

# TAX INFORMATION BULLETIN

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November 2006

## CONTENTS

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**Get your TIB sooner on the internet** 2

---

**This month's opportunity for you to comment** 3

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### **Legislation and determinations**

General depreciation determinations DEP55 to DEP59

Determination DEP55 4

Determination DEP56 5

Determination DEP57 6

Determination DEP58 7

Determination DEP59 8

Foreign currency amounts – Conversion to New Zealand dollars 9

---

### **New legislation**

Charities Act Commencement Order 2006 (2006/300) 14

---

### **Standard practice statements**

Correction—SPS 06/02 Writing off outstanding tax 14

---

### **Regular features**

Due dates reminder 15

Your chance to comment on draft taxation items before they are finalised 17

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Inland Revenue  
*Te Tari Taake*

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This *Tax Information Bulletin* is also available on the internet in PDF. Our website is at **[www.ird.govt.nz](http://www.ird.govt.nz)**

The website has other Inland Revenue information that you may find useful, including any draft binding rulings and interpretation statements that are available.

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## THIS MONTH'S OPPORTUNITY FOR YOU TO COMMENT

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Inland Revenue produces a number of statements and rulings aimed at explaining how taxation law affects taxpayers and their agents.

Because we are keen to produce items that accurately and fairly reflect taxation legislation, and are useful in practical situations, your input into the process—as perhaps a “user” of that legislation—is highly valued.

The following draft item is available for review/comment this month, having a deadline of 24 November 2006.

<b>Ref.</b>	<b>Draft type</b>	<b>Description</b>
IS0059	Interpretation statement	Sale of long-term residential rental properties—GST implications

The following draft items are available for review/comment this month, having a deadline of 30 November 2006.

<b>Ref.</b>	<b>Draft type</b>	<b>Description</b>
ED 0092	Question we've been asked	GST treatment of videos and films made in New Zealand under contracts to non-residents
QB0041	Question we've been asked	Ability to rule where an arrangement is being audited
XPB0017	Public ruling	Federal Insurance Contributions Act (FICA)—fringe benefit tax liability

The following draft item is available for review/comment this month, having a deadline of 22 December 2006.

<b>Ref.</b>	<b>Draft type</b>	<b>Description</b>
QB0033	Question we've been asked	Payments made in addition to financial redress under Treaty of Waitangi settlements—income tax treatment
IS0049	Interpretation statement	GST exempt supply: supply of accomodation in a dwelling

Please see page 17 for details on how to obtain a copy.

## LEGISLATION AND DETERMINATIONS

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

### GENERAL DEPRECIATION DETERMINATIONS DEP55 TO DEP59

In *Tax Information Bulletin Volume 18, No 7* (August 2006) on page 4 we advised of the availability of draft general depreciation determinations proposing the setting of general depreciation rates for the following items:

- DDG0110: “Psychological testing sets” used in the medical industry
- DDG0111: “Metal speed humps”
- DDG0113: “Wintering pads (rubber)” used in the agriculture industry
- DDG0114: “Kiwiplus – Kiwifruit Software Package – designed for a specific year”
- DDG0115: “Peurulus (baby crayfish) traps” used in the fishing industry

We received no substantive submissions on these drafts.

We have now made the general depreciation determinations and they are reproduced below. The determinations include the rates applying to assets:

- purchased before 1 April 2005, and
- purchased on or after 1 April 2005.

The differing rates result from the enactment of the Taxation (Depreciation, Payment Dates Alignment, FBT, and Miscellaneous Provisions) Act 2006.

### DETERMINATION DEP55: TAX DEPRECIATION RATES GENERAL DETERMINATION NUMBER 55

#### 1. Application

Pursuant to section 91AAG(6) of the Tax Administration Act 1994 this determination replaces Determination PROV2: Tax Depreciation Rates Provisional Determination Number 2 issued on 27 January 1995.

This determination applies to taxpayers who own assets in the class listed below.

This determination applies to “depreciable property” other than “excluded depreciable property” for the 2005/2006 and subsequent income years.

