



Please send the form to internationalquestionnaire@ird.govt.nz by **21 April 2023**.

Part A: Basic worldwide group details at balance date

Name of New Zealand parent entity	<input type="text"/>
IRD number	<input type="text"/>
Country of immediate foreign parent entity	<input type="text"/>
Country of ultimate foreign parent entity	<input type="text"/>
Name of ultimate foreign parent entity	<input type="text"/>

Part B: New Zealand financial accounting group numbers

(NZD)

Gross revenue (excluding interest income)	<input type="text"/>
Interest income (non-resident associated persons)	<input type="text"/>
Interest income (other)	<input type="text"/>
Gross profit (if applicable)	<input type="text"/>
Asset impairment loss(es)	<input type="text"/>
Depreciation and amortisation	<input type="text"/>
Interest expense (non-resident associated persons)	<input type="text"/>
Interest expense (other)	<input type="text"/>
Management fees and service charges (non-resident associated persons)	<input type="text"/>
Royalties, licence & franchise fees (non-resident associated persons)	<input type="text"/>
Net profit (loss) before tax	<input type="text"/>
Total assets	<input type="text"/>
Total liabilities	<input type="text"/>
Interest-bearing debt (non-resident associated persons)	<input type="text"/>
Interest-bearing debt (other)	<input type="text"/>
Total equity or head office account	<input type="text"/>

Part C: Thin capitalisation (2022 income year only)

Thin capitalisation percentage of the New Zealand group %

Part D: Transfer pricing (2022 income year only)

1. How many full-time equivalents did the New Zealand group employ?
2. How many staff received more than \$150,000 in monetary and fringe benefits in their capacity as employees?
3. What was the primary transfer pricing method used by the New Zealand group?
Tick one method below.
- Comparable uncontrolled price method
- Resale price method
- Cost plus method
- Transactional profit split method
- Transactional net margin method
- Not applicable
4. Has the New Zealand group made material changes to its international transfer pricing practices in respect of the 2022 income year? Yes No
5. Were there any material structural changes which resulted in a reduction of business functions, assets held and risks borne by the New Zealand operations during the 2022 income year? Yes No
6. In the 2022 income year, was the aggregate amount of expenditure on goods and/or services by the New Zealand group over \$30 million in respect of transactions with non-resident associated persons in any of Hong Kong, Ireland, Luxembourg, the Netherlands, Singapore or Switzerland? Yes No
7. Did the total value of cross-border supplies made to non-resident associated persons (apart from transactions of a capital nature) covered by the transfer pricing rules in sections GC 6 to GC 14 (inclusive) of the Income Tax Act 2007 exceed 20% of gross revenue (excluding interest income) of the New Zealand operations? Yes No
8. Did the total value of cross-border supplies received from non-resident associated persons (apart from transactions of a capital nature) covered by the transfer pricing rules in sections GC 6 to GC 14 (inclusive) of the Income Tax Act 2007 exceed 20% of gross revenue (excluding interest income) of the New Zealand operations? Yes No
9. If you answered "Yes" to either question 7 or 8 above, do you have transfer pricing documentation to demonstrate consistency with the arm's length principle? Yes No

Name of person providing this information

Position

Contact telephone number

Email address

International Questionnaire

Guidance notes for the 2022 income year

The questionnaire covers the 2022 New Zealand income tax year (ie balance dates falling between 1 October 2021 and 30 September 2022. For example, if your balance date is 31 December, please provide information for the year ended 31 December 2021. Alternatively, if your balance date is 30 September, please provide information for the year ended 30 September 2022).

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Part A: Basic worldwide group details at balance date

Name of New Zealand parent entity: this is the top tier New Zealand entity with an immediate non-resident shareholder. It may be the New Zealand branch of an overseas company. Where there are multiple entry points into New Zealand, more than one member of the worldwide group may get a questionnaire.

Part B: New Zealand financial accounting group numbers

- The numbers in this part will often come directly from the consolidated financial statements filed with the Companies Office for the New Zealand group.
- For a branch, use the New Zealand branch accounts.
- Where there are multiple entry points into New Zealand, report on each group separately (you should have received a questionnaire for each group if its turnover was over \$30 million).
- Where a group has subsidiaries overseas, you may exclude their results but please provide details in an attachment to your response.
- Figures can be rounded to the nearest thousand.
- If financial statements are prepared in a currency other than New Zealand dollars, the numbers may be in that currency but please note this in your response.
- Interest expense and interest income will usually be labelled as such in the financial statements and relate to the borrowing and lending of funds. Please exclude FX gains and losses. Also, please use an attachment to your response to provide any clarification of the figures provided, particularly if they depart from the financial statements.

