" of tax deducted from your income, if the regular deduction rates don't suit your particular circumstances.

**If you disagree with us (IR 210Z) - Sep 1996:** This leaflet summarises the steps involved in disputing an assessment.

**Income from a Maori Authority (IR 286A) - Feb 1996:** For people who receive income from a Maori authority. Explains which tax return the individual owners or beneficiaries fill in and how to show the income.

**Independent Family Tax Credit (FS 3) - Sep 1996:** *Introducing extra help for families, applying from 1 July 1996.*

**Inland Revenue audits (IR 297) - May 1995:** *For business people and investors. It explains what is involved if you are audited by Inland Revenue; who is likely to be audited; your rights during and after the audit, and what happens once an audit is completed.*

**Koha (IR 278) - Aug 1991:** *A guide to payments in the Maori community - income tax and GST consequences.*

**Maori Community Officer Service (IR 286) - Apr 1996:** *An introduction to Inland Revenue's Maori Community Officers and the services they provide.*

**New Zealand tax residence (IR 292) - Jun 1997:** *An explanation of who is a New Zealand resident for tax purposes.*

**Overseas private pensions (IR 258A) - Oct 1996:** *Explains the tax obligations for people who have interests in a private superannuation scheme or life insurance annuity policy that is outside New Zealand.*

**Overseas social security pensions (IR 258) - Jun 1997:** *Explains how to account for income tax in New Zealand if you receive a social security pension from overseas.*

**Problem Resolution Service (IR 287) - Nov 1993:** *An introduction to Inland Revenue's Problem Resolution Service. You can use this service if you've already used Inland Revenue's usual services to sort out a problem, without success.*

**Provisional tax (IR 289) - Jun 1997:** *People whose end-of-year tax bill is \$2,500 or more must generally pay provisional tax for the following year. This booklet explains what provisional tax is, and how and when it must be paid.*

**Putting your tax affairs right (IR 282) - Jun 1997:** *Explains the advantages of telling Inland Revenue if your tax affairs are not in order, before we find out in some other way. This book also sets out what will happen if someone knowingly evades tax, and gets caught.*

**Rental income (IR 264) - Apr 1995:** *An explanation of taxable income and deductible expenses for people who own rental property. This booklet is for people who own one or two rental properties, rather than larger property investors.*

**Reordered Tax Acts (IR 299) - Apr 1995:** *In 1994 the Income Tax Act 1976 and the Inland Revenue Department Act 1974 were restructured, and became the Income Tax Act 1994, the Tax Administration Act 1994 and the Taxation Review Authorities Act 1994. This leaflet explains the structure of the three new Acts.*

**Self-employed or an employee? (IR 186) - Jun 1997:** *Sets out Inland Revenue's tests for determining whether a person is a self-employed contractor or an employee. This determines what expenses the person can claim, and whether s/he must pay ACC premiums.*

**Stamp duty and gift duty (IR 665) - Feb 1995:** *Explains what duty is payable on transfers of real estate and some other transactions, and on gifts. Written for individual people rather than solicitors and legal firms.*

**Student Loans - how to get one and how to pay one back (SL 5) - 1998:** *We've published this booklet jointly with the Ministry of Education, to tell students everything they need to know about getting a loan and paying it back.*

**Superannuitants and surcharge (IR 259) - Jun 1997:** *A guide to the surcharge for national superannuitants who also have other income.*

**Tax facts for income-tested beneficiaries (IR 40C) - Aug 1997:** *Vital information for anyone who receives an income-tested benefit and also has some other income.*

**Taxes and duties (IR 295) - May 1995:** *A brief introduction to the various taxes and duties payable in New Zealand.*

**Taxpayer obligations, interest and penalties (IR 240) - Jan 1997:** *A guide to the new laws dealing with interest, offences and penalties applying from 1 April 1997.*

**Trusts and estates - (IR 288) - May 1995:** *An explanation of how estates and different types of trusts are taxed in New Zealand.*