#### 2. Determination

Pursuant to section 91AAF of the Tax Administration Act 1994 I hereby amend Determination DEP1: Tax Depreciation Rates General Determination Number 1 (as previously amended) by inserting into the “Medical and Medical Laboratory” industry category, in the appropriate alphabetical order, the general asset class, estimated useful life, diminishing value depreciation rate and straight-line depreciation rate listed below. Columns 3 and 4 apply to items purchased prior to 1 April 2005. Columns 5 and 6 apply to items purchased on or after 1 April 2005:

1	2	3	4	5	6
General asset class	Estimated useful life (years)	DV banded dep’n rate before 1/4/05 (%)	SL equiv banded dep’n rate before 1/4/05 (%)	DV banded dep’n rate from 1/4/05 (%)	SL equiv banded dep’n rate from 1/4/05 (%)
Psychological testing sets	10	18	12.5	20	13.5

### 3. Interpretation

In this determination, unless the context otherwise requires, expressions have the same meaning as in the Income Tax Act 2004 and the Tax Administration Act 1994.

This determination is signed by me on the 27<sup>th</sup> day of September 2006

**Susan Price**  
Senior Tax Counsel

## DETERMINATION DEP56: TAX DEPRECIATION RATES GENERAL DETERMINATION NUMBER 56

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### 1. Application

Pursuant to section 91AAG(6) of the Tax Administration Act 1994 this determination replaces Determination PROV3: Tax Depreciation Rates Provisional Determination Number 3 issued on 2 May 1995.

This determination applies to taxpayers who own assets in the classes listed below.

This determination applies to “depreciable property” other than “excluded depreciable property” for the 2005/2006 and subsequent income years.

### 2. Determination

Pursuant to section 91AAF of the Tax Administration Act 1994 I hereby amend Determination DEP1: Tax Depreciation Rates General Determination Number 1 (as previously amended) by inserting into the “Building Fit-out” and “Transportation” asset categories, in the appropriate alphabetical order, the general asset class, estimated useful life, diminishing value depreciation rates and straight-line depreciation rates listed below. Columns 3 and 4 apply to items purchased prior to 1 April 2005. Columns 5 and 6 apply to items purchased on or after 1 April 2005:

1	2	3	4	5	6
General asset class	Estimated useful life (years)	DV banded dep’n rate before 1/4/05 (%)	SL equiv banded dep’n rate before 1/4/05 (%)	DV banded dep’n rate from 1/4/05 (%)	SL equiv banded dep’n rate from 1/4/05 (%)
Metal speed humps	5	33	24	40	30

### 3. Interpretation

In this determination, unless the context otherwise requires, expressions have the same meaning as in the Income Tax Act 2004 and the Tax Administration Act 1994.

This determination is signed by me on the 27<sup>th</sup> day of September 2006.

**Susan Price**  
Senior Tax Counsel

## DETERMINATION DEP57: TAX DEPRECIATION RATES GENERAL DETERMINATION NUMBER 57

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### 1. Application

Pursuant to section 91AAG(6) of the Tax Administration Act 1994 this determination replaces Determination PROV5: Tax Depreciation Rates Provisional Determination Number 5 issued on 23 July 1996.

This determination applies to taxpayers who own assets in the class listed below.

This determination applies to “depreciable property” other than “excluded depreciable property” for the 2005/2006 and subsequent income years.

### 2. Determination

Pursuant to section 91AAF of the Tax Administration Act 1994 I hereby amend Determination DEP1: Tax Depreciation Rates General Determination Number 1 (as previously amended) by inserting into the “Agriculture, Horticulture and Aquaculture” industry category, in the appropriate alphabetical order, the general asset class, estimated useful life, diminishing value depreciation rates and straight-line depreciation rates listed below. Columns 3 and 4 apply to items purchased prior to 1 April 2005. Columns 5 and 6 apply to items purchased on or after 1 April 2005:

1	2	3	4	5	6
General asset class	Estimated useful life (years)	DV banded dep'n rate before 1/4/05 (%)	SL equiv banded dep'n rate before 1/4/05 (%)	DV banded dep'n rate from 1/4/05 (%)	SL equiv banded dep'n rate from 1/4/05 (%)
Wintering pads (rubber)	6.66	26	18	30	21

### 3. Interpretation

In this determination, unless the context otherwise requires, expressions have the same meaning as in the Income Tax Act 2004 and the Tax Administration Act 1994.

This determination is signed by me on the 27<sup>th</sup> day of September 2006.

