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TAX INFORMATION *Bulletin*

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Inland Revenue
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YOUR OPPORTUNITY TO COMMENT

Inland Revenue regularly 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 a user of that legislation, is highly valued.

A list of the items we are currently inviting submissions on can be found at **www.ird.govt.nz**. On the homepage, click on "Public consultation" in the right-hand navigation. Here you will find drafts we are currently consulting on as well as a list of expired items. You can email your submissions to us at **public.consultation@ird.govt.nz** or post them to:

Public Consultation
Office of the Chief Tax Counsel
Inland Revenue
PO Box 2198
Wellington 6140

You can also subscribe to receive regular email updates when we publish new draft items for comment.

Below is a selection of items we are working on as at the time of publication. If you would like a copy of an item please contact us as soon as possible to ensure your views are taken into account. You can get a copy of the draft from **www.ird.govt.nz/public-consultation/** or call the Team Manager, Technical Services Unit on 04 890 6143.

Ref	Draft type/title	Description/background information
INS0108	Income tax: timing of share transfers for the purposes of the continuity provisions	This draft interpretation statement sets out the Commissioner's view on who "holds" shares in a company and at what point during a sale of shares is there a change in who "holds" the shares. The Commissioner's view of these matters is in regard to s YC 2 and the "continuity provisions" of the Income Tax Act 2007. The continuity provisions provide the rules for the carry forward and offsetting of losses, excess tax credits and credits in memoranda accounts based on shareholder decision-making rights carried by shares "held" by a person.
INS0110	Goods and services tax – GST on immigration services	This draft interpretation statement considers whether a supply of visa application services can be zero-rated under s 11A(1)(k) of the Goods and Services Tax Act 1985 when a non-resident visa applicant visits New Zealand during the visa application process.
XPB0049	Draft public rulings covering the deductibility of a break fee paid by a landlord to: exit early from a fixed interest rate loan; vary the interest rate of an existing fixed interest rate loan; and exit early from a fixed interest rate loan on sale of a rental property	These three draft public rulings are re-issues of previous rulings which are expiring, and consider the deductibility of mortgage break fees paid by a landlord to exit early from a fixed interest rate loan (including when the property is sold) or vary the interest rate. The rulings are consistent with the conclusions reached previously. All three rulings are contained in a single document with a combined commentary.
QWB0108	Income tax – look-through companies: interest deductibility on funds borrowed to repay shareholder current accounts	This draft question we've been asked sets out the circumstances where interest is deductible when a look-through company borrows money on arm's length terms to repay current account loans from shareholders. It concludes that interest will be deductible to the extent the borrowing replaces past years' profits or contributed capital that was used in the LTC's business, or used to repay borrowed funds on which interest was deductible.
QWB0109	Income tax – look-through companies: interest deductibility where a payment is made to shareholders out of an asset revaluation	This draft question we've been asked considers whether interest is deductible when a look-through company borrows money to make a payment to shareholders reflecting the increase in the value of an asset of the company. It concludes that interest is not deductible in these circumstances.

Ref	Draft type/title	Description/background information
QWB0111	Goods and services tax – treatment of transitional services supplied as part of the sale of a business (that includes the supply of land)	This draft question we've been asked considers the GST treatment of transitional services (such as vendor assistance with business operations for a period of time) where those services are provided by the vendor as part of the sale of a business (that includes the supply of land). In particular the item looks at when those services will be part of the same "supply" as the business (zero-rated) and when they will be a separate supply (standard rated).

IN SUMMARY

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The Commissioner has determined the estimated useful life and the provisional depreciation rates applicable to dry store buildings used in the "Dairy plant" industry.

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The Commissioner has set a provisional depreciation rate for automated milking systems.

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The scope of the 2012 exemption is the same as the 2011 exemption.

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QB 12/02: Income tax – treatment of quad bikes for depreciation purposes 15

This question we've been asked considers the correct treatment of quad bikes for depreciation purposes. It concludes that quad bikes are motor vehicles and that the applicable depreciation rate is set by section EE 29(3) of the Income Tax Act 2007, which prescribes a depreciation rate of 30% DV or 21% SL.

Legal decisions – case notes

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The appellant (Ms Jacobs) did not have an automatic right of appeal to the Court of Appeal (as her Taxation Review Authority proceeding did not amount to a challenge) and therefore the Court of Appeal did not have jurisdiction to entertain her appeal. Leave of the High Court needed to be sought.

Leave given to determine appeal 18

The Commissioner sought leave to appeal to the Supreme Court following the Court of Appeal decision that the taxpayers should now be able to amend their pleadings, put forward what they allege as probative evidence of fraud and argue their repleaded case.

Determination of tax residency 18

The Taxation Review Authority determined that the taxpayer who had been working in Fiji for about four years was a tax resident of New Zealand.

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.

DETERMINATION DEP81: FERTILISER STORAGE FACILITIES AND REMEDIAL MATTERS RELATING TO THE DEPRECIATION OF BUILDINGS AND GRANDPARENTED STRUCTURES

Note to Determination DEP81

On 30 April 2010, the Commissioner issued Interpretation Statement 10/02: *Meaning of "building" in the depreciation provisions* ("IS 10/02"). IS 10/02 concluded that a building is a structure that has walls and a roof, is of considerable size, is meant to last a considerable period of time and is generally fixed to the land on which it stands. A building is a structure that can function independently of any other but is not necessarily a physically separate structure.

The effect of IS 10/02 is that some assets that were not previously regarded as buildings will now come within the meaning of "buildings". As identified in IS 10/02, these assets are:

- Barns, including barns (drying);
- Carparks (buildings and pads);
- Chemical works;
- Fertiliser works;
- Powder drying buildings; and
- Site huts.

Consequently, it is necessary to set new economic rates for these assets using the method applicable to "buildings" under subpart EE of the Income Tax Act 2007 ("ITA").

Consistent with IS 10/02, the asset classes "Carparks (buildings and pads)" and "Site huts" were reviewed, resulting in new asset classes being created to separate those assets that are considered "buildings" and those that are not. New economic rates have been set for those asset classes. See Determination DEP79: *Remedial matters relating to the depreciation of buildings*, dated 21 October 2011.

DEP81 sets general economic rates for the following residual assets using the formula in section EE 28 of the ITA to calculate economic rates for buildings:

- Barns;
- Barns (drying);
- Chemical works;
- Fertiliser works; and
- Powder drying buildings.