Part C: Thin capitalisation

- The “debt percentage of New Zealand group” is calculated as per sections FE 14 to FE 16 of the Income Tax Act 2007 (inclusive) and after section FE 13 (“the on-lending concession”) has been taken into account.
- Rules which came into effect from 1 July 2018 require “non-debt liabilities” as defined in section FE 16B to be deducted from the value of assets. Non-debt liabilities are items like trade credits, GST payable, provisions for employee benefits, financial liabilities from derivatives and certain deferred tax liabilities. Please refer to TIB Vol 31 No 3 (April 2019) from page 119 at www.ird.govt.nz

- Please remember that the rules apply to a group of non-residents who act in concert and own more than 50% of a company.
- Please advise us if an election has been made in terms of section FE 30 to include another company in the group and/or the measurement date in section FE 8 is other than the end of the income year.

Part D: Transfer pricing

Question 1: For the purposes of the question, you can pick a representative month or calculate an average. Treat a full-time employee as one who works more than 30 hours a week. For part-time workers, add the hours worked in a month and divide by 120 to get the number of full-time equivalents.

Question 2: For the purposes of this question, the amount earned would include such items as salary, bonuses and the taxable value of fringe benefits.

Question 3: The primary transfer pricing method is the one which was applied to transactions having the most material effect, being the highest value of transactions. Please provide further details in an attachment if you wish to clarify your response.

The transfer pricing methods are those referred to in section GC 13(2) and Chapter II of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2017.

Question 4: Illustrative examples of “material changes” are:

- A change in the characterisation of a subsidiary from a limited risk distributor (e.g. not bearing risks associated with inventory or receivables) in the 2021 tax year to a full risk distributor in the 2022 tax year; and
- A change in risk assumption between associated parties as to who bears freight costs.

Please provide further details in an attachment if you wish to clarify your response.

Question 5: “Material structural changes” refers to any significant change relative to the group’s functions, assets held, and risks borne in respect of its New Zealand operations. The term does not cover continued or incremental developments undertaken in the ordinary course of business or changes in corporate structure such as the establishment of new entities where they do not affect the functions, assets or risks of the New Zealand operations.

Questions 6: Answer “yes” if, for example, the value of transactions with Hong Kong was \$20 million and those with Ireland were \$11 million resulting in the \$30 million being exceeded.

Questions 7 and 8: Answers to these questions are to be derived from the same source data and on a consistent basis as the financial information disclosed in Part B.

Question 9: For more information on transfer pricing documentation, please refer to Chapter V of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2017.

Common errors to avoid

Avoiding the errors below will save you time and money.

- 1) Providing figures for the wrong income year.
 - This questionnaire is for the 2022 income year, which is balance dates falling between 1 October 2021 and 30 September 2022.
- 2) Not answering questions.
 - Please ensure you have answered all the questions on page 2.
- 3) Not following the instructions.
 - For example, please provide net profit before tax, not net profit after tax.
- 4) Not explaining departures from financial statements.
 - We generally expect figures to align with the consolidated financial statements for the relevant group. It is helpful to provide an explanation where this is not the case, such as when you choose to exclude controlled foreign companies.
- 5) Copying details from a previous questionnaire.
 - Please note our questionnaire changes from year to year so please read the form carefully as to the current year's requirements.
- 6) Forgetting to send the questionnaire once completed
 - We follow up all questionnaires not received.
- 7) Responding for the wrong group
 - If there are multiple entry points into New Zealand, one group may have a turnover more than \$30 million while another may only have a turnover of \$5 million. Please do not combine results. Each group will receive a questionnaire if it is significant enough.
- 8) Not responding to the questionnaire
 - The questionnaire is compulsory but in the interests of goodwill we do not make a formal request at the outset. It is very important that you complete the questionnaire accurately and by the due date otherwise it will impact on your risk rating and trigger potentially unnecessary enforcement actions.