**Susan Price**  
Senior Tax Counsel

## DETERMINATION DEP58: TAX DEPRECIATION RATES GENERAL DETERMINATION NUMBER 58

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### 1. Application

Pursuant to section 91AAG(6) of the Tax Administration Act 1994 this determination replaces Determination PROV6: Tax Depreciation Rates Provisional Determination Number 6 issued on 9 June 1997.

This determination applies to taxpayers who own assets in the class listed below.

This determination applies to “depreciable property” other than “excluded depreciable property” for the 2005/2006 and subsequent income years.

### 2. Determination

Pursuant to section 91AAF of the Tax Administration Act 1994 I hereby amend Determination DEP1: Tax Depreciation Rates General Determination Number 1 (as previously amended) by inserting into the “Software” asset category, in the appropriate alphabetical order, the general asset class, estimated useful life, diminishing value depreciation rate and straight-line depreciation rate listed below. Columns 3 and 4 apply to items purchased prior to 1 April 2005. Columns 5 and 6 apply to items purchased on or after 1 April 2005:

1	2	3	4	5	6
General asset class	Estimated useful life (years)	DV banded dep'n rate before 1/4/05 (%)	SL equiv banded dep'n rate before 1/4/05 (%)	DV banded dep'n rate from 1/4/05 (%)	SL equiv banded dep'n rate from 1/4/05 (%)
Kiwiplus – Kiwifruit Software Package – designed for a specific year	1	100	100	100	100

### 3. Interpretation

In this determination, unless the context otherwise requires, expressions have the same meaning as in the Income Tax Act 2004 and the Tax Administration Act 1994.

This determination is signed by me on the 27<sup>th</sup> day of September 2006.

**Susan Price**  
Senior Tax Counsel

## **DETERMINATION DEP59: TAX DEPRECIATION RATES GENERAL DETERMINATION NUMBER 59**

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### **1. Application**

Pursuant to section 91AAG(6) of the Tax Administration Act 1994 this determination replaces Determination PROV7: Tax Depreciation Rates Provisional Determination Number 7 issued on 23 June 1998.

This determination applies to taxpayers who own assets in the class listed below.

This determination applies to “depreciable property” other than “excluded depreciable property” for the 2005/2006 and subsequent income years.

### **2. Determination**

Pursuant to section 91AAF of the Tax Administration Act 1994 I hereby amend Determination DEP1: Tax Depreciation Rates General Determination Number 1 (as previously amended) by inserting into the “Fishing” industry category, in the appropriate alphabetical order, the general asset class, estimated useful life, diminishing value depreciation rate and straight-line depreciation rate listed below. Columns 3 and 4 apply to items purchased prior to 1 April 2005. Columns 5 and 6 apply to items purchased on or after 1 April 2005:

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>General asset class</b>	<b>Estimated useful life (years)</b>	<b>DV banded dep'n rate before 1/4/05 (%)</b>	<b>SL equiv banded dep'n rate before 1/4/05 (%)</b>	<b>DV banded dep'n rate from 1/4/05 (%)</b>	<b>SL equiv banded dep'n rate from 1/4/05 (%)</b>
Peurulus (baby crayfish) traps	1	100	100	100	100

### **3. Interpretation**

In this determination, unless the context otherwise requires, expressions have the same meaning as in the Income Tax Act 2004 and the Tax Administration Act 1994.

This determination is signed by me on the 27<sup>th</sup> day of September 2006.

**Susan Price**  
Senior Tax Counsel



## FOREIGN CURRENCY AMOUNTS – CONVERSION TO NEW ZEALAND DOLLARS

This article provides the exchange rates acceptable to us for converting foreign currency amounts to New Zealand dollars under the controlled foreign company (CFC) and foreign investment fund (FIF) rules for the six months ending September 2006.

To convert foreign currency amounts to New Zealand dollars for any country listed, divide the foreign currency amount by the exchange rate shown. Round the exchange rate calculations to four decimal places wherever possible.

If you need an exchange rate for a country or a day not listed in the following Tables A and B, please contact one of New Zealand's major trading banks.

### Note

An overseas currency converter is available in the "Work it out" section of our website.

This calculator can only be used where your calculation would be done using Table A.