**Visitor's tax guide - (IR 294) - Nov 1995:** *A summary of New Zealand's tax laws and an explanation of how they apply to various types of visitors to this country.*

## Business and employers

**ACC premium rates - Mar 1997:** *There are two separate booklets, one for employer premium rates and one for self-employed premium rates. Each booklet covers the year ended 31 March 1997.*

**Depreciation (IR 260) - Apr 1994:** *Explains how to calculate tax deductions for depreciation on assets used to earn assessable income.*

**Direct selling (IR 261) - Aug 1996:** *Tax information for people who distribute for direct selling organisations.*

**Electronic payments to Inland Revenue (IR 87A) - May 1995:** *Explains how employers and other people who make frequent payments to Inland Revenue can have these payments automatically deducted from their bank accounts.*

**Employer's guide (IR 184) - 1996:** *Explains the tax obligations of anyone who is employing staff, and explains how to meet these obligations. Anyone who registers as an employer with Inland Revenue will receive a copy of this booklet.*

**Entertainment expenses (IR 268) - May 1995:** *When businesses spend money on entertaining clients, they can generally only claim part of this expenditure as a tax deduction. This booklet fully explains the entertainment deduction rules.*

**First-time employer's guide (IR 185) - April 1996:** *Explains the tax obligations of being an employer. Written for people who are thinking of taking on staff for the first time.*

**Fringe benefit tax guide (IR 409) - Nov 1994:** *Explains fringe benefit tax obligations of anyone who is employing staff, or companies which have shareholder-employees. Anyone who registers as an employer with Inland Revenue will receive a copy of this booklet.*

**GST - do you need to register? (GST 605) - May 1997:** *A basic introduction to goods and services tax, which will also tell you if you have to register for GST.*

**GST guide (GST 600) - 1994 Edition:** *An in-depth guide which covers almost every aspect of GST. Everyone who registers for GST gets a copy of this booklet. It is quite expensive for us to print, so we ask that if you are only considering GST registration, you get the booklet "GST - do you need to register?" instead.*

**IR 56 taxpayer handbook (IR 56B) - Mar 1997:** *A booklet for part-time private domestic workers, embassy staff, nannies, overseas company reps and Deep Freeze base workers who make their own PAYE payments.*

**Making payments (IR 87C) - Nov 1996:** *How to fill in the various payment forms to make sure payments are processed quickly and accurately.*

