



RETHINK Webinar Series

Episode Six: RETHINKing the tax landscape

PRESENTED BY: IAIN CRAIG
BDO's Eye on Tax

MARK LODDER
National Head of Tax

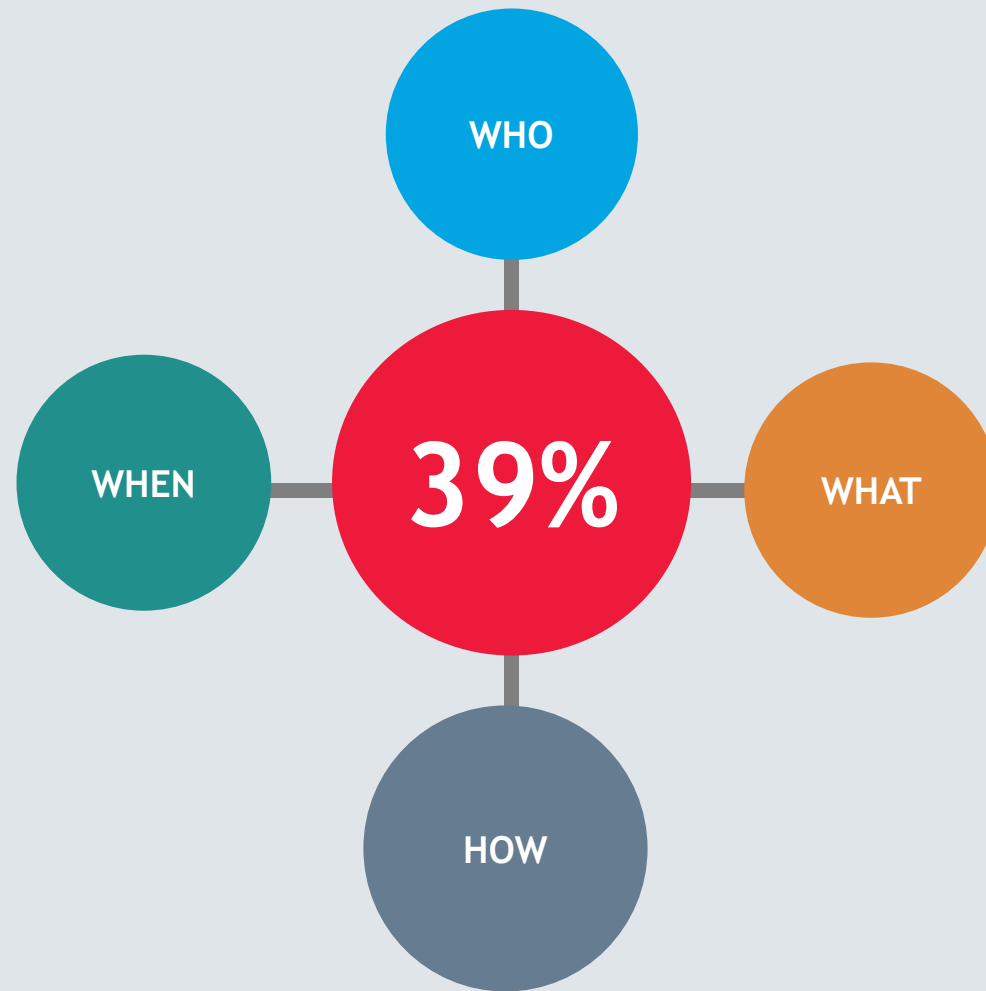
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AGENDA

WHAT WE WILL RUN THROUGH TODAY

1. POST ELECTION TAX CHANGES
2. REVIEW OF OWNERSHIP STRUCTURES
3. DIVIDEND PLANNING
4. REMUNERATION
5. Q&A

POST ELECTION TAX CHANGES



WORKED EXAMPLE

Dollars & Cents

Personal Income	\$250,000	\$350,000	\$500,000
2021 Tax Liability	73,420	106,420	155,920
2022 Tax Liability	77,620	116,620	175,120
Annual Increase	\$4,200	\$10,200	\$19,200
Increase	5.72%	9.58%	12.31%

