Doing Business in New Zealand

About Christmas Gouwland

Christmas Gouwland is a leading Auckland Chartered Accounting firm providing expert advice in a range of accounting, taxation and commercial matters. Independent and locally owned, Christmas Gouwland is passionate about being part of the financial success of local businesses and the Auckland community.

Important Disclaimer

Christmas Gouwland Limited is a member firm of the GMN International Limited alliance of legally independent firms. Christmas Gouwland Limited does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

CONTENTS

Doing Business in New Zealand 1
Introduction 3
- Geography 3
- Language and Currency 3
- Advantages of Investing in New Zealand 3
- Government 3
- Legal System 3
- Major Exports and Imports 3
- Government Policy on Foreign Investment in New Zealand 4
- Exchange Controls 4
- Source of Finance 4
- Registration requirements and filing procedures for public securities 4
- Financial Advisers 5
- Reserve Bank 5

Business Structures 6
- Types of Business Structures 6
- Companies 6
- Audit Requirements and Practices 7
- Shareholdings by non-residents 8
- Look Through Companies 8
- Partnerships 8
- Limited Partnerships 8
- Joint Ventures 9
- Trusts 9

Taxation 10
- Introduction 10
- New Zealand Taxation Law and Administration 10
- Fiscal Year 10
- Taxpayers 10
- Taxation of Individuals 10
- Taxation of Companies 10
- Taxation of Partnerships, Trusts 12
- Taxable Income 12
- Payment of Tax 12
- Lodgement of Returns 13
- Residence and Source 13
- Source of Income 13
- Repatriation of Profits and Transfer Pricing 13
- Taxation of Capital Gains 14
- Interaction with International Tax Regime 14
- Superannuation - Kiwisaver 14
- Other Taxes 16

Grants and Incentives 18
- Introduction 18
- Government Incentives 18
- Protection of Intellectual and Industrial Property 18

Immigration 20
- Migration to New Zealand 20
- Permanent Residence 20
- Skilled Migrant Category 20
- Business and Investment Category 20
- Temporary Residence 22
- Visitors 22
- Work Permits 22

Introduction

Geography

New Zealand consists of two main islands, the North Island and South Island, and a number of smaller islands. The capital city is Wellington, at the southern part of the North Island. The resident population is approximately 4.4 million.

Language and Currency

New Zealand is a culturally diverse nation and English is the main language. Maori and New Zealand sign language are the other official languages. New Zealand does not have an official religion.

The New Zealand Dollar is the unit of currency. The dollar is freely floated against all major currencies.

Advantages of Investing in New Zealand

New Zealand is a land of fresh opportunities. Our economy is efficient and market-driven, with a culture of innovation. New Zealand is capable delivering benefits to investors including business stability, extensive free trade agreements and active government support for investment.

Ease of access to Australia, a market of 24 million people and New Zealand's nearest neighbour, is guaranteed through open market agreements.

Investors can take advantage of a business environment consistently rated on many measures as one of the best in the world - an environment where it is easy to commence business, where capital flows freely across borders and the quality of life is superb. It is considered to be one of the top five countries for anti-corruption.

New Zealand has traditionally been a producer of primary products, however with a well educated population and good infrastructure it is becoming increasingly innovative in the products and services it sells to the world.

Government

New Zealand is an independent state within the British Commonwealth. The Governor-General is the Queen's representative in New Zealand.

The New Zealand parliamentary framework is based on the Westminster system. New Zealand's Parliament consists of the Sovereign and the House of Representatives. New Zealand's Parliament has only one chamber, the House of Representatives.

Legal System

The legal system is based on the English common law system. Many New Zealand statutes are based on English statutes.

The highest Court is the Supreme Court of New Zealand, based in Wellington.

Major Exports and Imports

New Zealand's major exports are dairy products, meat, petroleum products, wood and fruit. Tourism is also a major earner of foreign currency.

Certain commodities may not be exported from New Zealand without a permit. These include: historic works of art and artefacts; animals and animal products (including marine); arms and explosives; fertilisers; seeds, grains, potatoes; metals and minerals; banknotes and coins (above a certain level); timber and timber products. Documentation for any goods exceeding NZ$1,000 in value must be filed with the Customs Department before export.

Major imports are machinery, motor vehicles and petroleum products. Tariffs are imposed on certain goods imported to New Zealand. Government policy has been to reduce and simplify tariffs on most goods. GST (Goods and Services Tax) is levied on all goods entering New Zealand and is collected by New Zealand Customs.