**PAYE deduction tables - 1998****- Weekly and fortnightly (IR 184X)****- Four-weekly and monthly (IR 184Y)***Tables that tell employers the correct amount of PAYE to deduct from their employees' wages from 1 July 1996.***Retiring allowances and redundancy payments (IR 277) -****Aug 1997:** *An explanation of the tax treatment of these types of payments.***Smart Business (IR 120) - Jul 1996:** *An introductory guide to tax obligations and record keeping, for businesses and non-profit organisations.***Surcharge deduction tables (IR 184NS) - 1998:** *PAYE deduction tables for employers whose employees are having NZ Super surcharge deducted from their wages.***Taxes and the taxi industry (IR 272) - Feb 1996:** *An explanation of how income tax and GST apply to taxi owners, drivers, and owner-operators.***Resident withholding tax and NRWT****Approved issuer levy (IR 291A) - May 1995:** *For taxpayers who pay interest to overseas lenders. Explains how you can pay interest to overseas lenders without having to deduct NRWT.***Non-resident withholding tax payer's guide (IR 291) - Mar 1995:** *A guide for people or institutions who pay interest, dividends or royalties to people who are not resident in New Zealand.***Resident withholding tax on dividends (IR 284) - Oct 1993:** *A guide for companies, telling them how to deduct RWT from the dividends that they pay to their shareholders.***Resident withholding tax on interest (IR 283) - Jul 1996:** *A guide to RWT for people and institutions which pay interest.***Resident withholding tax on investments (IR 279) - Jun 1996:** *An explanation of RWT for people who receive interest or dividends.***Non-profit bodies****Charitable organisations (IR 255) - May 1993:** *Explains what tax exemptions are available to approved charities and donee organisations, and the criteria which an organisation must meet to get an exemption.***Clubs and societies (IR 254) - Jun 1993:** *Explains the tax obligations which a club, society or other non-profit group must meet.***Education centres (IR 253) - Jun 1994:** *Explains the tax obligations of schools and other education centres. Covers everything from kindergartens and kohanga reo to universities and polytechnics.***Gaming machine duty (IR 680A) - Jun 1997:** *An explanation of the duty which must be paid by groups which operate gaming machines.***Grants and subsidies (IR 249) - Jun 1994:** *An guide to the tax obligations of groups which receive a subsidy, either to help pay staff wages, or for some other purpose.***Company and international issues****Company amalgamations (IR 4AP) - Feb 1995:** *Brief guidelines for companies considering amalgamation. Contains an IR 4AM amalgamation declaration form.***Consolidation (IR 4E) - Mar 1993:** *An explanation of the consolidation regime, which allows a group of companies to be treated as a single entity for tax purposes.***Controlled foreign companies (IR 275) - Nov 1994:** *Information for NZ residents with interests in overseas companies. (More for larger investors, rather than those with minimal overseas investments)***Foreign dividend withholding payments (IR 274A) - Mar 1995:** *Information for NZ companies that receive dividends from overseas companies. This booklet also deals with the attributed repatriation and underlying foreign tax credit rules.***Foreign investment funds (IR 275B) - Oct 1994:** *Information for taxpayers who have overseas investments, but who don't have a controlling interest in the overseas entity.***Imputation (IR 274) - Feb 1990:** *A guide to dividend imputation for New Zealand companies.***Qualifying companies (IR 4PB) Oct 1992:** *An explanation of the qualifying company regime, under which a small company with few shareholders can have special tax treatment of dividends, losses and capital gains.***Child Support booklets****A guide for parents who pay child support (CS 71A) - May 1997:** *Information for parents who live apart from their children.***Child support - a custodian's guide (CS 71B) - Nov 1997:** *Information for parents who take care of children for whom child support is payable.***Child support - a guide for bankers (CS 66) - Aug 1992:** *An explanation of the obligations that banks may have to deal with for child support.***Child support administrative reviews - how to apply (CS 69A) - Apr 1997:** *How to apply for a review of the amount of child support you receive or pay, if you have special circumstances.***Child support administrative reviews - how to respond (CS 69B) - Apr 1997:** *Information about the administrative review process, and how to respond if you are named in a review application.***Child support and the Family Court (CS 51) - Apr 1997:** *Explains what steps people need to take if they want to go to the Family Court about their child support.***Child support - does it affect you? (CS 50):** *A brief introduction to child support in Maori, Cook Island Maori, Samoan, Tongan and Chinese.***Child support - estimating your income (CS 107G) - Aug 1997:** *Explains how to estimate your income so your child support liability reflects your current circumstances.***Child support - how the formula works (CS 68) - Dec 1996:** *Explains the components of the formula and gives up-to-date rates.***Problems with our child support service? (CS 287) - Jul 1997:** *Explains how our Problem Resolution Service can help if our normal services haven't resolved your child support problems.*