LESSONS LEARNED FROM THE LAST TIME



REVIEW OF OWNERSHIP STRUCTURES



SOLE TRADER



COMPANY

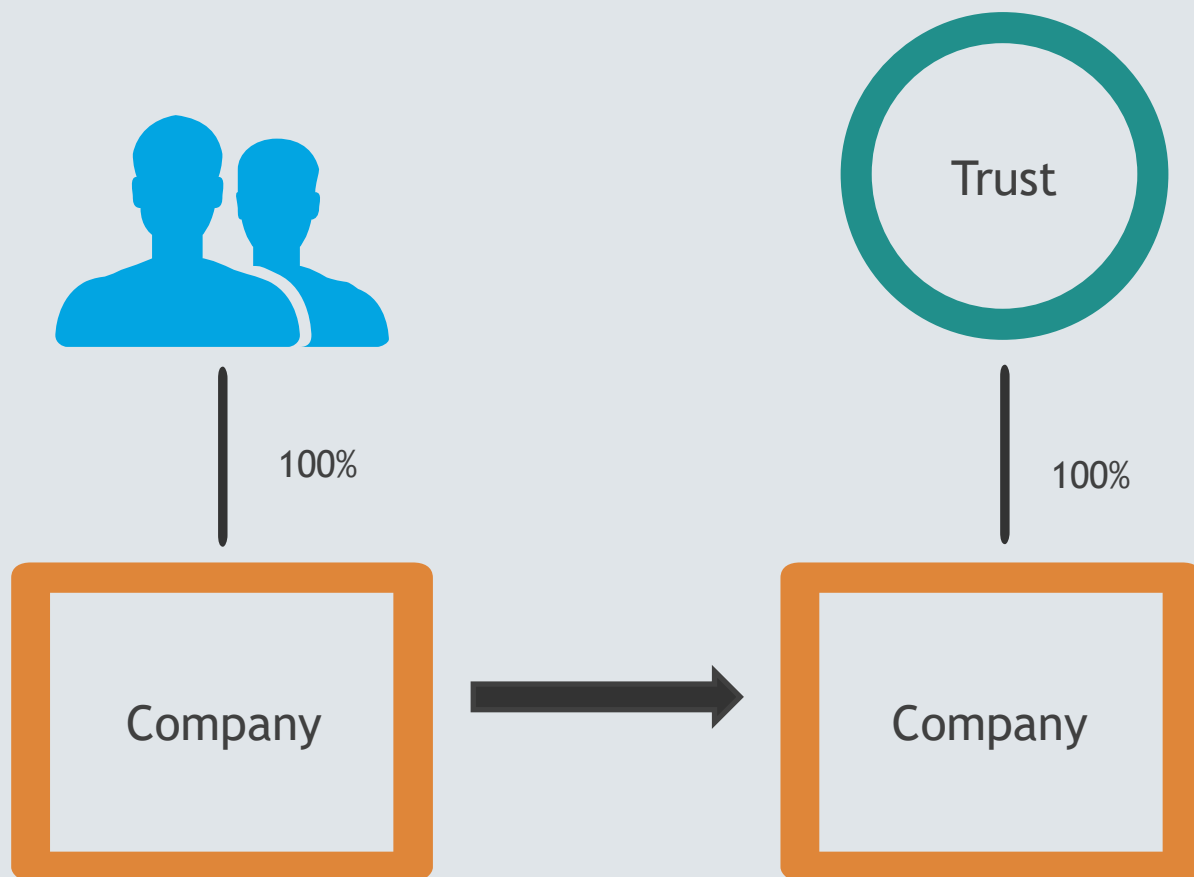


TRUST



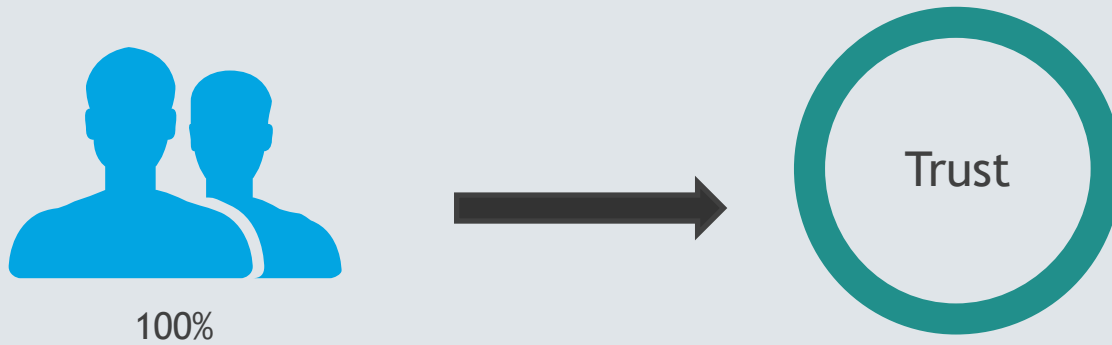
LP/LTC

RESTRUCTURES - ABSOLUTE ADVANTAGE