Government Policy on Foreign Investment in New Zealand

Foreign investment into New Zealand is encouraged; however sensitive assets are protected by the Overseas Investment Act 2005.

Overseas Investment Office consent is required for the acquisition of significant business assets (exceeding $100 million), sensitive land (non-urban land of more than 5 hectares, offshore islands, land adjacent to lakes and the foreshore, or land of conservational or historical significance) and fishing quotas.

Exchange Controls

There are no restrictions on the buying and selling of foreign currencies. The New Zealand banking system offers a full range of foreign exchange services including spot, forward, futures, options and the more sophisticated derivative products.

Financial institutions are obliged to report suspicious transactions where there are reasonable grounds to suspect the transaction may be relevant to an investigation or prosecution of any person for a money laundering offence.

Source of Finance

New Zealand has four major trading banks, all of which are owned by major Australian banks.

- ANZ National Bank Limited (ANZ and National Banks)
- ASB Bank Limited
- Bank of New Zealand
- Westpac New Zealand Limited

Smaller in size is Kiwibank (ultimately owned by the Crown as a division of New Zealand Post).

There are also a number of finance companies that provide funding for the purchase of capital equipment, motor vehicles and consumer finance, in addition to real estate lending. Finance can also be raised through New Zealand's capital markets. The New Zealand Stock Exchange and its members are the primary facilitators of capital raising through the capital markets. It is possible to raise capital directly from the public. All capital raising requires compliance with the Securities Act 1978.

Registration requirements and filing procedures for public securities

The Securities Act 1978 stipulates that no security is to be offered to the public for subscription, by or on behalf of an issuer, unless the offer is accompanied with specific investment information or made in a registered prospectus that complies with the Act and regulations.

The Securities Markets Act 1988 regulates market conduct (including insider trading, market manipulation, continuous disclosure, and financial adviser disclosure and compliance), by public issuers and requires that issuers be listed on the New Zealand Exchange Ltd (NZX).

Financial Advisers

From 1 December 2010 Code of Professional Conduct for Authorised Financial Advisers (AFAs) has come into effect. The Code of Conduct contains the minimum standards of competence, knowledge and skills, ethical behaviour and client care that AFAs will be expected to uphold.

The Standard Conditions for AFAs are available at www.seccom.govt.nz.

The Code of Conduct will be available at www.legislation.govt.nz

Reserve Bank

The Reserve Bank (New Zealand's central banking body) has oversight of all banks registered in New Zealand. It manages the country's monetary policy within broad guidelines set by the Government.

Business Structures

Types of Business Structures

The main business structures used in New Zealand are:

- Companies and foreign branches
- Look Through Company
- Partnerships
- Joint ventures
- Trusts

Companies

Generally, offshore entities establish a New Zealand business by using one of the following structures:
- establishing or purchasing a local subsidiary company or
- registering a branch of an overseas company.

Recently, limited partnerships have become more widely used by offshore entities to set up business in New Zealand (particularly in the venture capital and private equity industry).

Establishing a local subsidiary company

Incorporating a company in New Zealand is generally a quick and simple process. It can be done online (at the Companies Office website http://www.business.govt.nz/companies). Once the company name has been reserved and appropriate documents are lodged, incorporation can be confirmed within a matter of hours. The necessary documents are an application to incorporate a company, director consent(s), and shareholder consent(s).

The basic incorporation and annual filing requirements are as follows:

- The registered office (and address for service) must be in New Zealand. A solicitor or accountant can provide the company's registered office. The company does not need to have a physical place of business in New Zealand.
- The company must have at least one shareholder and one director – neither of whom need be resident in New Zealand. Signed consents (in the prescribed form) of both the director(s) and shareholder(s) are required for the incorporation process.
- There is no need for a formal constitution (equivalent to articles of association or corporate bylaws).
- The rights and obligations set out in the Companies Act 1993 (Companies Act) apply by default. A company is free to adopt a constitution modifying those rules which would otherwise apply under the Companies Act.
- Audited financial statements for large companies with 25% or more voting shares held by nonresidents.
- Annual filing and ongoing compliance requirements include the following:

    - Annual return to the Companies Office confirming certain company particulars (including the registered office, directors, and shareholders of the company);
    - Annual meeting of shareholders confirming the appointment of the company's auditors (or a written resolution of shareholders in substitution for a meeting).

Non-resident shareholding in a New Zealand Company

There are no restrictions on acquiring up to 24.9% of any class of shares in a New Zealand company, although such acquisition must conform with regulations of the Commerce Act, and New Zealand companies can be up to 100% owned by foreign persons or entities.

