



CooperAitken Balance Sheet

July | August 2022



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NEW TRUST DISCLOSURE RULES

What you need to know



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creating freedom in your business

The 2020/2021 year will always be remembered for the worldwide Covid-19 Pandemic which affected people from all walks of life. Whilst the virus was slowly spreading two significant tax changes happened in New Zealand, specifically:

- The Government proposed new trust disclosure rules and passed it into law five days later with little to no consultation, almost as if by stealth
- The Government also passed legislation under urgency to increase the top individual income tax rate from 33% to 39% for personal income in excess of \$180,000

Both changes are applicable from 1 April 2021.

The Government's motivation behind the new disclosure rules has a direct correlation to the use of a trust as a tax planning tool. The new rules will enable Inland Revenue to establish to what extent trusts are used to effectively avoid the 39% tax bracket.

The new rules will additionally enable the Inland Revenue to share the disclosed information with overseas tax authorities and other New Zealand Government Departments such as the Ministry of Social Development.

What do the New Disclosure Rules entail?

In short, from the 2021 – 2022 income year all New Zealand Trusts have to:

1. Disclose a laundry list of additional information
2. Prepare financial statements
3. File a tax return

Complying Trusts that are non-active with interests only income of less than \$200 per annum are exempt from the above three requirements.

Per Inland Revenue legislation the additional information is provided with the IR6 Trust Tax Return in the form of:

- IR6S – Relates to Settlor & Settlements (Current Year Settlements)
- IR6B – Relates to Beneficiaries details
- IR6P – Relates to the details of any person that has the power to appoint or

dismiss a trustee, to add or remove a beneficiary, or to amend the trust deed

The additional information required to furnish the above forms include but is not limited to:

- The amount of settlements made to the trust in the income year which includes cash, financial arrangements, land, buildings, shares/ownership interest and settlements that have been valued at zero.
- The full name, date of birth, jurisdiction of tax residency and IRD number or Tax Identification Number (if tax resident in another country) of all settlors.
- The full name, date of birth, jurisdiction of tax residency and IRD number or Tax Identification Number (if tax resident in another country) of all beneficiaries as well as any movements in beneficiary current accounts which include:
 - The Opening balance
 - Distributions (accounting income, trust settlement, capital, use of trust property for less than market value, distribution of trust assets and forgiveness of debt)
 - Amounts withdrawn or enjoyed from the trust
 - The Closing balance of the amount owed to the beneficiary or owed to the trust

Over and above the non-active trusts that are exempt of the new rules, the following trusts are also exempt:

- Estates still under administration
- Foreign Trusts
- Charitable Trusts
- Trusts that are eligible to be Maori Authorities
- Widely-held superannuation funds
- Exempt employee share scheme
- Debt funding special purpose
- Lines Trusts

How does it affect you?

Trustees have to spend more time than ever before on the administration of a trusts, it is also likely that there will be a large increase in the compliance cost for trusts because a lot of the information required by the new rules is not always readily available.

We are finding that the 2022 year is particularly challenging as all of the required information not only has to be sourced, it also needs to be entered into the prescribed Inland Revenue provided IR6 returns.

Income tested benefits you receive may be affected in that Inland Revenue will now have access to not only taxable income distributions but also non-taxable distributions which are both taken into account for testing purposes. An example being working for families.

Inland Revenue has the power to request the same information from the trust for the previous eight years should they find anything of concern during their review of the 2022 income tax returns as filed.

In summary we believe the impact of the new disclosure rules are significant on trustees and we urge you to contact us if you would like to discuss your trust disclosure obligations.



Chartered Accountants ANZ team achievements

Congratulations to our team members **Trevor Cooper** and **Louise Maxwell-Granich**, who were both recognised and awarded certificates at the Chartered Accountants ANZ (CA ANZ) Gala Dinner recently.

Louise received her official Chartered Accountants certificate. In conjunction with three years of Mentored Practical Experience, Louise has also completed the modules required to pass the CA ANZ's Graduate Diploma of Chartered Accounting (GradDipCA) course and can now proudly call herself a Chartered Accountant. (A lot of work when you are working full time). Huge congratulations Louise!!

Trevor Cooper received his 40yr milestone award as a member of Chartered Accountants ANZ. Trevor gained his membership on 3/6/1982 after discovering his love for maths and accounting at school. After his years at Waikato University, Trevor jumped into his accounting career, becoming a partner of what was then Barnett, Cave, Bannin & Sexton Accountants in 1987, and then a partner in CooperAitken & Partners in 2000, after some practice amalgamations. Trevor stepped down as a partner from CooperAitken in 2017 and continues with his love of accounting as a consultant for the firm. Incredible 40yrs of history for Trevor and a huge milestone! Huge congrats Trevor!



Team News

MAREE SATTLER

Our amazing office manager, go-to-person, voice of reason and the glue that helps hold this place together has just reached 20 years with CooperAitken. Maree is such an integral part of the business, and is extremely appreciated by all the team here. Congrats on 20yrs Maree! We're lucky to have you!



NEW TEAM MEMBERS

A big welcome to our newest team members.

Barb Jenkins (top left)

A Senior Accountant in our Morrinsville office.

Allie Swale (top right)

Our new Legal & Trust Administrator

Megan Austin (bottom left)

A new Accountant in our Matamata office

Lushan Joshi (bottom right)

A new Accountant in our Morrinsville office



Quiz & Cocktail Team Night

Cocktails + dress up + quiz + games.

It's been a wee while since we've been able to all get together as a team. The above combo made for a perfect evening that did not disappoint.

The teams outfits were on point, the quiz brought out some serious competitiveness, the games provided lots of laughs (plus a side of cheating!), and the cocktails and food from The Redoubt Bar and Eatery Morrinsville were delish as always!



Proud to Support



MPDC BAYLEYS BUSINESS NIGHT OUT

The awards evening is back this year and looking better than ever.

We are proud to continue our support of the evening which recognises the efforts of local businesses in the community.

The finalists for the Fonterras People Choice Award have been announced and the voting is still open! Head over to the MPDC voting page and give your favourite local business some love!

COOPERAITKEN NETBALL TEAM

Our CooperAitken netball team have just wrapped up their season. The team played half the season in B Grade and after a few wins under their belt, they were moved to A Grade and up against some fierce competition. Lots of hard games & cold nights, but so many laughs, lots of fun, good sportsmanship and some top notch competition. No podium placing, but we call that a great season! Awesome effort ladies!



YOUR FEEDBACK IS IMPORTANT TO US

We pride ourselves on providing an excellent service to you. If you enjoy working with our team and wanted to provide some feedback, we would be extremely grateful. Please send to camarketing@cooperaaitken.co.nz



Careers with CooperAitken

Our team is growing and we're always looking for superstars to join our team.

We're a dynamic and progressive team, who are extremely community and culture focused. Being part of our team provides you with career opportunities, an extremely supportive environment and provides flexibility, giving you a good work/life balance.

We've currently got a few awesome opportunities to be part of our team, check them out and share around!



Careers with us