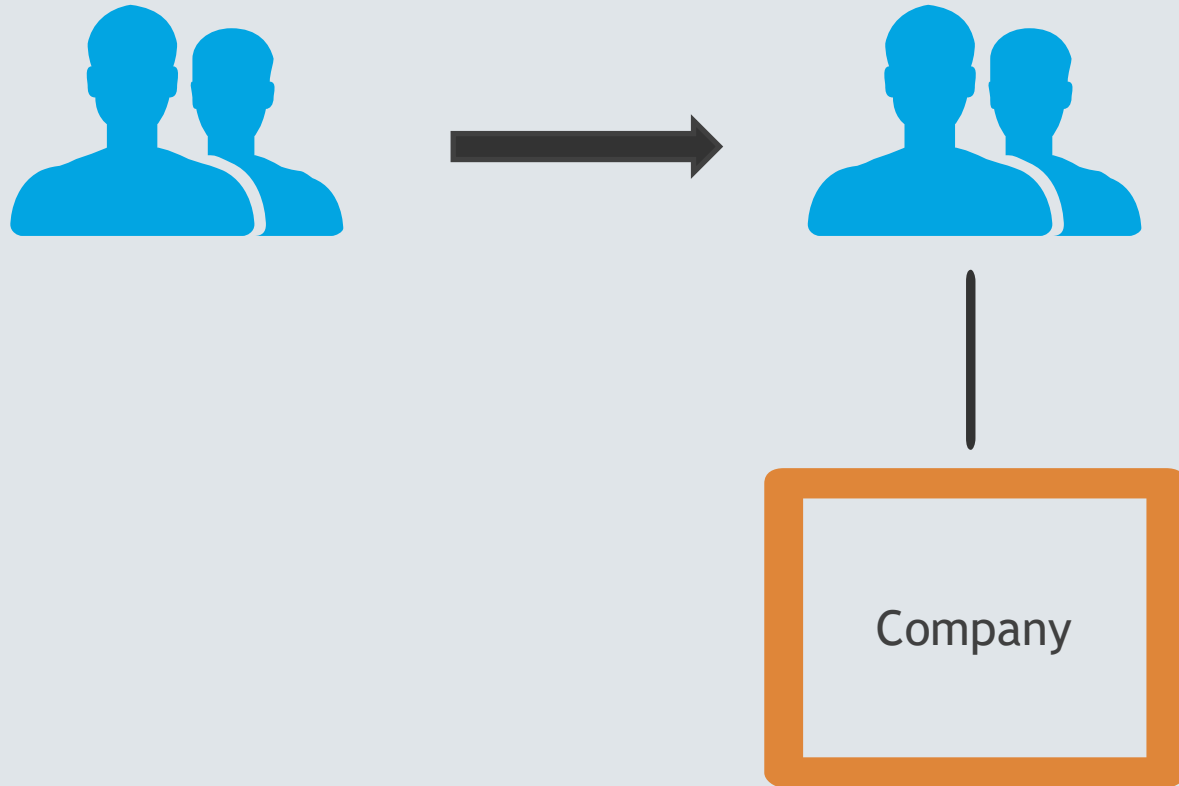
	Structure A	Structure B
Retained earnings	360,000	360,000
Imputation credits	140,000	140,000
Total income	500,000	500,000
Tax	195,000	165,000
Additional tax to pay	55,000	25,000