Registering a branch of an overseas company

Companies incorporated outside New Zealand are overseas companies. Within 10 working days of commencing business in New Zealand an overseas company must file with the Registrar of Companies an application for registration in the prescribed form signed by or on behalf of the overseas company. Information required includes:

- Name of the overseas company
- Full names and residential addresses of its directors;
- Address of the principal place of business in New Zealand of the overseas company and the name of at least one person or incorporated entity in New Zealand authorised to accept service of documents on behalf of the overseas company;
- Notice of the name approval; and
- Evidence that the company is incorporated outside New Zealand and a copy of the constitution of the company.

Subsequent changes of detail must be filed with the Registrar of Companies within 20 working days. Australian incorporated companies do not need to file constitution and director changes with the New Zealand Registrar of Companies due to information-sharing facilities implemented between the New Zealand Companies Office and the Australian Securities and Investment Commission.

Agent in New Zealand

An entity that conducts only a small amount of business in New Zealand may wish to appoint a local agent rather than establishing a branch or subsidiary. Agency appointments can be informal, capable of termination on short notice, or can be recorded in a more comprehensive written agreement.

New Zealand agency law will apply unless the parties agree to the contrary. A local agent may benefit from employment rights depending upon the nature of the relationship and the terms of the appointment of the agent.

Audit Requirements and Practices

The Financial Reporting Act 1993 obliges companies to prepare financial statements annually. These must be audited unless all shareholders in the company agree otherwise, except as noted below.

The Securities Act requires an annual audit by a qualified auditor of the financial statements of every issuer of equity securities, debt securities or life insurance policies offered to the public and in the case of participatory securities, units in a unit trust, or interests in a superannuation scheme offered to the public, the financial statements for the scheme to which the securities relate.

An auditor must be appointed and financial accounts audited for any company that is a subsidiary of a company or body corporate incorporated outside New Zealand, or any company that is defined as large and in which 25% or more of the voting power at a meeting of a company is held by:

- A subsidiary of a company or body corporate incorporated outside New Zealand; or
- A company or body corporate incorporated outside New Zealand; or
- A person not ordinarily a resident in New Zealand.

Overseas companies carrying out business in New Zealand, (through a branch) must file audited financial statements with the Companies Office.

Copies of the financial statements of public issuers, overseas companies and large overseas controlled companies must be delivered to the Registrar for registration together with copies of auditors' reports.

Shareholdings by non-residents

There is no requirement for shares in New Zealand companies to be held by New Zealand residents. Approval under the Overseas Investment Act 2005 may be required for certain share acquisitions by foreign investors (refer to Government Policy on Foreign Investment in New Zealand).

Look Through Companies

Legislation passed in December 2010 made important changes to the rules for qualifying companies (QCs) and loss attributing qualifying companies (LAQCs). These changes mean that LAQCs will no longer be able to attribute losses to shareholders. These changes also include the creation of a new tax entity from 1 April 2011 known as a look-through company (LTC) to provide for a transparent form of tax treatment. This is to ensure that income and expenses are shared according to the owner's effective interest in the LTC.

- The owners of a LTC will pay tax on the company's profit and use the losses, subject to limitations.
- This is different from the previous Loss Attributing Qualifying Companies (LAQC) rules because it is the owners of a LTC who will be taxed on the income of the company, not the company itself.
- A LTC's income, expenses, tax credits, rebates, gains and losses are passed on to its owners, in accordance with their effective interest in the company.
- Shareholders of Qualifying Companies (QC) and LAQCs will be able to elect to become an LTC, remain a QC, revert to a company or partnership in the transitional period up to 30 September 2012.

Partnerships

A partnership is defined by the Partnership Act 1908 as the relationship between persons who carry on a business in common with a view to profit. A partnership is established by partners entering into a partnership agreement in writing or otherwise. Legislation enacted recently introduced a limited partnership regime.

Limited Partnerships

Limited partnerships are a form of partnership involving general and limited partners. Limited partnerships formed overseas must apply for registration with the Registrar of Companies within 10 working days of commencing business in New Zealand. It is governed by the Limited Partnerships Act 2008 (Limited Partnerships Act).

Key features of a limited partnership (LP) include:

- It enjoys separate legal personality;
- It must have at least one general partner and one limited partner (who cannot be the same person);
- The general partner is responsible for the day to day management of the LP, and is liable for all of the LP's debts and liabilities, to the extent the LP cannot pay those debts and liabilities;
- Subject to the paragraph below, the limited liability partner (generally a "silent" investor) is liable only to the extent of its capital contribution to the LP;
- Limited partners (who wish to preserve their limited liability status) must not be involved in the management of the LP, although there are certain specified activities in which the limited partners may participate but still retain their limited liability protection;
- It can have an indefinite lifespan (if desired); and
- It is subject to "flow-through" tax treatment, where the profits and losses of the LP flow through to the partners who have made a capital contribution to the LP.

