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Newsletter – August 2016

GOVERNMENT INQUIRY INTO FOREIGN TRUST DISCLOSURE RULES COMPLETED

John Shewan has now completed his inquiry into foreign trust disclosure rules, which was conducted on behalf of the Government. This has stemmed from the 'Panama Papers' leak, which led many to believe that New Zealand's foreign trust regime required a overhaul. John Shewan has agreed with this, concluding that our foreign trust rules are inadequate; the rules are not fit for purpose in the context of preserving New Zealand's reputation as a country that cooperates with other jurisdictions to counter money laundering and aggressive tax practices.

This has led to a range of recommendations being made, the majority of which are expected to be adopted by the Government. Some of these include:

- Foreign trusts be required to register on establishment using an expanded version of the current disclosure form, IR 607.
- A register of foreign trusts, searchable only by regulatory agencies, be maintained.
- The registration document include a signed declaration that the person establishing the foreign trust, the settlor(s) and the trustees have been advised of and have agreed to provide the information to comply with-
 - the record keeping requirements in the Tax Administration Act
 - the Anti-Money Laundering and Countering Financing of Terrorism Act and Regulations
 - the Automatic Exchange of Information/Common Reporting Standard requirements (once enacted)
- Foreign trusts be required to pay a registration and annual filing fee to recover the costs to the Crown of administering the foreign trust regime. The Inquiry considers a fee of \$500 at registration and an annual fee of the same amount would be reasonable.



- The trust deed be required to be filed with the registration form

If you think you will be impacted by these changes, feel free to contact the office on 03 307 6455.

NEW GST ONLINE FILING

The first steps towards tax simplification lie in the new option for taxpayers for online filing of GST returns. Inland Revenue has been working with two software providers to pilot a service so taxpayers can file their GST returns directly from their business software. At present this can be used for GST only returns or for combined GST and provisional tax returns, although this option is not open to taxpayers who use the ratio option to calculate provisional tax.

To use this service, you need two things: you need to be using the software but you also need confidence that your systems are set up to capture your GST position correctly. You want to be sure you won't be exposed to tax penalties for underpayment further on. If you would like to discuss this further, please contact the office on 03 307 6455.