### Table A

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

- branch equivalent income or loss under the CFC rules pursuant to section EX 21 (4) of the Income Tax Act 2004
- FIF income or loss calculated under the branch equivalent method pursuant to sections EX 38(1)(b) and EX 43 and CQ 2 (2) of the Income Tax Act 2004
- foreign tax credits calculated under the branch equivalent method for a CFC under section LC 4(1)(b) of the Income Tax Act 2004
- foreign tax credits calculated under the branch equivalent method for a FIF under sections EX 43(8) & (9) and LC 4(1)(b) of the Income Tax Act 2004
- FIF income or loss calculated under the accounting profits, comparative value (except if Table B applies, ie where the market value of the FIF interest as at the end of the income year or/and at the end of the preceding income year is not zero) or deemed rate of return methods under section EX 42(7), EX 44(7) and EX 45 (15) of the Income Tax Act 2004.

**The shaded box on Table A** is the exchange rate on the 15th day of the month, or if no exchange rates were quoted on that day, on the next working day on which they were quoted. (Top row for each country.)

**The non-shaded box** is the average of the mid-month exchange rates for that month and the previous 11 months. (Bottom row for each country.)

### Example 1

A CFC resident in Hong Kong has an accounting period ending on 30 September 2006. Branch equivalent income for the period 1 October 2005 to 30 September 2006 is 200,000 Hong Kong dollars (HKD).

$$\text{HKD } 200,000 \div 5.0950 = \$39254.17$$

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 (PHP) on 7 September 2006. Using the comparative value or deemed rate of return methods, the cost is converted as follows:

$$\text{PHP } 350,000 \div 33.0110 = \$10602.53$$

Alternatively, the exchange rate can be calculated by averaging the exchange rates that apply to each complete month in the foreign company's accounting period. (Shaded box on Table A)

### Example 3

A CFC resident in Singapore was formed on 21 April 2006 and has a March balance date. During the period 1 May 2006 to 30 September 2006, branch equivalent income of 500,000 Singaporean dollars was derived.

- (i) Calculating the average monthly exchange rate for the complete months May-September 2006.

$$.9815 + .9888 + .9818 + .9909 + 1.0404 = 4.9834 \\ \div 5 = .9967$$

- (ii) Conversion to New Zealand currency:

$$\text{SGD } 500,000 \div .9967 = \$501,655.46$$

### Table B

Table B lists the end-of-month exchange rates acceptable to us for the six-month period ending 30th September 2006. 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 preceding income year) of the comparative value formula under section EX 44(1) of the Income Tax Act 2004.
- 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 2004.

#### **Example 4**

A New Zealand resident with a balance date of 30 September 2006 held an interest in a FIF resident in Thailand. The market value of the FIF interest at 30 September 2006 (item “a” of the comparative value formula) was 500,000 Thai baht (THB).

