

# TAX INFORMATION

## *Bulletin*

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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.

You can find a list of the items we are currently inviting submissions on as well as a list of expired items at [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: public consultation).

Email your submissions to us at [public.consultation@ird.govt.nz](mailto: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 at [www.ird.govt.nz/public-consultation](http://www.ird.govt.nz/public-consultation) to receive regular email updates when we publish new draft items for comment.

Ref	Draft type	Title	Comment deadline
PUB00352	Question we've been asked	Changing GST treatment after reducing the previously agreed consideration	12 November 2019

# IN SUMMARY

## New legislation

### Order in Council

#### Foreign Investment Fund Deemed Rate Of Return Set For 2018–19

The deemed rate of return for taxing foreign investment fund interests is 5.86% for the 2018–19 income year, down from 6.44% for the previous income year.

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## NEW LEGISLATION

This section of the *TIB* covers new legislation, changes to legislation including general and remedial amendments, and Orders in Council.

### ORDER IN COUNCIL

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#### FOREIGN INVESTMENT FUND DEEMED RATE OF RETURN SET FOR 2018–19

The deemed rate of return for taxing foreign investment fund interests is 5.86% for the 2018–19 income year, down from 6.44% for the previous income year.

The deemed rate of return is set annually and is one of the methods that can be used to calculate income from foreign investment fund interests. The rate is based on taking an average of the five-year Government bond rate at the end of each quarter, plus a margin of four percentage points.

The new rate was set by Order in Council on 26 August 2019 and came into force on 26 September 2019.

*Income Tax (Deemed Rate of Return on Attributing Interests in Foreign Investment Funds, 2018–19 Income Year) Order 2019 (LI 2019/204)*

## 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 and Strategy

Policy 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.

### Legal Services

Legal Services 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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There is a TIB index at the link above which is updated annually.