



TAX UPDATE - 2012



Presented by

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Introduction

Welcome to the Tax Update seminar for 2012. Once again the 2011 calendar year has seen a number and a variety of tax changes. As always, my intention in preparing this paper and presenting the seminar is to provide you with an overview to any changes that could have a practical application (rather than any attempt to cover all the changes) in preparing financial statements and tax returns for a business you run or those you to whom you provide advice.

As you will be well aware, the two major changes during 2011 were the Penny & Hooper case and the repeal of Gift Duty. For completeness I have covered both of these changes. However, they have both been the subject of a number of courses and articles over the last six months so I will not devote a large portion of the paper or presentation to these changes.

I will review changes resulting from new legislation. The Taxation (Tax Administration and Remedial Matters) on 29 August 2011 and contained improvements to the tax administration system, abolishes gift duty, makes improvements to the tax disputes process, clarifies deductibility of UOMI, contains changes as a consequence of the Christchurch earthquakes, considers non-residents investing through a NZ PIE and has a variety of GST changes. The Taxation (Annual Rates, Returns Filing, and Remedial Matters) Bill introduced on 14 September 2011 proposes, changes to returns filing and record-keeping requirements, raises the minimum employee and employer contribution rates for KiwiSaver, commonsense changes to the GST apportionment rules, and ensures that expenditure on software development is deductible if the software cannot be used and the project is abandoned.

Statements by the Inland Revenue Department (IRD) include, instalment arrangements for payment of tax, what obsolescence is in relation to asset depreciation, deductibility of corporate admin costs, whether interest will still be deductible where a loss-attributing qualifying company (LAQC) becomes a look-through company (LTC) and re-characterising existing commercial building into commercial fit-out to claim depreciation when those items had not been identified as separate depreciable property at the time of acquisition.

As always, I review a number of court cases that provide incite and assist in interpreting the law.

I trust that the material in both the paper and the presentation will be of use to you in running your business or assisting you in advising your clients.

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