$$\text{THB } 500,000 \div 24.3885 = \$20,501.46$$

## Currency rates 2007 – mid month (Rates table type 'A')

Country	Currency	Code	15 - Apr-06	15 - May-06	15 - Jun-06	15 - Jul-06	15 - Aug-06	15 - Sep-06
			12 month rate	12 month rate	12 month rate	12 month rate	12 month rate	12 month rate
Australia	Dollar	AUD	0.8457	0.8119	0.8443	0.8230	0.8273	0.8755
			0.9117	0.9014	0.8946	0.8883	0.8810	0.8774
Bahrain	Dollar	BHD	0.2346	0.2367	0.2337	0.2331	0.2364	0.2490
			0.2582	0.2556	0.2528	0.2511	0.2486	0.2471
Canada	Dollar	CAD	0.7141	0.6970	0.6918	0.6983	0.7074	0.7382
			0.8149	0.7979	0.7817	0.7717	0.7602	0.7521
China	Yuan	CNY	4.9989	5.0351	4.9781	4.9560	5.0137	5.2553
			5.5696	5.4978	5.4248	5.3721	5.3125	5.2737
Denmark	Krone	DKK	3.7927	3.6266	3.6696	3.6472	3.6788	3.8700
			4.2115	4.1657	4.1071	4.0642	4.0180	3.9827
European Community	Euro	EUR	0.5086	0.4858	0.4933	0.4895	0.4937	0.5190
			0.5654	0.5589	0.5510	0.5452	0.5390	0.5342
Fiji	Dollar	FJD	1.1040	1.0746	1.0850	1.0741	1.0822	1.1372
			1.1731	1.1641	1.1550	1.1481	1.1398	1.1355
French Polynesia	Franc	XPF	60.4630	57.8623	58.6342	58.2006	58.7030	61.9323
			67.2196	66.4555	65.5153	64.8303	64.0930	63.5411
Hong Kong	Dollar	HKD	4.8347	4.8729	4.8236	4.8160	4.8842	5.1397
			5.3245	5.2678	5.2115	5.1751	5.1245	5.0950
India	Rupee	INR	27.7157	27.9668	28.2261	28.3385	28.9623	30.3323
			30.0946	29.8731	29.6776	29.6123	29.4867	29.4517
Indonesia	Rupiah	IDR	5600.2850	5512.2650	5895.6850	5685.5950	5708.4550	6038.5100
			6597.9875	6494.9083	6419.7100	6342.1038	6240.3954	6152.4750
Japan	Yen	JPY	73.4085	68.9360	71.4622	71.8729	73.2461	77.6216
			77.9364	77.3149	76.8200	76.4923	76.1502	76.1109
Korea	Won	KOR	595.4400	586.2650	598.4250	590.8900	606.2750	633.1050
			690.4079	679.6042	669.6433	660.7092	651.4613	643.7004
Kuwait	Dollar	KWD	0.1817	0.1834	0.1792	0.1788	0.1812	0.1909
			0.2000	0.1980	0.1957	0.1942	0.1921	0.1908
Malaysia	Ringgit	MYR	2.2876	2.2516	2.2850	2.2747	2.3123	2.4319
			2.5787	2.5407	2.5072	2.4829	2.4545	2.4347
Norway	Krone	NOK	4.0024	3.7695	3.8598	3.8637	3.0793	4.3008
			4.4698	4.4056	4.3430	4.2973	4.1807	4.1647
Pakistan	Rupee	PKR	37.1678	37.4989	37.1490	37.1485	37.6393	39.6847
			40.7334	40.3535	39.9534	39.7155	39.3605	39.1657
Papua New Guinea	Kina	PGK	1.9012	1.9054	1.8873	1.8676	1.8825	1.9668
			2.0909	2.0668	2.0424	2.0241	2.0009	1.9863
Philippines	Peso	PHP	31.6361	32.1465	32.7839	32.1366	31.9235	33.0110
			36.7291	36.2185	35.7217	35.2761	34.6762	34.1486
Singapore	Dollar	SGD	0.9963	0.9815	0.9888	0.9818	0.9909	1.0404
			1.1355	1.1192	1.1028	1.0898	1.0752	1.0630

Country	Currency	Code	15 - Apr-06 12 month rate	15 - May-06 12 month rate	15 - Jun-06 12 month rate	15 - Jul-06 12 month rate	15 - Aug-06 12 month rate	15 - Sep-06 12 month rate
Solomon Islands	Dollar	SBD	4.7278	4.7367	4.7094	4.6748	4.6922	4.9569
			5.1499	5.1040	5.0575	5.0281	4.9806	4.9516
South Africa	Rand	ZAR	3.7805	3.9007	4.2671	4.4616	4.3112	4.8976
			4.3686	4.3239	4.2763	4.2758	4.2618	4.2959
Sri Lanka	Rupee	LKR	63.6981	64.3297	63.9320	64.1266	65.0375	67.7389
			69.2682	68.7269	68.1738	67.8942	67.4002	67.0897
Sweden	Krona	SEK	4.7273	4.5487	4.5558	4.4823	4.5259	4.7970
			5.2832	5.2329	5.1595	5.0973	5.0350	4.9875
Switzerland	Franc	CHF	0.7972	0.7545	0.7650	0.7641	0.7803	0.8265
			0.8764	0.8667	0.8551	0.8462	0.8378	0.8324
Taiwan	Dollar	TAI	20.2300	19.7400	20.2750	20.2450	20.5600	21.7650
			22.2192	22.0054	21.8404	21.7300	21.5633	21.4425
Thailand	Baht	THB	23.4737	23.5025	23.6267	23.2879	23.2505	24.4190
			27.3708	27.0029	26.5860	26.1961	25.7509	25.3946
Tonga	Pa'anga	TOP	1.3026	1.2565	1.2582	1.2484	1.2576	1.3351
			1.3578	1.3501	1.3432	1.3374	1.3291	1.3259
United Kingdom	Pound	GBP	0.3523	0.3318	0.3373	0.3369	0.3328	0.3514
			0.3853	0.3809	0.3764	0.3724	0.3676	0.3645
United States	Dollar	USD	0.6236	0.6289	0.6217	0.6197	0.6283	0.6610
			0.6863	0.6793	0.6721	0.6674	0.6608	0.6569
Vanuatu	Vatu	VUV	70.3290	68.4600	69.0516	68.5177	69.0196	73.1735
			75.7222	74.9870	74.2795	73.8108	73.1616	72.8277
Western Samoa	Tala	WST	1.8927	1.8485	1.7311	1.7295	1.7312	1.8343
			1.8878	1.8853	1.8729	1.8651	1.8530	1.8462