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## Due dates reminder

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### January 1998

- 5 Large employers: PAYE deductions and deduction schedules for period ended 31 December 1997 due.
- 7 Provisional tax and/or Student Loan interim repayments: first 1998 instalment due for taxpayers with September balance dates.
- Second 1998 instalment due for taxpayers with May balance dates.
- Third 1998 instalment due for taxpayers with January balance dates.
- Annual income tax returns due to be filed for all non-IR 5 taxpayers with September balance dates.
- 1997 end of year payments due (income tax, Student Loans, ACC premiums) for taxpayers with February balance dates.
- QCET payment due for companies with February balance dates, if election is to be effective from the 1998 year.
- 15 GST return and payment for period ended 30 November 1997 due.
- 20 Large employers: PAYE deductions and deduction schedules for period ended 15 January 1998 due.
- Small employers: PAYE deductions and deduction schedules for period ended 31 December 1997 due.
- FBT return and payment for quarter ended 31 December 1997 due.
- Gaming machine duty return and payment for month ended 31 December 1997 due.
- RWT on interest deducted during December 1997 due for monthly payers.
- RWT on dividends deducted during December 1997 due.
- Non-resident withholding tax (or approved issuer levy) deducted during December 1997 due.
- 30 GST return and payment for period ended 31 December 1997 due.

### February 1998

- 5 Large employers: PAYE deductions and deduction schedules for period ended 31 January 1998 due.
- 7 Provisional tax and/or Student Loan interim repayments: first 1999 instalment due for taxpayers with October balance dates.
- Second 1998 instalment due for taxpayers with June balance dates.
- Third 1998 instalment due for taxpayers with February balance dates.
- 1997 end of year payments due (income tax, Student Loans, ACC premiums) for taxpayers with balance dates in period March-September.
- QCET payment due for companies with balance dates in period March-September, if election is to be effective from the 1998 year.
- 20 Large employers: PAYE deductions and deduction schedules for period ended 15 February 1998 due.
- Small employers: PAYE deductions and deduction schedules for period ended 31 January 1998 due.
- Gaming machine duty return and payment for month ended 31 January 1998 due.
- RWT on interest deducted during January 1998 due for monthly payers.
- RWT on dividends deducted during January 1998 due.
- Non-resident withholding tax (or approved issuer levy) deducted during January 1998 due.
- 27 GST return and payment for period ended 31 January 1998 due.

## Public binding rulings and interpretation statements: your chance to comment before we finalise them

This page shows the draft public binding rulings and interpretation statements that we now have available for your review. You can get a copy and give us your comments in three ways:

**By post:** Tick the drafts you want below, fill in your name and address, and return this page to the address below. We'll send you the drafts by return post. Please send any comments *in writing, to the address below*. We don't have facilities to deal with your comments by phone or at our local offices.

**From our main offices:** Pick up a copy from the counter at our office in Takapuna, Manukau, Hamilton, Wellington, Christchurch or Dunedin. You'll need to post your comments back to the address below; we don't have facilities to deal with them by phone or at our local offices.

**On the Internet:** Visit our web site at <http://www.ird.govt.nz/rulings/> Under the "Adjudication & Rulings" heading, click on "Draft Rulings", then under the "Consultation Process" heading, click on the drafts that interest you. You can return your comments via the Internet.

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Public binding rulings**

**Comment Deadline**

**3401:** Trading stock – tax treatment of disposals (re-issue)

28 February 1998

*We must receive your comments by the deadline shown if we are to take them into account in the finalised item*



**No envelope needed - simply fold, tape shut, stamp and post.**

Affix  
Stamp  
Here

Team Leader (Systems)  
 Adjudication & Rulings  
 National Office  
 Inland Revenue Department  
 P O Box 2198  
 WELLINGTON



## Contents continued - legal case notes

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### Get your TIB sooner via Internet

Every month the Tax Information Bulletin is loaded onto Inland Revenue's Internet web site. This happens on the same day as the paper copy goes to the printers, so the web site copy will usually be available about ten days before we can post you a paper copy.

You can find us at:

[www.ird.govt.nz](http://www.ird.govt.nz)

This web site contains all the TIBs back to October 1996 (Volume Eight, No.6). These will be permanently available; we have no plans to remove them.

Also on our web site is other Inland Revenue information which you may find useful, including any draft binding rulings and interpretation statements that are available. All this material is saved in PDF format, which you can read using freely-available software.

If you find that you prefer the electronic copy of the TIB and no longer need a paper copy, please fill in and return the form at the back of this TIB so we can take you off our mailing list.