An LP is effective upon registration with the New Zealand Companies Office. An LP must have, and will be governed by, a partnership agreement (which does not need to be filed publicly) and by the Limited Partnerships Act.

Joint Ventures

The term joint venture is used to describe an arrangement by two or more parties combining investment capital or resources for a particular project. A joint venture can be conducted in two ways:

- By a company incorporated under the Companies Act;
- By an unincorporated contractual joint venture.

No specific regulations govern their establishment.

Trusts

A trust is a separate taxable entity, established by a trust deed between the settlors and the trustees. Trusts are governed by the Trustees Act 1956. A trust does not have a separate legal identity, so it is the trustees of the trust which enter into contracts on behalf of the trust, such as purchasing property or shares. Trustees have a fiduciary obligation to the beneficiaries of the trust.

Taxation

Introduction

The principal means of taxation in New Zealand are income tax (including withholding tax) and goods and services tax GST. There is no capital gains tax and no stamp, estate or gift duties from 1 October 2011.

New Zealand Taxation Law and Administration

New Zealand taxation laws are governed by statute - the Income Tax Act 2007, and other Inland Revenue Acts including the Goods and Services Tax Act 1985 - and case law. The Inland Revenue Acts are administered by the Commissioner of Inland Revenue through the Inland Revenue Department.

Fiscal Year

Every taxpayer makes an annual return of income for a year ended 31 March. The exception to this balance date is where the taxpayer is given approval to adopt a different balance date for business reasons.

Taxpayers

Taxpayers are identified by a unique number (IRD Number). Natural persons and incorporated entities are assessable and liable for income tax.

Taxation of Individuals

Individuals must file tax returns if they have income from self-employment, rental, royalties, partnership, trusts, overseas, income not taxed at source, or if they have more than $200 of income from interest, dividends or scheduler payments, or if they have losses brought forward. Individuals who only have income from salary and wages, interest and dividends may be issued with a personal tax summary instead of an income tax return. If the income from salary and wages, interest and dividends has been taxed at the correct rate, then an individual can elect not to file a tax return for that year.

From 1 October 2010 the marginal tax rates of individuals (residents and non-residents) are:

$0–$14,000	10.5%
$14,000 –$48,000	17.5%
$48,001–$70,000	30%
$70,001 upwards	33%

Taxation of Companies

Companies must file tax returns each year regardless of whether they are actively trading, unless they file a non-active company declaration. Companies are liable for tax at 28% from the 2011/2012 tax year, except for look through companies. Look Through Companies are “flow through” entities with profits and losses attributed to shareholders in proportion to their owner’s interest in the company. The shareholders pay tax on their share of the Look Through Company profits at their own tax rates, not the company tax rate.

Tax losses for companies which are not Look Through Companies, may be carried forward to be set-off against subsequent year’s income or grouped with other companies, subject to tests of shareholder continuity.

Consolidation

A consolidation regime exists allowing the filing of one tax return for a 100% commonly owned group of companies. The regime also provides for concessionary tax treatment of intra-group transactions.

Portfolio Investment Entities (PIE's)

The PIE regime was introduced in 2007. Entities with PIE status can elect to have their income taxed based upon each investor's prescribed investor rate (either 0%,10.5%, 17.5% or 28% from 1 October 2010). For some investors the PIE tax on their share of the PIE income is a final tax. Distributions of PIE income are generally tax free to New Zealand investors. Non-resident withholding tax will apply to distributions to non-residents (0% for certain non-resident investors).

Dividend Imputation

New Zealand has a dividend imputation regime to overcome double-taxation of dividends. Companies paying dividends are able to impute dividends distributed to shareholders by attaching credits arising from tax paid by the company. New Zealand residents receiving imputed dividends can offset their income tax liability with the imputation credits, or carry excess imputation credits forward for use in future income years.

The maximum rate at which imputation credits can be attached to dividends will be 30% of the gross dividend (cash dividend plus imputation credits) until 31 March 2013 provided the credits arose when the company tax rate was 30% or 33%.

Tax on dividends and distributions from entities with PIE status are capped at a maximum 28% from 1 October 2010 onwards and are exempt income to the recipient if tax has been deducted at the correct rate.