## Currency rates 2007 – end of month (Rates table type 'B')

Country	Currency	Code	30-Apr-06	31-May-06	30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06
Australia	Dollar	AUD	0.8377	0.8402	0.8178	0.8052	0.8500	0.8774
Bahrain	Dollar	BHD	0.2384	0.2412	0.2275	0.2328	0.2443	0.2475
Canada	Dollar	CAD	0.7132	0.7041	0.6708	0.6983	0.7198	0.7291
China	Yuan	CNY	5.0870	5.1467	4.8333	4.9298	5.1626	5.1872
Denmark	Krone	DKK	3.7759	3.7079	3.5617	3.6133	3.7680	3.8462
European Community	Euro	EUR	0.5056	0.4977	0.4783	0.4845	0.5057	0.5168
Fiji	Dollar	FJD	1.0992	1.0986	1.0619	1.0671	1.1087	1.1458
French Polynesia	Franc	XPF	60.0999	59.1547	56.7517	57.5994	60.1282	61.6441
Hong Kong	Dollar	HKD	4.9150	4.9683	4.6896	4.8012	5.0466	5.1141
India	Rupee	INR	28.1707	29.2718	27.6263	28.5161	29.8519	29.9641
Indonesia	Rupiah	IDR	5571.2750	5882.4500	5661.5650	5625.1450	5913.4600	6055.8250
Japan	Yen	JPY	72.3058	71.8186	69.4687	70.6899	75.9522	77.3434
Korea	Won	KOR	599.3400	605.7550	580.3850	589.7450	623.3450	620.4800
Kuwait	Dollar	KWD	0.1846	0.1850	0.1744	0.1785	0.1873	0.1898
Malaysia	Ringgit	MYR	2.3035	2.3189	2.2286	2.2676	2.3900	2.4243
Norway	Krone	NOK	3.9525	3.8969	3.7841	3.8265	4.0901	4.2480
Pakistan	Rupee	PKR	37.8001	38.3226	36.1056	37.0812	38.9075	39.5300
Papua New Guinea	Kina	PGK	1.9029	1.9358	1.8296	1.8500	1.9462	1.9312
Philippines	Peso	PHP	32.4303	33.4112	32.0503	31.7152	32.8134	32.7581
Singapore	Dollar	SGD	1.0016	1.0076	0.9585	0.9737	1.0185	1.0398
Solomon Islands	Dollar	SBD	4.7670	4.7464	4.6024	4.6856	4.9515	4.9450
South Africa	Rand	ZAR	3.9053	4.3144	4.3129	4.2392	4.5969	5.0283
Sri Lanka	Rupee	LKR	64.8478	65.6632	62.4924	64.0075	66.5985	67.8399
Sweden	Krona	SEK	4.7146	4.6183	4.4093	4.4708	4.6655	4.7753
Switzerland	Franc	CHF	0.7982	0.7758	0.7473	0.7614	0.7967	0.8183
Taiwan	Dollar	TAI	20.2450	20.5900	19.7100	20.2750	21.3400	21.6700
Thailand	Baht	THB	23.5748	24.2441	22.9029	23.1675	24.1328	24.3885
Tonga	Pa'anga	TOP	1.2664	1.2838	1.2417	1.2444	1.2980	1.3243
United Kingdom	Pound	GBP	0.3517	0.3402	0.3307	0.3318	0.3409	0.3501
United States	Dollar	USD	0.6340	0.6408	0.6041	0.6184	0.6492	0.6569
Vanuatu	Vatu	VUV	70.3090	70.2431	67.4336	68.1715	71.1917	72.6329
Western Samoa	Tala	WST	1.8609	1.8584	1.6857	1.7234	1.7821	1.8123

## NEW LEGISLATION

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### CHARITIES ACT COMMENCEMENT ORDER 2006 (2006/300)

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The Charities Act Commencement Order 2006 brings into force the various provisions in the Charities Act 2005 that amend the Income Tax Act 2004, the Tax Administration Act 1994 and the Estate and Gift Duties Act 1968. The order was signed on 25 September 2006 and gazetted on 28 September 2006.