Grandparented structures

On 30 July 2009, when the draft Interpretation Statement was released for consultation, the Minister of Revenue announced "grandparenting" provisions for certain items of depreciable property that may be affected by a finalised Interpretation Statement.

The effect of the grandparenting provisions is that despite the above listed assets now coming within the meaning of "buildings" under IS 10/02, those assets that were acquired, or a binding contract that was entered into for their purchase or construction, on or before 30 July 2009, will continue to be treated as structures for depreciation purposes. This treatment was confirmed by the Taxation (Budget Measures) Act 2010.

This determination clarifies that the existing rates continue to apply to the grandparented structures. Different rates of depreciation apply to the above listed buildings because of the varying formulae used to calculate the economic rates for "buildings" and "structures" contained in subpart EE of the Act.

Fertiliser storage facilities

In addition to the above remedial matters, the Commissioner is setting general depreciation rates for fertiliser storage facilities that are generally associated with fertiliser works, by adding a new asset class in the "Buildings and structures" asset category. The Commissioner considers that the fertiliser storage facilities are buildings within the definition of "building" in IS 10/02 and they have an estimated useful life of 33.3 years.

Fertiliser storage facilities are buildings at the fertiliser works used for the bulk storage of raw materials for the manufacture of fertilisers and depots (may or may not be on site of fertiliser works) used for the bulk storage of finished or partially finished fertiliser products ready for distribution. Taxpayers who own a building that is a fertiliser storage facility can depreciate that building using the rate under this determination from the 2011–12 income year.

This determination does not apply to buildings that are temporarily used as a fertiliser storage facility.

Where a relatively minor administration office area is attached to, or forms part of a fertiliser storage facility building, the Commissioner accepts that they may be treated as one asset for depreciation purposes.

This determination sets the economic rates for the asset class "Fertiliser storage facilities for the bulk storage of raw materials and fertiliser products (may or may not be at the site of fertiliser works)" acquired before 19 May 2005 and those acquired on or after 19 May 2005. Note that different rates of depreciation apply because of the different formulae used to calculate economic rates for buildings acquired before 19 May 2005 and on or after that date.

GENERAL DEPRECIATION DETERMINATION DEP81

1. Application

This determination applies to taxpayers who own depreciable property of the kind listed in the table below.

This determination applies from the 2011–12 and subsequent income years.

2. Determination

Pursuant to section 91AAF of the Tax Administration Act 1994 the proposed general determination will apply to the kind of items of depreciable property listed in the table below by:

- deleting from the "Buildings and structures" asset category the general asset classes, estimated useful lives, and diminishing value and straight-line depreciation rates listed below:

Buildings and structures	Estimated useful life (years)	DV rate (%)	SL rate (%)
Barns	20	10	7
Chemical works	33.3	6	4
Fertiliser works	33.3	6	4

- deleting from the "Dairy plant" industry category the general asset class, estimated useful life, and diminishing value and straight-line depreciation rates listed below:

Dairy plant	Estimated useful life (years)	DV rate (%)	SL rate (%)
Powder dryer buildings	15.5	13	8.5

- deleting from the "Cigarette manufacturing" industry category the general asset class, estimated useful life, and diminishing value and straight-line depreciation rates listed below:

Cigarette manufacturing	Estimated useful life (years)	DV rate (%)	SL rate (%)
Barns (drying)	20	10	7

- adding into the category "Buildings and structures" asset category the general asset classes, estimated useful lives, and diminishing value and straight-line depreciation rates listed below:

Buildings and structures	Estimated useful life (years)	DV rate (%)	SL rate (%)
Barns, acquired on or before 30 July 2009	20	10	7
Barns, acquired after 30 July 2009	20	8.5	5
Barns (drying), acquired on or before 30 July 2009	20	10	7
Barns (drying), acquired after 30 July 2009	20	8.5	5
Chemical works, acquired on or before 30 July 2009	33.3	6	4
Chemical works, acquired after 30 July 2009	33.3	4.5	3
Fertiliser works, acquired on or before 30 July 2009	33.3	6	4

Buildings and structures	Estimated useful life (years)	DV rate (%)	SL rate (%)
Fertiliser works, acquired after 30 July 2009	33.3	4.5	3
Powder dryer buildings, acquired on or before 30 July 2009	15.5	13	8.5
Powder dryer buildings, acquired after 30 July 2009	15.5	11	6.5
Fertiliser storage facilities for the bulk storage of raw materials and fertiliser products (may or may not be at the site of fertiliser works) (acquired before 19 May 2005)	33.3	6	4
Fertiliser storage facilities for the bulk storage of raw materials and fertiliser products (may or may not be at the site of fertiliser works) (acquired on or after 19 May 2005)	33.3	4.5	3

- adding into the category "Dairy plant" industry category the general asset classes, estimated useful lives, and diminishing value and straight-line depreciation rates listed below:

Dairy plant	Estimated useful life (years)	DV rate (%)	SL rate (%)
Powder dryer buildings, acquired on or before 30 July 2009	15.5	13	8.5
Powder dryer buildings, acquired after 30 July 2009	15.5	11	6.5

- adding into the category "Cigarette manufacturing" industry category the general asset classes, estimated useful lives, and diminishing value and straight-line depreciation rates listed below:

Cigarette manufacturing	Estimated useful life (years)	DV rate (%)	SL rate (%)
Barns (drying), acquired on or before 30 July 2009	20	10	7
Barns (drying), acquired after 30 July 2009	20	8.5	5

3. Interpretation

In this determination, unless the context otherwise requires, words and terms have the same meaning as in the Income Tax Act 2007 and the Tax Administration Act 1994.

This determination is signed on the 1st day of March 2012.

Rob Wells

LTS Manager, Technical Standards

PROVISIONAL DEPRECIATION RATE FOR DAIRY PLANT DRY STORE BUILDINGS

The Commissioner has determined the estimated useful life and depreciation rate applicable to dry store buildings used in the "Dairy plant" industry. A dry store building typically has a reinforced concrete floor, with steel framing and galvanised steel wall and roof cladding. It is used for the safe storage of processed dairy products, which are particularly susceptible to contamination.