Non-resident shareholders are able to receive a supplementary dividend and foreign investor tax credit with imputed dividends. The foreign investor tax credit offsets the 15% non-resident withholding tax deducted.

For non-portfolio investors (holding more than a 10% interest in a company) the foreign investor tax credit will no longer be available from 1 February 2010 but non-resident withholding tax will be 0% to the extent that the dividend is fully imputed.

Taxation of Branches

New Zealand-sourced income of a branch of a foreign company is subject to New Zealand tax at the corporate tax rate. Taxable income is calculated as if the branch were a separate entity.

Interest Deductions

Interest is deductible if incurred in relation to the production of assessable income. Thin capitalisation rules may apply to reduce interest deductions if the taxpayer is owned by non-New Zealand residents and debt funded. Qualifying companies also have a test to ensure deductibility.

Thin capitalisation rules limit the interest deduction available to New Zealand entities controlled by a single non-resident. A deduction will be denied where (1) the New Zealand entity's debt/assets ratio exceeds the safe harbour percentage of 75% and (2) New Zealand group debt percentage exceeds 110% of the worldwide group debt percentage. Where these thresholds are breached, the interest deduction is limited to that which would have been available had total debt funding not exceeded the threshold. From the 2011/2012 income year the 75% safe harbour threshold will be reduced to 60%.

Taxation of Partnerships, Trusts

Trustees must file tax returns on behalf of the trusts. The taxable income of the trust is allocated between beneficiaries and the remainder is taxed as trustee's income, at the trust tax rate of 33%. The trust may elect to pay tax on behalf of the beneficiary, or allocate the income and tax credits directly to the beneficiaries to include in their own personal tax returns. Distributions to beneficiaries who are under 16 ("minor beneficiaries") must have tax deducted at 33%.

Foreign trusts are also subject to New Zealand tax rules if the settlor is resident in New Zealand. Taxable distributions from certain foreign trusts (i.e. non-complying trusts) are taxed at a penal rate of 45%, so as to discourage New Zealand resident settlors from diverting what would otherwise be taxable income. Non-resident beneficiaries of foreign trusts are only taxed on income derived from New Zealand.

Unit trusts are taxed as companies in New Zealand.

Partnerships and joint ventures are generally not treated as a separate taxpayer: each partner or joint venturer returns their share of profit or loss in their individual tax return. Partners must file tax returns.

Limited partnerships have separate legal personality from the partners, but are 'flow through' entities with losses and gains attributed to individual partners.

Taxable Income

New Zealand income tax is levied on the annual gross income less annual deductions and any losses carried forward. The net amount is taxable income.

Income includes most receipts on revenue account and some gains of capital. New Zealand does not have a capital gains tax per se, but has special tax rules for land transactions and for share traders. Deductions allowed are expenses or losses incurred in gaining or producing assessable income, or incurred in the course of carrying on a business for the purpose of deriving assessable income. No deduction is allowed for expenditure of a private or domestic character, or if capital in nature.

Payment of Tax

Pay As You Earn ("PAYE") Tax is deducted from salary and wages by employers .

Resident Withholding tax is deducted from interest and dividends paid to resident individuals.

Non-resident Withholding tax is deducted from interest, dividends, royalties and contractor payments made to non-residents. The application of non-resident withholding tax on payments to non-residents is affected by Double Tax Agreements.

Any taxpayer whose income is not taxed at source, and whose residual income tax in any year exceeds $2,500 is a Provisional Taxpayer and is required to make payment by instalments toward their current year's tax liability.

Provisional tax, usually paid in two or three instalments each year, is calculated by an assessment of previous years' earnings by one of three methods, (standard, estimation and ratio)

Once the provisional taxpayer's final liability has been assessed, any outstanding amount is paid as Terminal Tax on a specified date.

Lodgement of Returns

Taxpayers are required to file income tax returns annually (by 7 July for standard balance date taxpayers).

Taxpayers with tax agents have an extension of time for filing, typically until the 31 March following their tax balance date. Taxpayers with early balance dates (from October to February) will have a further 12 months from the 31 March following their balance date to file their returns.

Residence and Source

New Zealand taxes the worldwide income of New Zealand tax residents, and New Zealand sourced income derived by persons not resident in New Zealand. Determination of tax residence may be affected by the relevant International Double Tax Agreement.

Residence of Individuals

An individual is deemed tax resident in New Zealand if the person has a permanent place of abode in New Zealand (irrespective of whether he/she has a permanent place of abode elsewhere); or if the person spends more than 183 days in aggregate in any 12 month period in New Zealand.