The amendments to the Tax Administration Act 1994 (sections 69 to 71 of the Charities Act):

- (a) insert the definition of “Charities Commission” in section 3; and
- (b) allow for the provision of information held by Inland Revenue to the Charities Commission.

They come into force on 1 November 2006

The amendments to the Income Tax Act 2004 (sections 64 to 68 of the Charities Act 2004) and Estate and Gift Duties Act 1968 (section 72 of the Charities Act):

- (a) require a charitable entity to be registered with the Commissioner in order to be eligible for the income tax exemption under sections CW 34, CW 35 and CW 36 of the Income Tax Act 2004;
- (b) require a charitable entity to be registered with the Commission in order to be eligible for the gift duty exemption under section 73 of the Estate and Gift Duties Act 1968; and
- (c) insert the definition of “Charities Commission” in section OB 1 of the Income Tax Act 2004.

They come into force on 1 July 2008.

## STANDARD PRACTICE STATEMENTS

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

### CORRECTION

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#### SPS 06/02 WRITING OFF OUTSTANDING TAX

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In the item titled SPS 06/02 Writing off outstanding tax published under the section “Standard practice statements” in the *Tax Information Bulletin*, Volume 18, No 5 (June 2006), pp 55-64, please note that paragraph 63 is incorrect.

Paragraph 63 of the standard practice statement should read:

- 63. If Inland Revenue considers that recovery of part, or all of the outstanding tax would not represent an efficient use of administrative resources, then pursuant to section 176(2)(a), the outstanding tax would be written off.

## REGULAR FEATURES

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### DUE DATES REMINDER

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#### November 2006

- 7 Provisional tax instalments due for people and organisations with a March balance date
- 30 GST return and payment due

#### December 2006

##### 20 Employer deductions

Small employers (less than \$100,000 PAYE and SSCWT deductions per annum)

- *Employer deductions (IR 345) or (IR 346) form and payment due*
- *Employer monthly schedule (IR 348) due*

These dates are taken from Inland Revenue's *Smart business tax due date calendar 2006–2007*. This calendar reflects the due dates for small employers only—less than \$100,000 PAYE and SSCWT deductions per annum.





## YOUR CHANCE TO COMMENT ON DRAFT TAXATION ITEMS BEFORE THEY ARE FINALISED

This page shows the draft binding rulings, interpretation statements, standard practice statements and other items that we now have available for your review. You can get a copy and give us your comments in these ways.

**By internet:** Visit [www.ird.govt.nz](http://www.ird.govt.nz)

On the homepage, click on "Public consultation" in the right-hand navigation bar. Here you will find links to drafts presently available for comment. You can send in your comments by the internet.

**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 other offices.

Name \_\_\_\_\_

Address \_\_\_\_\_

***Draft interpretation statement***

- IS0059: Sale of long-term residential rental properties—  
GST implications

***Comment deadline***

24 November 2006

***Draft questions we've been asked***

- ED 0092: GST treatment of videos and films made in  
New Zealand under contracts to non-residents
- QB0041: Ability to rule where an arrangement is being audited

***Comment deadline***

30 November 2006

30 November 2006

***Draft public ruling*** ***Comment deadline***

- XPB00017: Federal Insurance Contributions Act (FICA)  
—fringe benefit tax liability

30 November 2006

***Draft question we've been asked***

- QB0033: Payments made in addition to financial redress under  
Treaty of Waitangi settlements—income tax treatment

***Comment deadline***

22 December 2006

***Draft interpretation statement***

- IS0049: GST exempt supply: supply of accommodation  
in a dwelling

***Comment deadline***

22 December 2006

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

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Public Consultation  
National Office  
Inland Revenue Department  
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