This depreciation determination applies to dry store buildings that are built adjacent to and are closely inter-related to the milk powder dryer building. The "Dairy plant" industry category provides a diminishing value depreciation rate of 13% for "Powder dryer buildings", based on an estimated useful life of 15.5 years. Within the dairy industry, the second time that a powder dryer building is demolished and replaced, the adjacent dry store building would also be required to be replaced.

In the case of those dry store buildings that are located adjacent to the powder dryer building, the Commissioner considers there are a number of factors that would mean that the useful life of a dry store building would have a useful life that is closely aligned to the useful life of the powder dryer building. These are:

- The degree to which the dry store is integral to the production of the powder dryer plant. As production increases, storage capacity must also increase, so the dry store building that supports the powder dryer buildings must increase at a similar pace.
- In the course of producing milk powder, corrosive material, which has an effect on the physical life of the dry store building, is expelled from the powder dryers when the plant is purged between production runs.
- The Commissioner takes a total life approach to determine the useful life of an asset, which requires the consideration of possible uses of the asset including possible secondary uses for the asset by the current owner. The useful life of an on-site dry store building is closely linked to the cycle of replacing the powder dryer building and unlike those dry store buildings which are not situated within the dairy company's premises (which are a part of the dairy industries distribution network) there would be no secondary use of an on-site dry store building.

The above factors would not, on their own, be sufficient to influence the useful life of a dry store building. However, when considered accumulatively, the Commissioner is satisfied that the useful life of an on-site dry store building, built adjacent to, and integral to, a powder dryer building is 33.3 years.

DETERMINATION PROV22: TAX DEPRECIATION RATES PROVISIONAL DETERMINATION NUMBER PROV22

This determination may be cited as "Determination PROV22: Tax Depreciation Rates Provisional Determination Number PROV22".

1. Application

This determination applies for the 2011 and subsequent income years.

2. Determination

Pursuant to section 91AAG of the Tax Administration Act 1994 I set in this determination the provisional rate/s to apply to the kind/s of items of depreciable property listed in the table below by:

- adding into the "Dairy plant" industry category and the "Buildings and structures" asset category, the provisional asset classes, estimated useful lives, and diminishing value and straight-line depreciation rates listed below:

"Dairy plant" industry category, and "Buildings and structures" asset category	Estimated useful life (years)	DV rate (%)	SL rate (%)
Dairy plant powder drying plant dry store buildings, acquired before 19 May 2005	33.3	6	4
Dairy plant powder drying plant dry store buildings, acquired on or after 19 May 2005	33.3	4.5	3

3. Interpretation

In this determination, unless the context otherwise requires, words and terms have the same meaning as in the Income Tax Act 2007 and the Tax Administration Act 1994.

This determination is signed on the 27th day of February 2012.

Rob Wells

LTS Manager, Technical Standards

PROVISIONAL DEPRECIATION RATE FOR AUTOMATED MILKING SYSTEM

The Commissioner has set a provisional depreciation rate for automated milking systems.

An automated milking system is a robotic milking machine that is used on dairy farms. It enables cows to be milked on demand, without human intervention. An automated milking system typically consists of the following components and functions:

- The milking station, which includes robotic arms, cups that place on a cow's udder, gates, and frame where the cow stands during milking
- Feeding systems for the cow while milking
- Udder preparation routine
- Cleaning system
- A milking machine and milking line
- Vacuum system
- Milk cooling function
- Automatic milk samplers
- Milk quality monitoring equipment
- Cow electronic identification
- Selection gates and herd traffic control software
- Herd management software, including software to control the milking, cleaning and cooling process; milk quality monitoring; and cow identification.

DETERMINATION PROV23: TAX DEPRECIATION RATES PROVISIONAL DETERMINATION PROV23

This determination may be cited as "Determination PROV23: Tax Depreciation Rates Provisional Determination Number PROV23".

1. Application

This determination applies to taxpayers who own items of depreciable property of the kind listed in the table below.

This determination applies for the 2011 and subsequent income years.

2. Determination

Pursuant to section 91AAG of the Tax Administration Act 1994 I set in this determination the provisional rate to apply to the kind of items of depreciable property listed in the table below by:

- adding into the "Agriculture, horticulture and aquaculture" industry category, the provisional asset class, estimated useful life, and diminishing value and straight-line depreciation rate listed below:

Provisional asset class	Estimated useful life (years)	DV rate (%)	SL rate (%)
Automated milking system	10	20	13.5

3. Interpretation

In this determination, unless the context otherwise requires, words and terms have the same meaning as in the Income Tax Act 2007 and the Tax Administration Act 1994.

This determination is signed on the 27th day of February 2012.

Rob Wells

LTS Manager, Technical Standards

2012 INTERNATIONAL TAX DISCLOSURE EXEMPTION ITR23

Introduction

Section 61 of the Tax Administration Act 1994 ("TAA") requires taxpayers to disclose interests in foreign entities.

Section 61(1) of the TAA states that a person who has a control or income interest in a foreign company or an attributing interest in a foreign investment fund ("FIF") at any time during the income year must disclose the interest held.[1] However, section 61(2) of the TAA allows the Commissioner of Inland Revenue to exempt any person or class of persons from this requirement if disclosure is not necessary for the administration of the international tax rules (as defined in section YA 1) contained in the Income Tax Act 2007 ("ITA").

To balance the revenue forecasting and risk assessment needs of the Commissioner with the compliance costs of taxpayers providing the information, the Commissioner has issued an international tax disclosure exemption under section 61(2) of the TAA that applies for the income year corresponding to the tax year ended 31 March 2011. This exemption may be cited as "International Tax Disclosure Exemption ITR23" and the full text appears at the end of this item.

We note at the time of writing, the Taxation (International Investment and Remedial Matters) Bill, which is due to bring in an active income exemption for holdings above 10% in foreign companies that are not CFCs, has yet to be enacted. As the amendments apply for balance dates starting from 1 July 2011 to 30 September 2011, this disclosure exemption will apply to those taxpayers.

Scope of exemption

The scope of the 2012 exemption is the same as the 2011 exemption.

Application date

This exemption applies for the income year corresponding to the tax year ending 31 March 2012.