Concessionary transitional residency rules apply to individuals who have not held New Zealand tax residency within the 10 years prior to arriving in New Zealand. Transitional residents do not have to pay income tax on overseas income earned within four years of migrating to New Zealand.

Residence of Companies

A company is resident in New Zealand if:

- It is incorporated in New Zealand; or
- It has its head office in New Zealand; or
- It has its centre of management in New Zealand; or
- Control of the company by its directors, acting in their capacity as directors, is exercised in New Zealand, whether or not decision-making by directors is confined to New Zealand. New Zealand incorporated subsidiaries of foreign companies will be resident in New Zealand for tax purposes unless a Double Tax Agreement applies attributing tax residency to another jurisdiction.

Source of Income

In most cases the circumstances surrounding the receipt of income will determine its source. Payments of service income will ordinarily be sourced in the place where the service is performed. The source of payments made pursuant to a contract will be determined by reference to the terms of the contract.

Certain income is expressly deemed to have a source in New Zealand including: income from any business carried on wholly or partially in New Zealand, land ownership in New Zealand; a mortgage of New Zealand land; shares in a New Zealand company; remuneration earned in New Zealand; and income from a contract carried on wholly or partially in New Zealand.

In certain instances the relevant Double Tax Agreement may also impact the determination of where an item of income is sourced. Business income, income from property, dividend, interest and royalty income may be impacted by specific articles within a Double Tax Agreement.

Repatriation of Profits and Transfer Pricing

Transactions between New Zealand entities (or branches) and related foreign entities are subject to transfer pricing rules.

In determining taxable profits of an entity that has transactions with an offshore related party, transfer pricing principles and methodologies must be applied to determine the cost of any cross-border supplies. Where necessary transfer pricing adjustments must be made to ensure the appropriate level of income and expenses are reflected in the New Zealand income tax return.

Broadly, a transfer pricing analysis will focus on the functions, assets and risks, associated with the New Zealand business. The rules seek to ensure the use of arms length values for cross border transactions with related parties in computing taxable income. In determining an appropriate transfer pricing value for a transaction either a transactional method (comparative uncontrolled price method, resale price or cost plus method) or a profit splitting method (comparable profits method or profit split method) will be applied.

For non-core services there are concessionary administrative practices which are able to be applied. There is a statutory requirement for taxpayers to maintain documentation and working papers to allow them to demonstrate that transfer pricing principles have been complied with. It is possible to institute an advanced pricing agreement with the assistance from the Inland Revenue.

Taxation of Capital Gains

Whilst New Zealand does not have a comprehensive capital gains tax regime, certain amounts typically included as capital in nature are taxed as income:

- Gains from land transactions in certain circumstances;
- Gains from disposition of personal property acquired for resale;
- Certain royalty payments;
- Gains on financial arrangements subject to the accrual rules;
- Attributed gains from foreign investments.

Interaction with International Tax Regime

New Zealand is a signatory to a number of Double Tax Agreements based on the OECD Model. Treaty countries with which New Zealand has an agreement include:

Australia	Belgium	Canada	China	Denmark	Fiji
Finland	France	Germany	India	Indonesia	Ireland
Italy	Japan	Korea	Malaysia	Netherlands	Norway
Philippines	Russian Federation	Singapore	South Africa	Sweden	Switzerland
Taiwan	Thailand	United Kingdom	USA		

A foreign tax credit system is in place. Tax credits for foreign tax paid is recognised against New Zealand income tax to the extent of the New Zealand liability.

Non-resident withholding tax ("NRWT") is deductible at source from payments of interest, royalties and dividends made to non-residents, including interest paid to non-resident banks. The amount of tax withheld is determined according to whether the recipient is resident in a country that has a Double Tax Agreement with New Zealand. A 2% approved issuer levy (charged on the interest paid) is available instead of NRWT for loans between non-associated parties.

Superannuation - Kiwisaver

Since 1 July 2007, most New Zealand residents and people entitled to be in NZ indefinitely (who are 18 years or older) are automatically enrolled in KiwiSaver when they start a new job.

KiwiSaver is voluntary - you can opt out any time from the end of week 2 to week 8 of starting your employment. See the http://www.kiwisaver.govt.nz/ for more information.

If your employees are enrolled in KiwiSaver you as an employer will need to:

- Deduct KiwiSaver from your employee's gross pay at the rate they have specified (either 2%, 4% or 8%) or at the default rate of 2% if they don't choose a rate. From 1 april 2013 the minimum employee contribution rate will rise to 3%
- Forward the deductions to the IRD by the due date along with your PAYE payments.
- Action opt-out and contributions holiday requests.
- Stop or start deductions when the IRD advises you to make compulsory employer contributions.

