

BDO BACK TO BUSINESS WEBINAR SERIES

Session Two - Taxation: A Review of COVID-19 Tax Reforms



Presented by:



*Iain Craig
BDO's Eye on Tax
BDO Auckland*

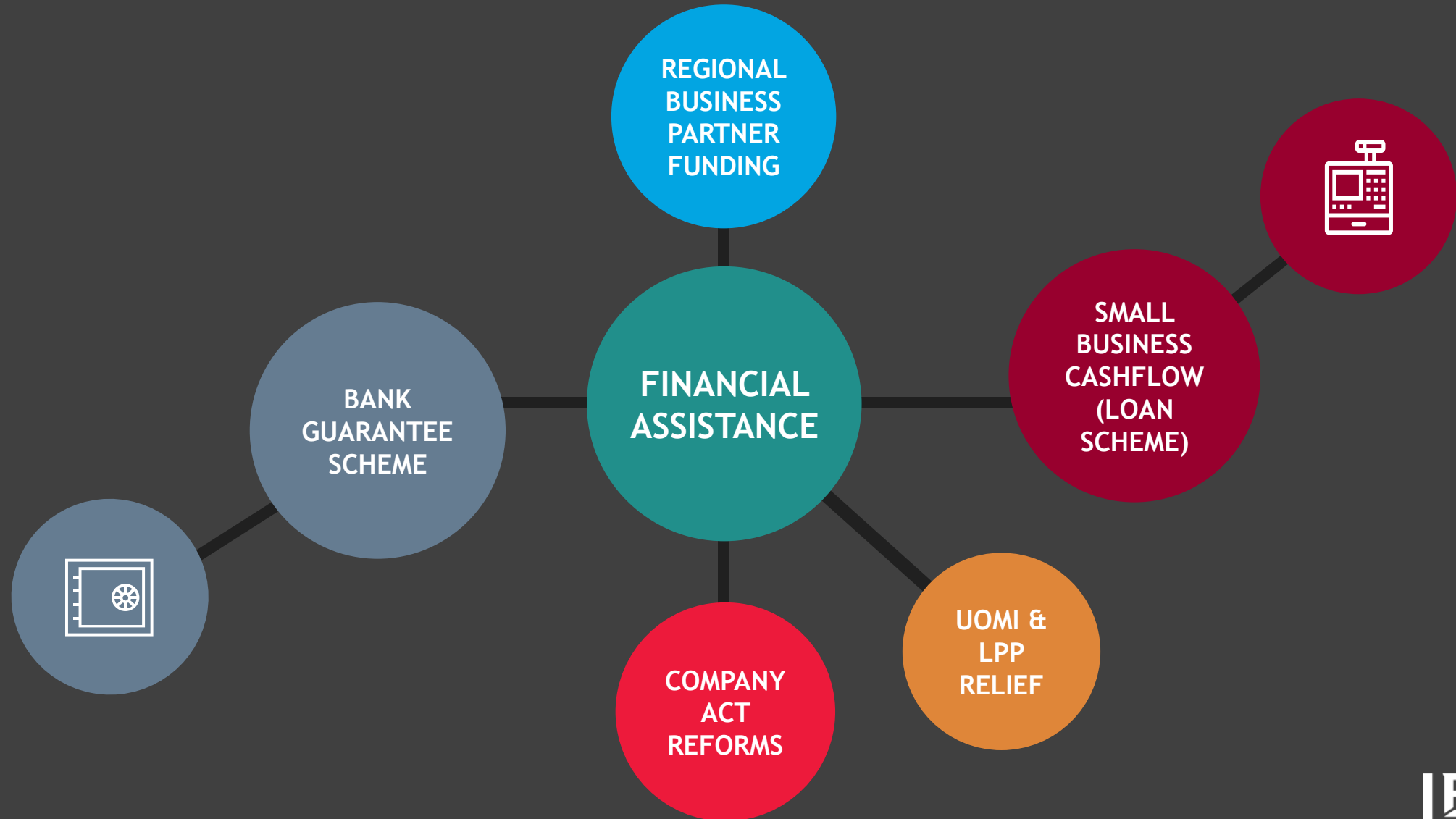


*Mark Lodder
BDO Christchurch*

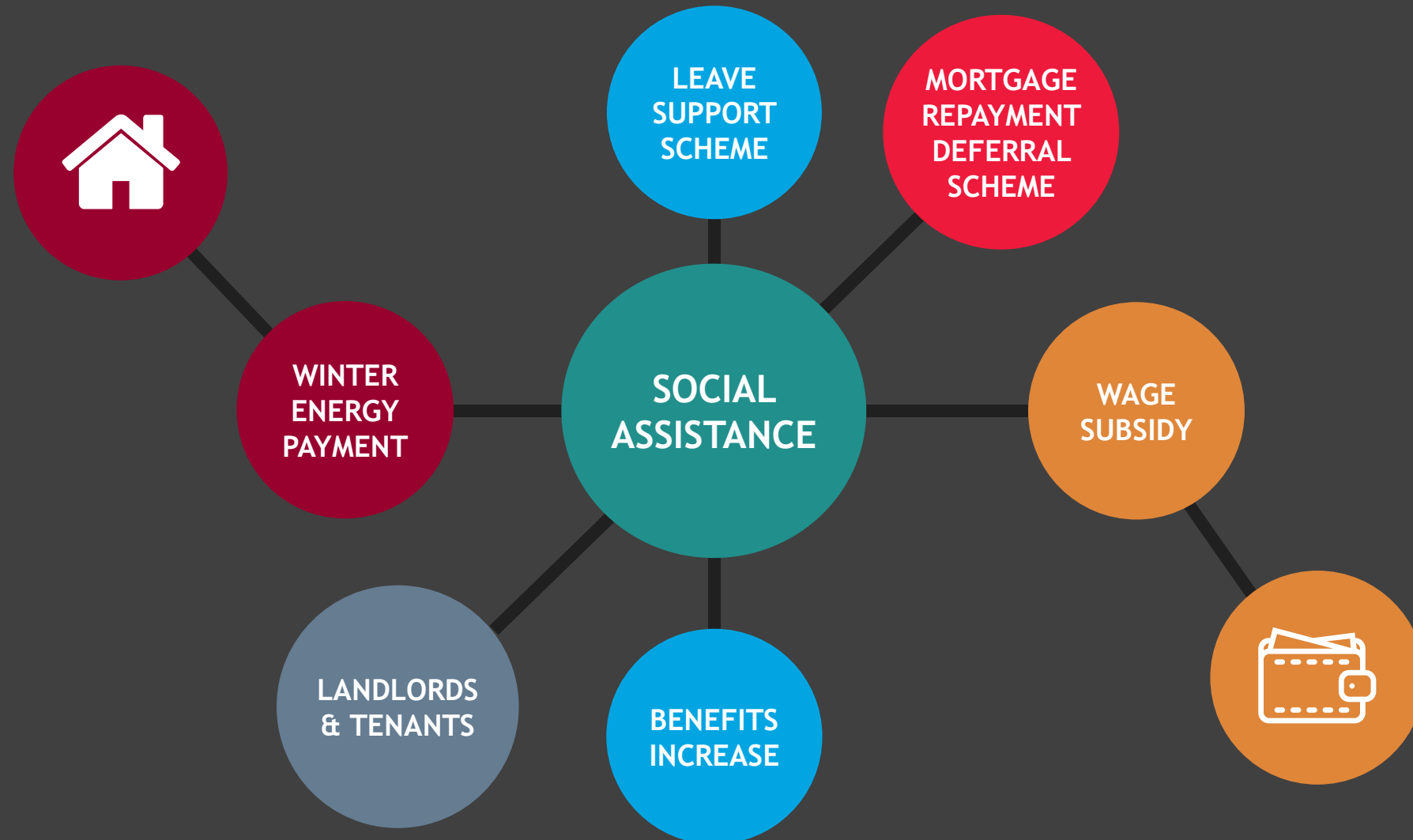
TAXATION: REVIEW OF COVID-19 TAX REFORMS

1. Social and Financial Assistance
2. IRD Remission of UOMI and Late Payment Penalties
3. Tax Loss Reform
4. Tax Incentives
5. Tax Administration Changes
6. Question and Answer Forum

SOCIAL AND FINANCIAL ASSISTANCE



SOCIAL AND FINANCIAL ASSISTANCE



WAGE SUBSIDY





Home

Individuals and families

Ngā tāngata me ngā whānau



Business and organisations

Ngā pakihi me ngā whakahaere




Intermediaries and others

Ngā takawaenga me ētahi atu



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COVID-19 - Level 3 If you have been affected by COVID-19, we may be able to help. [Find out more](#)



COVID-19 Manage my tax

COVID-19 (novel coronavirus)

[COVID-19 Latest policy initiatives](#)

[COVID-19 Individuals and families](#)

If you're unable to pay your personal or business taxes on time due to the impact of COVID-19, we understand, you don't need to contact us right now.

Get in touch with us when you can, and we'll write-off any penalties and interest. It would help if you continue to file however, as the information is used to make correct payments to people, and to help the Government continue to respond to what is happening in the economy.

UOMI AND LPP REMISSION

New Section 183ABAB of TAA



Ability to make payment was adversely affected by COVID-19



The tax payment fell due no earlier than 14 February 2020



Taxpayer asks CIR to remit the interest charged after 14 February 2020



CIR may remit if:

- Satisfied that they asked for relief as soon as practicable
- Made the payment as soon as practicable
- No more than 24 months has passed since 25 March 2020 (this time frame may be extended)

UOMI AND LPP REMISSION EXAMPLES



Example One

ABC has a 31 March balance date. Its 2020 provisional tax due dates were 28 August 2019; 15 January 2020 and 7 May 2020. It paid P1 on a PY uplift on 28 August; but was late paying P2 due to being away on an overseas holiday.

ABC is struggling to pay P3 due to COVID 19. Can ABC get remission of the UOMI or late payment penalties?