Summary

In summary, the 2012 international tax disclosure exemption **removes** the requirement of a resident to disclose:

- portfolio investments that fall within the $50,000 de minimis, that is, an interest of less than 10% in a foreign company that is not an attributing interest in a FIF, or is an attributing interest in a FIF in respect of which no FIF income or loss arises under either section CQ 5(1)(d) or section DN 6(1)(d) of the ITA [2]
- if the resident **is not** a widely-held entity, an attributing interest in a FIF that is an income interest of less than 10%, if the foreign entity is incorporated (in the case of a company) or otherwise tax resident in a treaty country or territory, and the fair dividend rate or comparative value method of calculation is used
- if the resident **is** a widely-held entity, an attributing interest in a FIF that is an income interest of less than 10% and the fair dividend rate or comparative value method is used. The resident is instead required to disclose the end-of-year New Zealand dollar market value of such investments split by the jurisdiction in which the attributing interest in a FIF is held or listed.

The 2012 disclosure exemption also removes the requirement for a non-resident or transitional resident to disclose interests held in foreign companies and FIFs.

Commentary

Generally, residents who hold an income interest or a control interest in a foreign company, or an attributing interest in a FIF are required to disclose these interests to the Commissioner. These interests are considered in further detail below.

Attributing interest in a FIF

A resident is required to disclose an attributing interest in a FIF if FIF income or a FIF loss arises through the use of one of the following calculation methods:

- branch equivalent, accounting profits, deemed rate of return or cost methods; or
- fair dividend rate or comparative value methods if the resident is a "widely-held entity"; or
- fair dividend rate or comparative value methods, the resident is not a widely-held entity and the country in which the attributing interest is incorporated or otherwise tax resident in a country or territory that New Zealand **does not** have a double tax agreement in force as at 31 March 2012.

[1] In the case of partnerships, disclosure needs to be made by the individual partners in the partnership. The partnership itself is not required to disclose.

[2] We note that the proposed ability to opt out of the de minimis cannot apply until 1 April 2012 and so is outside the scope of this disclosure exemption.

The 37 countries or territories that New Zealand does have a double tax agreement in force as at 31 March 2012 are listed below.

Australia
Austria
Belgium
Canada
Chile
China
Czech Republic
Denmark
Fiji
Finland
France
Germany
Hong Kong
India
Indonesia
Ireland
Italy
Japan
Korea
Malaysia
Mexico
Netherlands
Norway
Philippines
Poland
Russian Federation
Singapore
South Africa
Spain
Sweden
Switzerland
Taiwan
Thailand
Turkey
United Arab Emirates
United Kingdom
United States of America

No disclosure is required by non-widely-held taxpayers for attributing interests in FIFs that are incorporated or otherwise tax resident in a tax treaty country or territory, if the fair dividend rate or comparative value methods of calculation are used.

A "widely-held entity" for the purposes of this disclosure is an entity which is a:

- portfolio investment entity (this includes a portfolio investment-linked life fund); or
- widely-held company; or
- widely-held superannuation fund; or
- widely-held group investment fund ("GIF").

Portfolio investment entity, widely-held company, widely-held superannuation fund and widely-held GIF are all defined in section YA 1 of the ITA.

The disclosure required by widely-held entities of attributing interests in FIFs which use the fair dividend rate or the comparative value method of calculation is that, for each calculation method, they disclose the end-of-year New Zealand dollar market value of investments split by the jurisdiction in which the attributing interest in a FIF is held, listed, organised or managed. In the event that tax residence is not easily determined, a further option of a split by currency in which the investment is held will also be accepted as long as it is a reasonable proxy—that is at least 90–95% accurate—for the underlying jurisdictions in which the FIF is held, listed, organised or managed. For example, investments denominated in euros will not be able to meet this test and so euro-based investments will need to be split into the underlying jurisdictions.

FIF interests

The types of interests that fall within the scope of section 61(1) of the TAA are:

- rights in a foreign company or anything deemed to be a company for the purposes of the ITA (eg, a unit trust)
- an entitlement to benefit from a foreign superannuation scheme
- an entitlement to benefit from a foreign life insurance policy
- an interest in an entity specified in schedule 25, part A of the ITA (no entities were listed when this issue of the *Tax Information Bulletin* went to press).

However, the following interests are exempt (under sections EX 31 to EX 43 of the ITA) from being an attributing interest in a FIF and do not have to be disclosed:

- an income interest of 10% or more in a CFC (although separate disclosure is required of this as an interest in a foreign company)
- certain interests in Australian resident companies listed on an approved index of the Australian Stock Exchange and required to maintain a franking account (refer to the IR 871 form that can be found on Inland Revenue's website **www.ird.govt.nz** (keywords: other exemptions))
- an interest in an Australian unit trust that has an RWT proxy with either a high turnover or high distributions
- an interest of 10% or more in a foreign company that is treated as resident in a country or territory specified in the grey list. Note that for income years beginning on or after 1 July 2011, the grey list should be replaced by an exemption for interests of 10% or more in companies that are resident and subject to tax in Australia.
- an interest in certain grey-list companies (only interests in Guinness Peat Group plc qualify for this exemption)
- an interest in a superannuation scheme that qualifies for the new resident's accrued superannuation entitlement exemption
- certain foreign pensions or annuities (see Inland Revenue's guide *Overseas private pensions (IR 257)* for more information)
- an interest in certain venture capital investments in New Zealand resident start-up companies that migrate to a grey-list country
- an interest in certain grey-list companies owning New Zealand venture capital companies
- an interest in certain grey-list companies resulting from shares acquired under a venture investment agreement
- an interest in certain grey-list companies resulting from the acquisition of shares under an employee share scheme

- an interest held by a natural person in a foreign entity located in a country where exchange controls prevent the person deriving any profit or gain or disposing of the interest for New Zealand currency or consideration readily convertible to New Zealand currency.

De minimis

Interests in foreign entities held by a natural person not acting as a trustee also do not have to be disclosed if the total cost of the interests remains under $50,000 at all times during the income year—the de minimis exemption. This disclosure exemption is made because no FIF income under section CQ 5 of the ITA or FIF loss under section DN 6 arises in respect of these interests.

We note that from 1 April 2012 in the event that legislation is passed to allow an opt-out of the de minimis, disclosure may be required if it would have been required had the cost of the person's FIF interest exceeded the de minimis.