KiwiSaver employer contributions

The compulsory employer contributions you make to your employee's KiwiSaver scheme are exempt from ESCT (employer superannuation contribution tax) up to 31 March 2012, as are any compulsory employer contributions you make to other complying superannuation funds that have lock-in rules similar to KiwiSaver.

From 1 April 2012, all employer contributions will be subject to ESCT

You must make compulsory employer contributions to all employees enrolled in KiwiSaver (or any other complying superannuation scheme) at the rate of 2%, rising to 3% from 1 April 2013.

Other Taxes

Fringe Benefit Tax (FBT)

It is a requirement to pay fringe benefit tax (FBT) on the value of fringe benefits provided by employers to their employees including the private use or enjoyment of a motor vehicle (including its availability for use), insurance, subsidised or discounted goods and services and low-interest loans to employees. From 1 October 2010, the top FBT rate was reduced to 49.25%. There is a range of alternate rates from 11.73% to 49.25% for lower income employees for the 2011/2012 tax year onwards.

Goods and Services Tax (GST)

From 1 October 2010 GST increased from 12.5% to 15%. GST registration is compulsory if taxable supplies exceed or are likely to exceed $60,000. Certain supplies are exempt from GST (e.g. financial services and residential accommodation) or charged at 0% (e.g. exported goods and services).
GST can be returned on a one, two or six month period basis and can be accounted for on an invoice, payments or hybrid basis.

A GST input tax credit is available for goods or services acquired for the principal purpose of making taxable supplies.

Capital Gains

At present, there is no broad-based capital gains tax in New Zealand. However, some capital gains on certain land transactions may be taxable, for instance, where land which has been purchased for development and re-sale. Gains on share transactions are also taxable where the person making the gains is deemed to be a share trader.

Customs Duty and G.S.T.

Customs GST (15%) is levied on goods brought into New Zealand. Customs tariffs apply to the import of certain goods such as alcohol, tobacco, petroleum products.

Superannuation

Contributions by employers to superannuation schemes are deductible to employers. Withholding tax is levied on contributions up to 33%. In general, superannuation schemes are subject to tax on their income.

KiwiSaver is a workplace savings scheme available to New Zealanders under the age of 65. Employers must deduct KiwiSaver contributions from wages and salaries of employees participating in a KiwiSaver scheme. Participation in Kiwisaver is at the election of the employee.

Gift, Estate and Death Duties

There is no death, estate or gift duty in New Zealand.

Land Tax

Rates are levied by local government, calculated as a percentage of the value of land and capital improvements.

Accident Compensation (ACC)

New Zealand has a no-fault accident compensation regime. ACC levies are charged upon employers, employees and self-employed persons. The regime substantially removes the right to sue for personal injury.

New Zealand has a statutory no-fault accident compensation scheme providing cover for those who suffer a personal injury in New Zealand. The scheme (which originated in the Accident Compensation Act 1972) is set out in the Accident Compensation Act 2001 (ACC Act).

The ACC Act covers personal injuries suffered by any person in New Zealand, including visitors, and wherever they occur – whether at work or otherwise.

The ACC Act prohibits legal claims for compensation arising out of or relating to personal injury suffered in New Zealand as a result of an accident.

A wide range of cover is available under the ACC Act for most types of personal physical injury suffered as a result of an accident.

Means of compensation include payments for loss of earnings, medical treatment, rehabilitation costs, disability allowances, and death benefits for dependants.

Accident compensation benefits are available to visitors who are injured in New Zealand, although earnings related compensation is not available where the visitor's income is derived outside New Zealand.

The accident compensation scheme is funded largely through levies on employers, employees, and taxes on vehicle registration and petrol. The scheme is administered by the Accident Compensation Corporation.

Grants and Incentives

Introduction

Government grants are available through New Zealand Trade and Enterprise to assist New Zealand businesses growing globally. The grants are targeted at businesses with high growth potential or an established global presence.

The Australia New Zealand Biotechnology Partnership Fund supports trans-Tasman biotechnology collaboration.

Government Incentives

Research and Development (R&D)

The Foundation for Research, Science & Technology provides expert services and various grants to assist in research and development, and to Maori business development. The Energy Efficiency and Conservation Authority offers funding for projects to reduce energy use and undertake energy efficiency projects.

The New Zealand Film Commission offers film production grants for large budget screen production (LBSP Grants), and post digital & visual effects (PDV Grants) to New Zealand resident companies and foreign corporations with a fixed establishment in New Zealand.

