

REGULATORY UPDATE



MAY 2017

NZ BUDGET

The Minister of Finance, Hon Steven Joyce, will announce the NZ Budget on Thursday 25 May. Alliott NZ will provide a summary following the Budget so look out for this.

NZ RESIDENT DIRECTOR

Every NZ company must have at least one director that lives in New Zealand, or lives in Australia **and** is a director of a company incorporated in Australia. Australia has been prescribed as an 'enforcement country' by Regulation 12 of the Companies Act 1993 Regulations 1994.

The term 'live in New Zealand' is not defined in the Act. The Registrar of Companies interprets this on the basis that a director lives in New Zealand if he or she is present in New Zealand for more than 183 days in total in a 12-month period.

NZ AUDIT REQUIREMENTS FOR LARGE OVERSEAS COMPANIES

An overseas owned NZ company or NZ branch of an overseas company requires to be audited if the company is large. Large is defined as:

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- As at the balance date of each of the two preceding accounting periods, the total assets of the entity and its subsidiaries (if any) exceed \$20M, or
- In each of the two preceding accounting periods, the total revenue of the entity and its subsidiaries (if any) exceeds \$10M.

Please note the large criteria for a branch applies to the company as a whole, not just the NZ branch.

RECORDS KEPT OVERSEAS

A company must keep 7 years' worth of records at its NZ registered office. These records may be kept at a place in New Zealand (other than the registered office) provided the location is notified to the Registrar 10 working days in advance of the relocation. Alliotts has had some questions about the information kept in the Xero accounting system, which has servers, based overseas. In December 2016 the IRD released a list of approved third party providers approved to store taxpayer electronic records offshore which included a number of accounting software providers. Xero is included in this list.

ADDITIONALLY

- ❖ **TAX NUMBER.** Please note that to obtain a tax number or IRD number in New Zealand, a bank account must first be opened for the company or overseas residents / entities. Alliott NZ has established NZ bank contacts that can assist with this if required.
- ❖ **PROPERTY TRANSACTIONS.** Any property or land transactions require all parties to the sale and purchase agreement to have a NZ Tax / IRD number.