Format of disclosure

The forms for the disclosure of FIF interests are as follows:

- IR 439 form for the accounting profits method
- IR 440 form for the branch equivalent method
- IR 443 form for the deemed rate of return method
- IR 445 form for the fair dividend rate method (for widely-held entities)
- IR 446 form for the comparative value method (for widely-held entities)
- IR 447 form for the fair dividend rate method (for individuals or non-widely-held entities)
- IR 448 form for the comparative value method (for individuals or non-widely-held entities)
- IR 449 form for the cost method.

FIF disclosure forms (of methods that will be unaffected by the potential law change to bring in an active income exemption), have been updated and online filing improved.

In particular, improvements have been made to the *Foreign investment fund disclosure (IR 445)* or *(IR 447), Interest in a foreign investment fund disclosure schedule (cost method) (IR 449), Interest in a foreign investment fund disclosure schedule (deemed rate of return method) (IR 443)* and *Comparative value disclosures (IR 446)* or *(IR 448).*

It is now possible to download a spreadsheet as a working paper or complete the disclosures online. If you're downloading the spreadsheet you will be able to save it as a working paper on your computer and when completed submit the form by using Inland Revenue's online services.

You will still able to complete the disclosure online without downloading a spreadsheet by directly entering the disclosure online.

The IR 445 and IR 446 forms, which reflect the disclosure for fair dividend rate and comparative value for *widely-held entities* must be completed online. As discussed above this disclosure is by country rather than by individual investment as is the general requirement of section 61. In order to be exempt from the general requirements, the alternative disclosure must be made electronically.

The IR 447, IR 448 and IR 449 forms, applying to the fair dividend rate and comparative value methods for *individuals or non-widely-held entities* as well as the cost method for all taxpayers may be completed online. The online forms can be found at **www.ird.govt.nz** "Get it done online", "Foreign investment fund disclosure".

Income years starting after 30 June 2011

Once enacted, the Taxation (International Investment and Remedial Matters) Bill will affect some taxpayers with balance dates starting after 30 June 2011. More specifically these taxpayers will:

- be able to use an active income exemption for interests of 10% or more in foreign companies (non-portfolio FIFs). The active income exemption is based on the CFC rules and will be known as the attributable FIF income method. The attributable FIF income method replaces the branch equivalent method. For taxpayers with balance dates starting from 1 July 2011 until 30 September 2011, to whom the proposed change would apply, mandatory electronic disclosure will be required. This will be able to be found at the "Get it done online", "Foreign investment fund disclosure" part of our website (**www.ird.govt.nz**) soon after the bill is passed.
- be able to use the fair dividend rate and cost methods for any attributing interest in a FIF where previously this was limited to interests of less than 10% in a FIF
- not be able to use the accounting profits method as it will have been repealed.

Situation before application of proposed law change

Until the proposed extension of the active income exemption is passed into law, or for taxpayers for whom the change does not apply in the 2012 tax year, a transitional measure for non-portfolio FIFs using the branch equivalent or accounting profits, namely an alternative to using the IR 439 and IR 440 forms, is acceptable for the income year corresponding to the tax year ending 31 March 2012.
For each calculation method, an acceptable alternative disclosure will be a schedule outlining all the FIF interests of a particular taxpayer and must, as a minimum, include the following information:

- details of the taxpayer filing the form, including name, IRD number, contact details

- details of the FIF, including name, business activity, balance date, country of residence, address
- nature of the taxpayer's FIF interest (ie, shares or units)
- details of the taxpayer's income interest percentage (including details of the measurement basis used)
- currency the financial statements were prepared in
- calculation of FIF income or loss including conversion rate and NZD conversion calculation
- details of any loss offset or loss to carry forward
- details of any foreign tax credit available (including details of NZD conversion calculation).

A scanned copy of the audited financial statements of the FIF must also accompany the schedule(s).

The alternative disclosure schedules and audited financial accounts should be sent to the following email address: **439440disclosure@ird.govt.nz**

The alternative disclosure schedule filed must also be printed, dated and signed by the taxpayer as true and correct. This should be held on file by the taxpayer and may be requested by the Commissioner.

Income interest of 10% or more in a foreign company

A resident is required to disclose an income interest of 10% or more in a foreign company. This obligation to disclose applies to all foreign companies regardless of the country of residence. For this purpose, the following interests need to be considered:

a) an income interest held directly in a foreign company

b) an income interest held indirectly through any interposed foreign company

c) an income interest held by an associated person (not being a controlled foreign company) as defined by subpart YB of the ITA.

To determine whether a resident has an income interest of 10% or more for CFCs, sections EX 14 to EX 17 of the ITA should be applied. To determine whether a resident has an income interest of 10% or more in any entity that is not a CFC, for the purposes of this exemption, sections EX 14 to EX 17 should be applied to the foreign company as if it were a CFC.

Format of disclosure

Disclosure of all interests in a controlled foreign company is required using a *Controlled foreign companies disclosure (IR 458)* form. This form, which involves uploading a prescribed spreadsheet, can cater for up to 500 individual disclosures.

The IR 458 form must be completed online at **www.ird.govt.nz** (keyword: ir458). Please note that electronic filing is a mandatory requirement for CFC disclosure.

Overlap of interests

It is possible that a resident may be required to disclose an interest in a foreign company that also constitutes an attributing interest in a FIF. For example, a person with an income interest of 10% or greater in a foreign company that is not a CFC is strictly required to disclose both an interest held in a foreign company and an attributing interest in a FIF.

To meet disclosure requirements, only one form of disclosure is required for each interest. If the interest is an attributing interest in a FIF, then the appropriate disclosure for the calculation method, as discussed previously, must be made.

In all other cases, where the interest in a foreign company is not an attributing interest in a FIF, the IR 458 for controlled foreign companies must be filed.

Interests held by non-residents and transitional residents

Interests held by non-residents and transitional residents in foreign companies and FIFs do not need to be disclosed.

This would apply for example to an overseas company operating in New Zealand (through a branch) in respect of its interests in foreign companies and FIFs; or to a transitional resident with interests in a foreign company or an attributing interest in a FIF.

Under the international tax rules, non-residents and transitional residents are not required to calculate or attribute income under either the CFC or FIF rules. Therefore disclosure of non-residents' or transitional residents' holdings in foreign companies or FIFs is not necessary for the administration of the international tax rules and so an exemption is made for this group.

PERSONS NOT REQUIRED TO COMPLY WITH SECTION 61 OF THE TAX ADMINISTRATION ACT 1994

This exemption may be cited as "International Tax Disclosure Exemption ITR23".