Export Market Development Grants

The Ministry of Agriculture and Forestry administers the Sustainable Farming Fund (SSF) and the Primary Growth Partnership. SSF provides grants for projects that contribute to the ongoing economic, environmental, and social wellbeing of the country's primary producers.

The Primary Growth Partnership invests in research and innovation programmes to boost economic growth and sustainability of New Zealand's primary, forestry and food sectors.

New Zealand Venture Investment Fund was established by the government in 2002 to assist the venture capital market in New Zealand.

There are a range of concessionary tax treatments for oil and mineral extractive industries.

Local Government Incentives

Local governments or regional councils will often offer grants to support community initiatives and projects.

Protection of Intellectual and Industrial Property

Copyright

Original artistic, literary, dramatic or musical work is protected by the Copyright Act 1994. Rights conferred by the Copyright Act allow copyright owners to control certain activities relating to the use and dissemination of copyright works.

Trade Marks

Protection is available for a variety of intellectual property rights through the Trade Marks Act 2002. The Trade Marks Act establishes the framework for the registration of trade marks and related rights

Trade Names

A company name will not be approved if identical to an existing company name.
There is no registration of business names in New Zealand.

Patents

The Patents Act 1953 provides for registration of patents for inventions or methods and processes. To obtain overseas patent protection the options are to either file applications with the intellectual property offices in overseas countries of interest, or to file an International Application under the Patent Co-operation Treaty.

The Plant Variety Rights Act 1987 gives owners exclusive rights to commercially reproduce the protected variety for 20 or 23 years.

Immigration

Migration to New Zealand

New Zealand's immigration policy is relatively open, especially for skilled migrants, investors and entrepreneurs.
Various grounds exist for immigration, residency and employment in New Zealand. Employers wishing to employ foreign workers must comply with employment and labour laws.

Permanent Residence

The categories within the economic migration component are:

- Skilled migrant category
- Business and investment category.

These are discussed below:

Skilled Migrant Category

The skilled migrant category is designed to ensure people migrating to New Zealand have skills the country needs. Entry is based on a points system with points earned for qualifications, work experience and preferred vocations. An offer of work at the time of the application also gains points.

Business and Investment Category

The migrant investment policy aims to attract financial capital in New Zealand. The policy has set investment thresholds as part of the entry criteria. The 5 business categories are:

- Investor Plus
- Investor
- Long Term Business
- Entrepreneur
- Entrepreneur Plus

The Investor Plus category is based on the investment of a minimum of $10 million in New Zealand for three years. The Investor category is based on the investment of a minimum of $1.5 million in New Zealand for 4 years.
The Long Term Business Visa is a work visa to enable you to move to New Zealand and buy or establish your own business: this could be an initial step towards applying for residence in New Zealand under one of the Entrepreneur categories.

The Entrepreneur category requires the successful establishment of a business in New Zealand, and working as a self employed person in that business for at least 2 years. The business must benefit New Zealand.
The Entrepreneur Plus category has no minimum time for operating of a business in New Zealand. An applicant must hold a long term business permit, have successfully established a business in New Zealand, and be self employed in that business. There is also a minimum investment requirement of $0.5 million in the business and there must have been a minimum of three new full-time jobs created for New Zealand citizens or residents. The entrepreneur residence policy provides opportunity for residence to migrants who demonstrate active participation in their business, and that they are contributing to New Zealand's economic development.

Who is Eligible?

New Zealand wants to attract people with skills that will contribute to New Zealand's economic growth.

Labour Agreements

Several immigration policies allow temporary entry for seasonal work planting, maintaining harvesting or packing crops in the horticulture and viticulture industries.

Employee of a Relocating Business

Key employees of a business that is relocating its operations to New Zealand can apply for a work permit and later a residence permit under the Employee of a Relocating Company category.

Temporary Residence

Temporary work visas and permits are also granted to workers with skills in demand or those who want work experience after studying in New Zealand. The work to residence category allows temporary work visas and/or permits as a step to permanent residence.
Employees of a business relocating to New Zealand can also apply for a work permit.

Study visa or permit

A student visa or permit may be required if wishing to study at school or at a tertiary institute.

Other categories

There are special rules providing wider immigration rights to Samoan and Pacific peoples, and refugees.

Visitors

Visitors whose home countries are on the list of visa-free countries do not require a visitor visa to come to NZ, depending on the duration of the visit.

Work Permits

Work permits or work visas are required unless you are a New Zealand or Australian citizen or resident.