RESTRUCTURES - ABSOLUTE ADVANTAGE



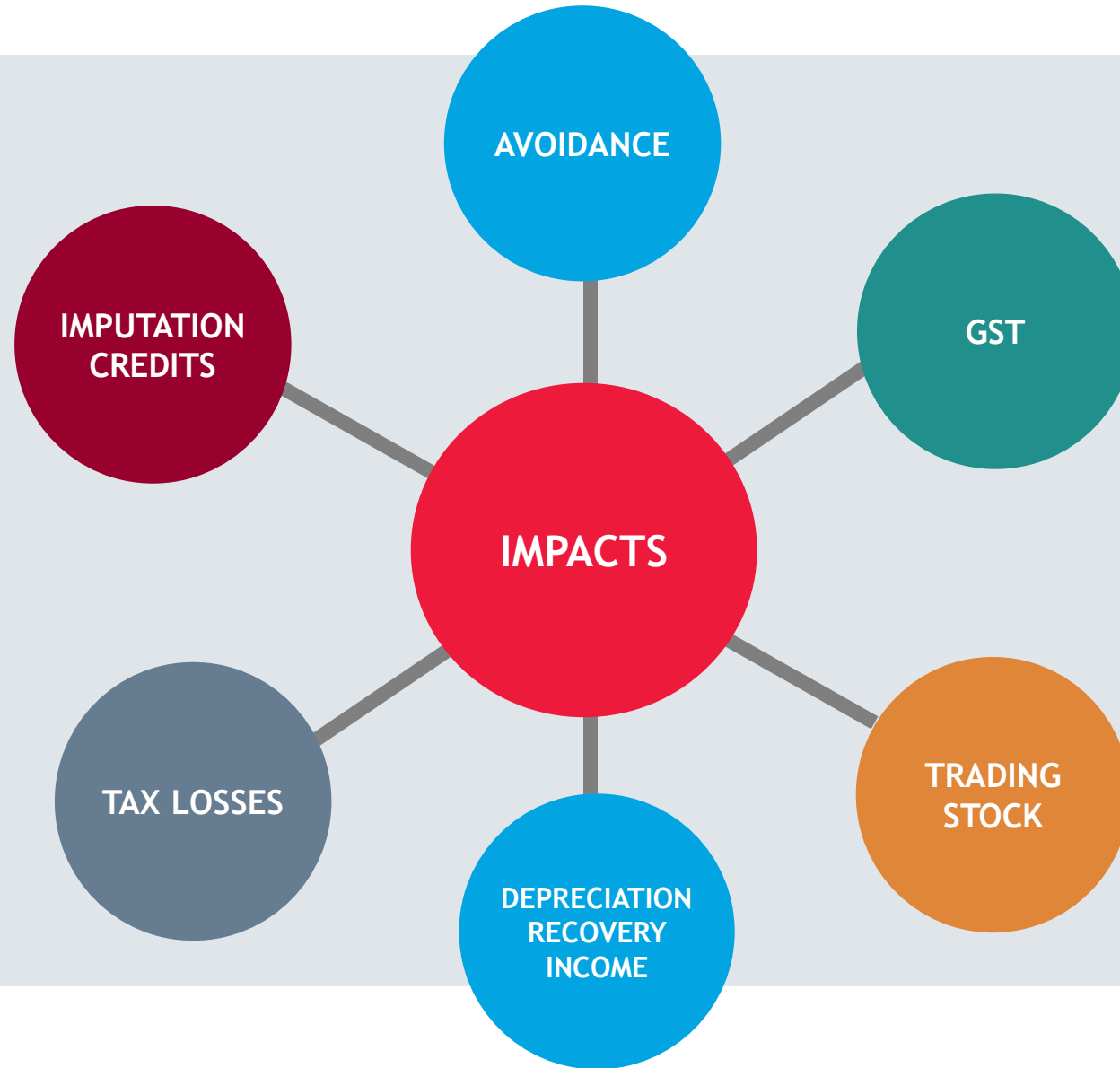
	Structure A	Structure B
Income	500,000	500,000
Tax	195,000	165,000