1. Reference

This exemption is made under section 61(2) of the Tax Administration Act 1994. It details interests in foreign companies and attributing interests in FIFs in relation to which any person is not required to comply with the requirements in section 61 of the Tax Administration Act 1994 to make disclosure of their interests, for the income year ending 31 March 2012.

2. Interpretation

For the purpose of this disclosure exemption:

- to determine an income interest of 10% or more, sections EX 14 to EX 17 of the Income Tax Act 2007 apply for interests in controlled foreign companies. In the case of attributing interests in FIFs, those sections are to be applied as if the FIF were a CFC, and
- double tax agreement means a double tax agreement in force as at 31 March 2012 in one of the 37 countries or territories as set out in the commentary.

The relevant definition of "associated persons" is contained in the parts of subpart YB of the Income Tax Act 2007.

Otherwise, unless the context requires, expressions used have the same meaning as in section YA 1 of the Income Tax Act 2007.

3. Exemption

i) Any person who holds an income interest of less than 10% in a foreign company, including interests held by associated persons, that is not an attributing interest in a FIF, or that is an attributing interest in a FIF in respect of which no FIF income or loss arises under either section CQ 5(1)(d) or section DN 6(1)(d) of the Income Tax Act 2007, is not required to comply with section 61(1) of the Tax Administration Act 1994 for that interest and that income year.

ii) Any person who is a portfolio investment entity, widely-held company, widely-held superannuation fund or widely-held GIF, who has an attributing interest in a FIF, other than a direct interest of 10% or more in a foreign company that is not a foreign PIE equivalent, and uses the fair dividend rate or comparative value calculation method for that interest, is not required to comply with section 61(1) of the Tax Administration Act 1994 in respect of that interest and that income year, if the person discloses the end-of-year New Zealand dollar market value of investments, in an electronic format prescribed by the Commissioner, split by the jurisdiction in which the attributing interest in a FIF is held or listed.

iii) Any person who is not a portfolio investment entity, widely-held company, widely-held superannuation fund or widely-held GIF, who has an attributing interest in a FIF, other than a direct income interest of 10% or more, and uses the fair dividend rate or comparative value calculation method is not required to comply with section 61(1) of the Tax Administration Act 1994 in respect of that interest and that income year, to the extent that the FIF is incorporated or tax resident in a country or territory with which New Zealand has a double tax agreement in force at 31 March 2012.

iv) Any non-resident person or transitional resident who has an income interest or a control interest in a foreign company or an attributing interest in a FIF in the income year corresponding to the tax year ending 31 March 2012, is not required to comply with section 61(1) of the Tax Administration Act 1994 in respect of that interest and that income year if either or both of the following apply:

- no attributed CFC income or loss arises in respect of that interest in that foreign company under sections CQ 2(1)(d) or DN 2(1)(d) of the Income Tax Act 2007; and/or
- no FIF income or loss arises in respect of that interest in that FIF under sections CQ 5(1)(f) or DN 6(1)(f) of the Income Tax Act 2007.

This exemption is made by me acting under delegated authority from the Commissioner of Inland Revenue pursuant to section 7 of the Tax Administration Act 1994.

This exemption is signed on the 8th of March 2012.

Peter Loerscher

Principal Advisor (International Tax)

QUESTIONS WE'VE BEEN ASKED

This section of the *TIB* sets out the answers to some day-to-day questions people have asked. They are published here as they may be of general interest to readers.

QB 12/02 INCOME TAX – TREATMENT OF QUAD BIKES FOR DEPRECIATION PURPOSES

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

This QWBA applies in respect of section EE 29.

Question

1. As quad bikes are not specifically listed in the Commissioner's Table of Depreciation Rates, we have been asked to clarify how they are to be treated for depreciation purposes.

Answer

2. For the purposes of the depreciation regime, quad bikes are treated as "motor vehicles" that are designed mainly to carry persons. This being so, the rate of depreciation applicable to them is set by section EE 29(3). This section prescribes depreciation rates of 30% DV or 21% SL.

Explanation

3. A quad bike is similar in nature and size to a motorcycle, but with four wheels. Commercially, they are predominantly used in the agriculture and leisure industries. Although they are able to be registered for road use, quad bikes are generally used "off road".

4. Economic depreciation rates for the various items of depreciable property are set in accordance with sections EE 26–30. In particular, section EE 29(3) sets the depreciation rate for motor vehicles that are designed exclusively or mainly to carry persons. Because of this, determinative of how quad bikes are treated for depreciation purposes is whether a quad bike is a "motor vehicle" and if it is, whether it is designed at least mainly to carry persons.

5. While section YA 1 contains a definition of motor vehicle, this definition relates only to subpart DE (motor vehicle expenditure) and the FBT rules. Motor vehicle is not defined for the purposes of the depreciation regime. This being so, we need to consider the word's ordinary meaning.

6. The *Concise Oxford Dictionary* defines a "motor vehicle" as:

> ***n.*** a road vehicle powered by an internal-combustion engine.

This same dictionary defines a "motorcycle" as:

> ***n.*** a two-wheeled vehicle that is powered by a motor

and "quad bike" as:

> ***n.*** a motorcycle with four large tyres, for off-road use.

7. The dictionary definition of "motor vehicle" places emphasis on the vehicle being a "road vehicle". While a quad bike is able to be registered for road use, its principal use is as an off road vehicle.

8. Despite this, most New Zealand motor vehicle legislation potentially includes quad bikes within their definition of "motor vehicle". In particular, because a quad bike is "… a vehicle drawn or propelled by mechanical power …", the Land Transport Act 1998, Motor Vehicle Securities Act 1989, Motor Vehicle Dealers Act 1975 and the Road User Charges Act 1977 would all include a quad bike within their definitions of a motor vehicle.

9. For legislative purposes, the fact that a quad bike may not be used principally as an on-road vehicle does not appear to be decisive in considering it a "motor vehicle". It is sufficient that it is a vehicle propelled by a motor.

10. On balance, the Commissioner considers that quad bikes are "motor vehicles" for the purposes of the depreciation regime on the basis that they are vehicles drawn or propelled by mechanical power and may be registered for use on the road.

