



This summary accompanies our webinar: *Introducing changes coming in 2022*

[ird.govt.nz/2022-changes](http://ird.govt.nz/2022-changes)

## Child support changes

The Child Support Amendment Act was passed in March 2021.

The remaining changes are being introduced from 1 April 2022 and include changes to:

- Definition of income
- Child expenditure calculations
- Estimations

The Taxation (Annual Rates for 2021–22, GST, and Remedial Matters) Bill includes several proposed remedial changes for child support. These changes are expected to be passed on or before 31 March 2022.

Included are changes to the estimations, time bar and offsetting provisions.



## Use of money interest extension

If you are unable to pay your tax on time because you have been significantly adversely impacted by COVID-19, you can ask us to remit penalties and interest.

The relief of use of money interest, or UOMI, is being extended. We will be able to remit penalties and interest for tax payments that were due on or after 14 February 2020 up until 8 April 2024 (including provisional tax).



## Working for Families rate changes

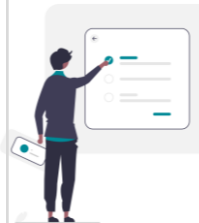
	Current rate	New rate
Family tax credit	Eldest child - \$5,878 Additional child - \$4,745	Eldest child - \$6,642 Additional child - \$5,412
Best Start tax credit	\$3,120	\$3,388
Minimum family tax credit	\$31,096	\$32,864
Income abatement rate	25%	27%

## Provisional tax: Safe harbour


The requirement for customers to pay provisional tax instalments in full and on time will be removed for customers using the safe harbour option.

Use of money interest, or UOMI, will only be charged if an amount remains unpaid after the terminal tax due date.

All other existing qualifications will remain, and late payment penalties will still apply.



#### 10-year bright-line rule for property




Bright-line property rule has been extended to 10 years.

Applies to properties purchased on or after 27 March 2021.

Residential properties may be subject to income tax on any profit made, if sold within 10 years.

#### 5-year bright-line rules for property




A shorter bright-line period of 5 years is expected to be introduced for new builds.

Applies for the initial owners.

New builds purchased off the plans and new builds constructed on land already owned will also qualify for the 5 year bright-line period.

#### Limiting interest deductibility




The ability to claim interest on loans for residential property as an expense is being phased out.

For residential property acquired on or after 27 March 2021, interest will be denied as an expense from 1 October 2021, unless an exclusion or exemption applies.

For property acquired before 27 March 2021, the ability to deduct interest on existing loans is being phased out over 4 years, ending 31 March 2025.

Interest on new loans drawn down on or after 27 March 2021 will not be deductible.

#### Additional reporting requirements for trusts



From 1 April 2021, trusts will be required to provide financial summaries as part of their IR6 annual returns.

Trusts will also be required to provide information about settlements, settlors, beneficiaries, distributions and persons with power of appointment for the Trust.

This includes:

- Financial summaries with a statement of profit or loss as well as a statement of financial position.
- The details of any person who has made a settlement on a Trust, as well as the amount and nature of any settlement made from 1 April 2021.
- The details of any person who has received a distribution from a Trust and the amount of the distribution.
- The details of people who have the power to appoint or dismiss a trustee, to add or remove a beneficiary, or to amend the trust deed.

The new requirements apply from the 2021-22 tax year onwards.

#### KiwiSaver Employee Contributions

KiwiSaver members who make contributions through deductions from their salaries and wages will have more ways to request changes to their KiwiSaver contribution rate.



# THANK YOU!