RESTRUCTURES - DEFERRAL ADVANTAGE



	Structure A	Structure B
Income	500,000	500,000
Tax	195,000	140,000

IMPACTS OF CHANGING



AVOIDANCE



ATTRIBUTION

PENNY AND HOOPER

DEBT CREATION

EXCESSIVE PAYMENTS

OPPORTUNITIES



TAX EFFICIENT
REMUNERATION



DEDUCTIONS

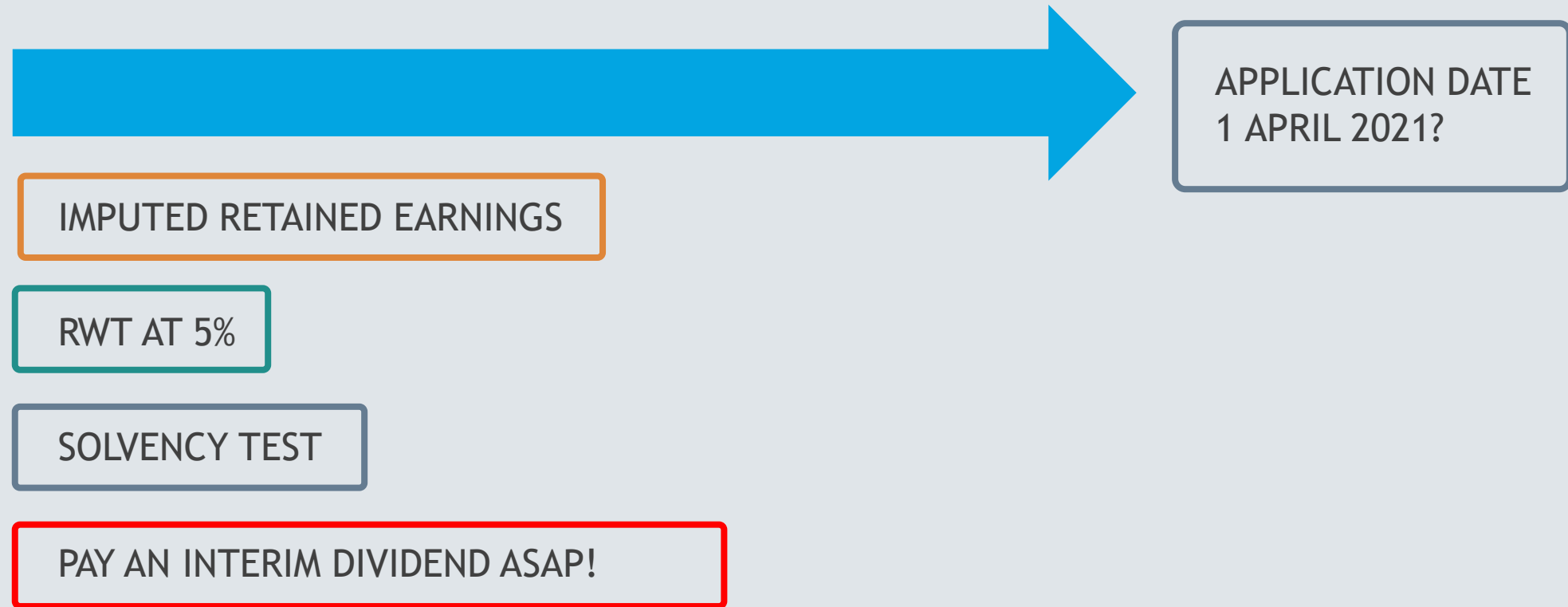


DIVIDEND
ACCELERATION



PASSIVE INCOME

DIVIDEND PLANNING

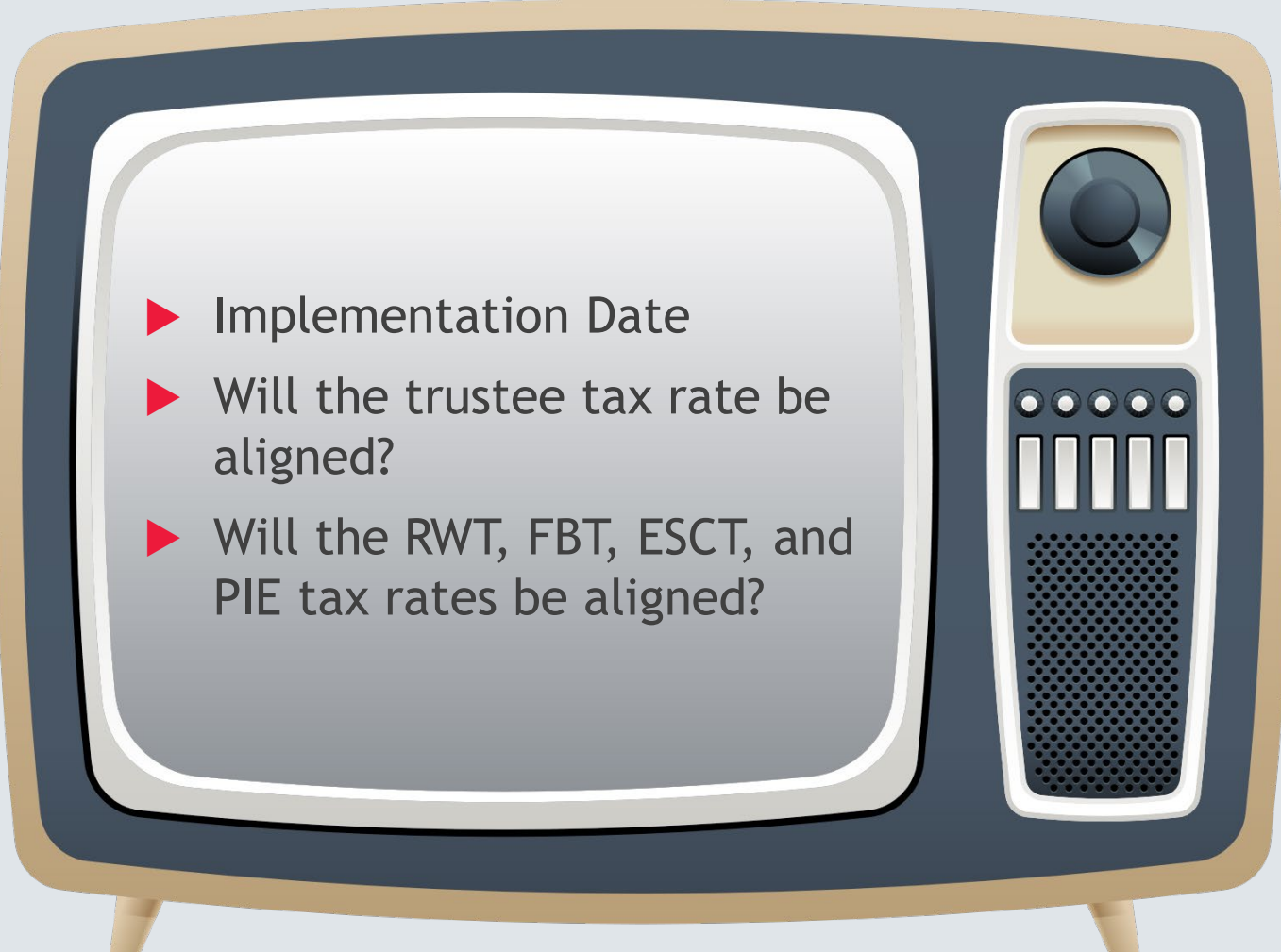


REMUNERATION REVIEW

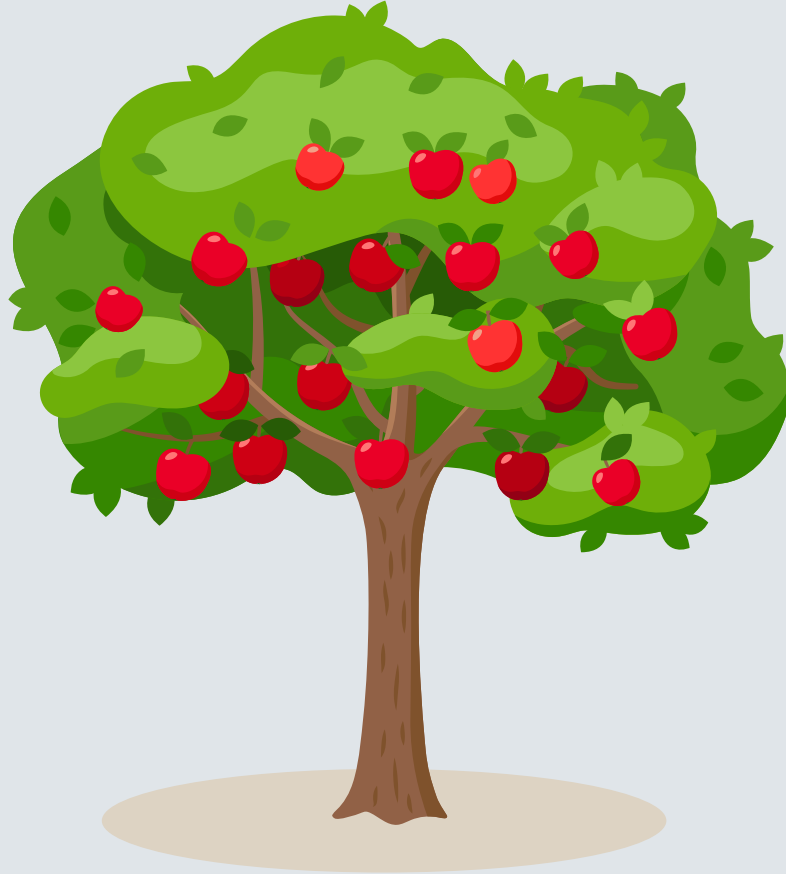


- ▶ Pay bonuses early
- ▶ FBT vs. PAYE
- ▶ Salary sacrifice
- ▶ Equity stake
- ▶ Income splitting

WATCH THIS SPACE

- 
- ▶ Implementation Date
 - ▶ Will the trustee tax rate be aligned?
 - ▶ Will the RWT, FBT, ESCT, and PIE tax rates be aligned?

WHAT SHOULD YOU BE THINKING ABOUT



Review existing structures to determine if fit for purpose



Pay dividends and bonuses before 31 March