11. To come within the ambit of section EE 29(3) not only must a quad bike be a "motor vehicle", it must also be a motor vehicle that "…is designed exclusively or mainly to carry persons…". Most quad bikes are equipped with front and/or rear steel racks that are capable of carrying goods. However, the steel racks are not intended to carry anything other than light, low or secured loads and carrying anything further requires the use of a small trailer. Despite this limited capability to carry goods, it cannot be said that a quad bike is designed exclusively to carry persons.

12. The Labour department publication, *Guidelines for the safe use of quad bikes*, states that where these vehicles are used on the farm, they can safely be used for inspecting the farm and stock, mustering work, spraying (when used in conjunction with a purpose built spray unit) and maintenance work. All of these uses require only the rider and do not involve the carrying of anything other than very light loads. On this basis it can be said that the carrying of goods is an ancillary purpose, to the quad bikes principle function of carrying the rider, in much the same way as a motor car has a boot to carry light loads. For all of these reasons it is the Commissioner's view that quad bikes are designed mainly to carry persons.

13. Having reached the conclusion that a quad bike is a "motor vehicle that is designed exclusively or mainly to carry persons", the economic rate of depreciation to be used by taxpayers must be that set by section EE 29(3); 30% DV or 21% SL.

14. It should be noted that this rate does not apply to quad bikes that are available for hire for a period of 1 month or less. These are depreciated using the rates included in either the *Transportation* asset category as *Motor vehicles (for transporting people, up to and including 12 seats and used for short-term hire of 1 month or less only)*, or the *Hire equipment (short-term hire of 1 month or less only)* asset category as *Motor vehicles (for transporting people, up to and including 12 seats)*. In both cases the quad bike has an estimated useful life of four years and is depreciated at the rate of either 50% DV or 40% SL.

15. It is proposed to add "quad bikes" as a general asset class to the *Leisure* and the *Agriculture, Horticulture and Aquaculture* industry categories and the *Transportation* asset category.

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, Court of Appeal, Privy Council and the Supreme Court.

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.

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.

COURT OF APPEAL DENIES AUTOMATIC RIGHT OF APPEAL

Case	Heather Anne Jacobs v Commissioner of Inland Revenue
Decision date	22 February 2012
Act(s)	Taxation Review Authorities Act 1994, Tax Administration Act 1994, Judicature Act 1908
Keywords	Right of appeal, leave, inferior court, jurisdiction, challenge

Summary

The appellant (Ms Jacobs) did not have an automatic right of appeal to the Court of Appeal (as her Taxation Review Authority (TRA) proceeding did not amount to a challenge) and therefore the Court of Appeal did not have jurisdiction to entertain her appeal. Leave of the High Court needed to be sought.

Impact of decision

This decision confirms that where a proceeding does not amount to a valid challenge, there is no automatic right of appeal to the Court of Appeal and the proper course of action is to apply to the High Court (in the first instance) for leave to appeal under section 67 of the Judicature Act 1908.

This is the first Court decision to find that the TRA is an "inferior court" for the purposes of the Judicature Act 1908.

Facts

The appellant appealed to the High Court against a decision of the TRA, which had held that the Commissioner's failure to respond to the appellant's late notice of proposed adjustment with a compliant notice of response did not amount to a deemed acceptance of the appellant's proposed adjustment. The High Court dismissed the appellant's appeal. The appellant then appealed to the Court of Appeal.

Counsel for the Commissioner submitted that the Court of Appeal had no jurisdiction to hear the appellant's appeal on the basis that:

- an automatic right to appeal to the Court of Appeal only accrues where the appellant falls within sections 26A and 28 of the Taxation Review Authorities Act 1994 which provides that appeals are only available in respect of challenges commenced under Part 8A of the Tax Administration Act 1994 ("TAA"); and
- otherwise, the appellant must first seek the leave of the High Court under section 67 of the Judicature Act 1908.

Counsel for the appellant accepted that the proceeding brought before the TRA did not amount to a challenge and did not strenuously resist the proposition that the TRA was an "inferior court" for the purposes of section 67 of the Judicature Act 1908.

Decision

The Court of Appeal held that while there is a right of appeal to the Court of Appeal in respect of challenges under Part 8 of the TAA, it is now accepted that the proceeding held before the TRA was not such a challenge.[1]

Accordingly, the Court of Appeal dismissed the appellant's appeal as she did not have an automatic right of appeal and it did not have the jurisdiction to entertain her appeal.

The Court of Appeal further held that the TRA is an inferior court for the purposes of section 67 of the Judicature Act 1908. As such, leave of the High Court must first be sought by the appellant to appeal to the Court of Appeal.

[1] The Court of Appeal undoubtedly intended to refer to Part 8A of the TAA and not Part 8.

LEAVE GIVEN TO DETERMINE APPEAL

Case	Commissioner of Inland Revenue v Redcliffe Forestry Venture Limited & Ors
Decision date	29 February 2012
Act(s)	High Court Rules, Supreme Court Act 2003
Keywords	Leave, jurisdiction, appeal

Summary

The Commissioner sought leave to appeal to the Supreme Court following the Court of Appeal decision that the taxpayers should now be able to amend their pleadings, put forward what they allege as probative evidence of fraud and argue their repleaded case.

Impact of decision

This decision confirms the view that the proposed appeal involves a matter of public importance and is necessary to be determined by the Supreme Court.

Facts

In September 2009 the taxpayers filed a proceeding in the High Court seeking an order to set aside a December 2004 High Court Judgment.[1] The Commissioner responded to this setting-aside proceeding by filing a protest to jurisdiction and an application under rule 5.49 of the High Court Rules for an order dismissing the proceeding.

The Commissioner asserted that the High Court was *functus officio* and thus lacked jurisdiction to hear and determine the proceedings and that any application to set aside the 2004 judgment must be made to the Supreme Court.

The taxpayers conversely asserted that the High Court had jurisdiction to entertain their setting-aside proceeding and that there was no restraint on their bringing that proceeding to the High Court.

The High Court[2] found for the Commissioner and dismissed the taxpayer's application. The taxpayers then appealed to the Court of Appeal.

The Court of Appeal[3] found in favour of the taxpayers and reversed the High Court Judgment. Consequently the Commissioner sought leave to appeal the Court of Appeal judgment on the following issues:

a) whether the proposed appeal involves matters of general or public importance and general commercial significance; subsections 13(2)(a) and (c) Supreme Court Act 2003

b) whether it is necessary in the interests of justice for the Supreme Court to hear and determine the proposed (interlocutory) appeal before the proceeding concludes in the High Court; section 13(4) Supreme Court Act 2003.

