



NEW ZEALAND – May 2019

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Tauranga council offers rates relief to roadworks embattled Durham St businesses

Tauranga City Council is offering businesses directly impacted by the Durham St upgrade project the opportunity to apply for rates relief.

An application detailing the impact in relation to the effect on affected businesses should be emailed to the council to be given consideration, according to a written statement on the council's website.

The offer comes after the Bay of Plenty Times published a story last week about the negative impact on businesses in the area.

Businesses are asked to supply the address of the business and contact information for the council to respond to.

Each application will be considered on an individual basis.

The council said good progress was made last week on Durham St with another three concrete pours in the car park and footpath areas near Smith Cycles.

Footpath work in front of Smiths Cycles has been poured after hours to minimise disruption to businesses.

The council said it now had an operating drinking fountain outside of the University of Waikato.

The footpath outside Trustpower has been excavated resulting in a change to pedestrian access.

Access to the building entrance is now from the carpark building side while the rest of the footpath to Beaurepaires is excavated.

The first section of an old asbestos cement water pipe has been successfully removed to allow new rain gardens to be installed.

There are two further sections to be removed in coming weeks.

Spring St, from Cameron Rd to Durham St, is now open, meaning drivers can turn right from Spring St going west to Durham St.

Further work in this area continues to be delayed until service cables are relocated.

Work continues on the accessway from Spring St to the University of Waikato.

Excavation of the Focus on Property carpark is underway so that the park access meets the new Durham Lane level.

The lane remains closed to traffic and pedestrians while excavation and construction is under way

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Durham Lane, from Durham St to the Bongard Centre, remains closed to traffic while the Durham St footpath and parking areas are concreted and cured.

New Zealand Rules Out Capital Gains Tax

New Zealand's Prime Minister, Jacinda Ardern, has announced that the Government intends to not adopt the Tax Working Group's (TWG's) recommendation on creating a broad capital gains tax.

In February 2019, the TWG recommended that more income from capital gains should be taxed from the sale of residential rental properties. A majority of its members recommended going further, and broadening that approach to include all land and buildings, business assets, intangible property and shares.

Announcing that the Government will not adopt the proposal, Ardern said: "The Tax Working Group gave the Government, and the country, an opportunity to look at the fairness of our tax system and debate options for change. All parties in the Government entered into this debate with different perspectives and, after significant discussion, we have ultimately been unable to find a consensus. As a result, we will not be introducing a capital gains tax."

"I genuinely believe there are inequities in our tax system that a capital gains tax in some form could have helped to resolve. That's an argument Labour has made as a party since 2011. However after almost a decade campaigning on it, and after forming a government that represented the majority of New Zealanders, we have been unable to build a mandate for a capital gains tax. While I have believed in a CGT, it's clear many New Zealanders do not. That is why I am also ruling out a capital gains tax under my leadership in the future."

While the Government will not proceed with a capital gains tax, the Government does intend to explore options for taxing vacant land. The Productivity Commission will be directed to include vacant land taxes within its inquiry into local government funding and financing and seek a review of the current rules of taxing land speculators as a high priority for the work programme (TPWP).

As a result of the decision to not proceed with a broader capital gains tax, a number of other recommendations from the TWG on supporting those on lower incomes also have not been endorsed.

The Government has further said that it does not intend to introduce a wealth tax or a land tax, in line with the TWG's recommendations.

Further, it agreed with the TWG's recommendations that New Zealand should retain the imputation system, and that New Zealand should retain the current corporate tax rate. It agreed that New Zealand should not introduce a progressive company tax, or an alternative basis of taxation for small businesses.

The Government noted the TWG's recommendations on digital tax reform and noted that proposals for digital taxes will be forwarded to parliament in May.

The Government agreed with the TWG's recommendation that the Government should review the current GST requirements for contractors who are akin to employees.

The Government agreed with the TWG's recommendations that there should be no reduction in the GST, no further exemptions from GST, and that the Government should monitor international developments on applying GST to financial services.

It agreed the need to consider further measures to improve collection and encourage compliance, including:

- Making directors who have an economic ownership in the company personally liable for arrears on GST and PAYE obligations (as long as there is an appropriate warning system).
- Departure prohibition orders.
- Aligning the standard of proof for PAYE and GST offenses.

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Finally, the Government agreed the need to strengthen the enforcement of rules for closely-held companies. It agreed with a TWG recommendation that Inland Revenue should have the ability to require a shareholder in a closely-held company to provide security to Inland Revenue if:

- a) The company owes a debt to Inland Revenue; and
- b) The company is owed a debt by the shareholder; and
- c) There is doubt as to the ability/and or the intention of the shareholder to repay the debt.

On the other tax recommendations, Ardern stated: "The Tax Working Group was a valuable exercise that has delivered some useful suggestions well beyond just the debate on CGT, and I want to thank the Group for its work. In fact the majority of recommendations will either be investigated further or have formed part of our work programme."

"There are other things that can be done to improve the fairness of our tax system. As such the Coalition Government has agreed to tighten rules around land speculation and work on ways to counter land banking."

"Work will also continue to cut red tape for business and crack down on multinationals avoiding paying their fair share of tax in New Zealand. We have already made changes to address base erosion and profit shifting, and we will shortly release a discussion document on options for introducing a digital services tax."

"My job now is to focus on the things we can and are doing to improve the wellbeing of all New Zealanders."

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