Review remuneration strategies for senior staff



Take care in planning for change and heed the lessons from the past

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.



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WEBSITE

www.bdo.nz

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The screenshot displays the BDO New Zealand website. The header includes the BDO logo, navigation links for SERVICES, INDUSTRIES, INSIGHTS, and ABOUT, and a search bar. Below the header, a section titled 'WHAT'S ON YOUR MIND?' features a 'TRENDING TOPICS' row with buttons for Coronavirus, Wage Subsidy, RETHINK Webinar Series, IFRS 16, Māori Business Survey Report, and Construction Survey. A 'SEE ALL TOPICS' link is also present. The main content area is divided into two columns. The left column features an image of two women working on a laptop, with a date of 19 October 2020 and an article titled 'ARTICLE: SUBSEQUENT CHANGES IN LEASES (NZ IFRS 16)'. The right column features an image of stacks of coins, with a date of 19 October 2020 and a video titled 'VIDEO: BUSINESS AS USUAL BUT WITH A TWIST: NZ ELECTION'.

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WHAT'S ON YOUR MIND?

TRENDING TOPICS: Coronavirus Wage Subsidy RETHINK Webinar Series IFRS 16 Māori Business Survey Report Construction Survey

SEE ALL TOPICS ►

19 October 2020
ARTICLE: SUBSEQUENT CHANGES IN LEASES (NZ IFRS 16) ►
NZ IFRS 16 results in a fundamental change in the way that lessees will need to account for most of their lease agreements.
SEE ALL ARTICLE ►

19 October 2020
VIDEO: BUSINESS AS USUAL BUT WITH A TWIST: NZ ELECTION ►
We briefly outline what tax changes the new Government will introduce following the...
SEE ALL VIDEO ►