Decision

The Supreme Court granted leave to appeal and approved the questions:

a) whether the Commissioner's challenge to the claim was appropriately brought under rule 5.49 of the High Court Rules; and

b) whether the judgment of the High Court should in any event have been upheld.

DETERMINATION OF TAX RESIDENCY

Case	W v Commissioner of Inland Revenue
Decision date	30 September 2011
Act(s)	Double Taxation Relief (Fiji) Order 1977
Keywords	Permanent home available, centre of vital interests, habitual abode

Summary

The Taxation Review Authority (TRA) determined that the taxpayer who had been working in Fiji for about four years was a tax resident of New Zealand.

Impact of decision

The Commissioner considers that the result in this case turns largely on the facts found by his Honour Judge Barber and although correct on those facts, has little precedential application. Taxpayers and their agents are referred to the Commissioner's statements regarding the determination of tax residence in *Public Information Bulletin* No 180, June 1989, as well as the commentary to the *Model Tax Convention on Income and on Capital*.

Regarding the Judge's specific findings:

- The Commissioner does not, as a general rule, regard the leasing of the houses by the employer rather than the employee as of itself determinative of whether an individual has a permanent home, and
- the Commissioner will continue to base his analysis on whether a person has an "habitual abode" on the

[1] *Accent Management Ltd v Commissioner of Inland Revenue* (2004) 22 NZTC 19,027 (HC). This was the original High Court judgment (upheld by the Court of Appeal and the Supreme Court) finding that the Trinity scheme was a tax avoidance arrangement.

[2] *Redcliffe Forestry Venture Ltd v Commissioner of Inland Revenue* [2011] 1 NZLR 336; (2010) 24 NZTC 24,079 (HC).

[3] *Redcliffe Forestry Venture Ltd v Commissioner of Inland Revenue* [2011] NZCA 638 (CA).

guidance found in the commentary to the *Model Tax Convention on Income and on Capital*.

Facts

For the income years ended 31 March 2002 to 2006, "W", a New Zealand citizen who had been working in a bank in New Zealand, was appointed the Managing Director and Chief Executive Officer of a bank in Fiji for an initial period of three years. It was then renewed for another two years. But W worked for another year and a half and then returned to New Zealand to retire from his career in the bank.

During his time in Fiji, W lived in houses provided to him by the bank in Fiji as part of his terms of appointment. He also maintained a family home at St Heliers, Auckland, and an apartment at Grey Lynn, Auckland.

W's wife spent most of her time in New Zealand for medical treatment and his two daughters were in New Zealand.

W was a taxpayer of Fiji according to the domestic law of Fiji. However, W also conceded that he was a taxpayer of New Zealand in accordance with the domestic law of New Zealand.

W did not return, in New Zealand, any of the Fiji income received for the income tax years ending 31 March 2002 to 31 March 2006. He claimed that all his income for those periods was taxable only in Fiji.

Inland Revenue disagreed and raised default assessments for those income years to a total amount of $1,056,108.63 (inclusive of shortfall penalties). The shortfall penalties were not disputed in W's Notice of Proposed Adjustment and Statement of Position and therefore were not addressed by the TRA.

W contended that he did not have a permanent home in New Zealand as he was undertaking renovations, which meant that his family home was uninhabitable. The Commissioner contended that W was deemed to be solely a resident of New Zealand because his centre of vital interests was in New Zealand. Renovations undertaken on the home in New Zealand during the period were evidence of the exercise of his control over that home.

Decision

The issue turns on the application of the facts to four tests in Article 4 of the Double Taxation Relief (Fiji) Order 1977, namely "permanent home available", "centre of vital interests", "habitual abode" and "nationality", to W's circumstances.

Judge Barber found that in all the tests, W was deemed a tax resident of New Zealand. Under the test of "permanent home available" the Judge found that W had a permanent home available in Auckland whilst the houses provided for him in Fiji were not. The houses in Fiji were leased by the employer and the taxpayer had no control over them. Accordingly, under the first test in Article 4(2)(a), W was deemed at all material times to be a resident solely of New Zealand.

Under "centre of vital interests" the Judge found that W's personal and economic ties were closest to New Zealand. This was for the reasons that:

i) the wife remained in New Zealand for most of the time in the income years in issue;

ii) the daughters were in New Zealand and received financial support from him;

iii) W kept his finances in New Zealand;

iv) W had assets and businesses in New Zealand; and

v) W's work in Fiji was also determined by a New Zealand entity to whom he reported.

Under "habitual abode" the Judge adopted a broad meaning and found that, upon the facts before him, W's habitual abode lay in New Zealand. The Judge determined that "habitual abode" is not restricted to counting the days in the years the taxpayer was away from New Zealand but what is the normal place of abode.

For the last test on "nationality" it was found W was clearly a New Zealand national.

The issue of shortfall penalties was reserved for leave to apply by the parties.

REGULAR CONTRIBUTORS TO THE TIB

Office of the Chief Tax Counsel

The Office of the Chief Tax Counsel (OCTC) produces a number of statements and rulings, such as interpretation statements, binding public rulings and determinations, aimed at explaining how tax law affects taxpayers and their agents. The OCTC also contributes to the "Questions we've been asked" and "Your opportunity to comment" sections where taxpayers and their agents can comment on proposed statements and rulings.

Legal and Technical Services

Legal and Technical Services contribute the standard practice statements which describe how the Commissioner of Inland Revenue will exercise a statutory discretion or deal with practical operational issues arising out of the administration of the Inland Revenue Acts. They also produce determinations on standard costs and amortisation or depreciation rates for fixed life property used to produce income, as well as other statements on operational practice related to topical tax matters.

Legal and Technical Services also contribute to the "Your opportunity to comment" section.

Policy Advice Division

The Policy Advice Division advises the government on all aspects of tax policy and on social policy measures that interact with the tax system. They contribute information about new legislation and policy issues as well as Orders in Council.

Litigation Management

Litigation Management manages all disputed tax litigation and associated challenges to Inland Revenue's investigative and assessment process including declaratory judgment and judicial review litigation. They contribute the legal decisions and case notes on recent tax decisions made by the Taxation Review Authority and the courts.

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