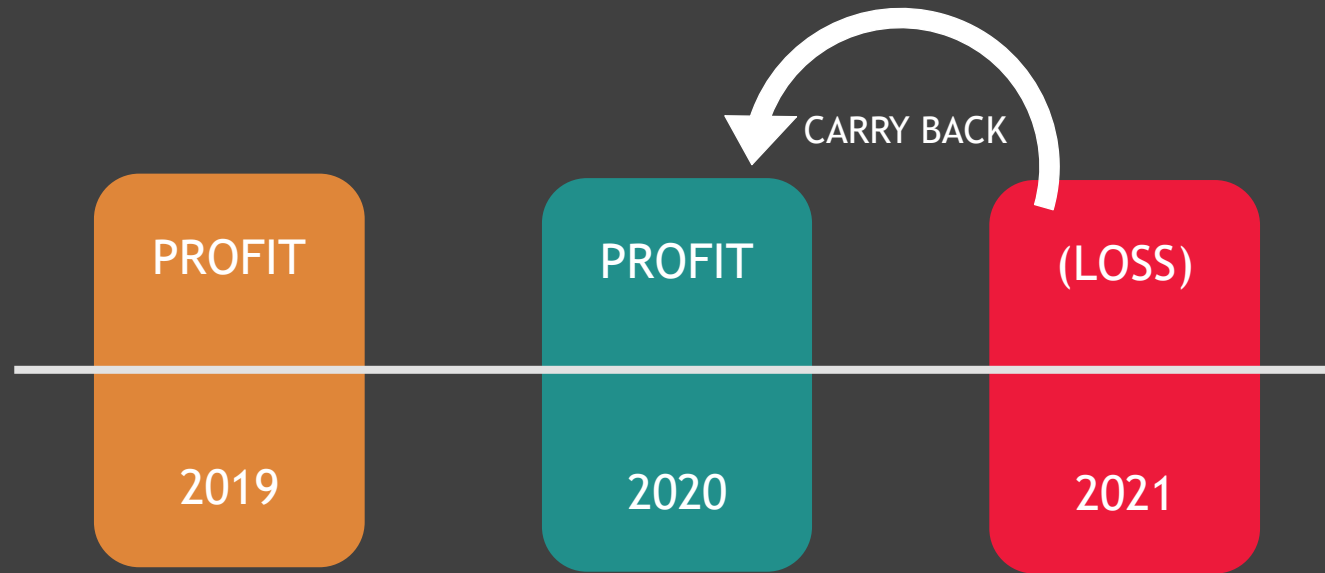
Example Two

DEF has a 30 June balance date. It had 2019 terminal tax of \$65,000 to pay on 7 April 2020 but couldn't meet the payment due to COVID-19.

Its provisional tax due dates were 28 November 2018, 28 March 2019, and 28 July 2019. UOMI has been charged from 28 July 2019.

Can DEF get remission of the UOMI?

ONE YEAR TAX LOSS CARRY BACK



TAX INCENTIVES



- Depreciation on commercial buildings at 2% DV / 1.5% SL for the 2020/21 tax year.
- Based on cost or Book Value if owned prior to Budget 2010.
- Watch out for impact on deferred tax in your financial statements.



- 100% write off for assets purchased after 17 March 2020 with a cost below \$5000.
- This will be reduced to \$1000 for assets purchased after 17 March 2021.
- Don't buy in Bulk.

RESEARCH AND DEVELOPMENT TAX CREDITS



Two Potential Regimes could apply:

- 1 R&D Tax Loss Credit - cash up of 28% of losses
- 2 R&D Tax Incentive - 15% Tax Incentive.

TAX ADMINISTRATION AND OTHER TAX ISSUES



Change in provisional tax thresholds from \$2500 to \$5000.



Relaxation of filing deadlines to 31 May relevant to:
Subvention payments and stocktake for trading stock but not for beneficiary distributions.



GST Issues to consider

- Cancelled Supplies
- Export Extension to 3 Months (Previously 28 Days)
- De-registration
- Change in Use Assets



Tax Residence due to Border Restrictions



QUESTIONS



IAIN CRAIG

Tax Partner



Iain has been advising on NZ tax matters for over 30 years.

He is a specialist tax partner with BDO Auckland and advises a wide and varied client base in the mid-market on all aspects of tax.

He has a particular interest in international aspects of tax and other more interesting pursuits!



MARK LODDER

Tax Partner



Mark moved to New Zealand in 2002 and has worked in taxation all his career (starting in commerce roles).

He is based in Christchurch and advises on all aspects of taxation. He very much enjoys the wide variety this and his clients offer.

His spare time is weather dependent. In the Summer months he spends a lot of time on the beach as a qualified life guard, IRB driver and junior surf coach. In the winter, he lives his football career vicariously through coaching a junior team.



Presenter Contact

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For more information
visit the BDO website

bdo.nz/en-nz/covid-19



Join us next week for the BDO Back to Business series:

Resetting Strategies

Presented by Tarunesh Singh, Head of Risk Advisory Services, BDO Auckland

9.00am, Thursday 14th May