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APPROVED ISSUER LEVY

1. A 0% rate of NRWT applies to an interest payment in relation to which Approved Issuer Levy (AIL) is paid, provided that the interest is not paid to any of the following persons:
 - (a) A person associated with the approved issuer (the payer).
 - (b) Two or more persons jointly, of whom at least one is a NZ resident.[Sections RF 12 & RF 12B, *Income Tax Act 2007*]
2. The 0% rate of NRWT does not apply to an interest payment unless AIL is paid on that interest payment by the due date.

Applying to be an approved issuer and registering a security

3. A person who borrows, has borrowed, or will borrow money, may elect to be an approved issuer and pay AIL in relation to a security, by completing Form IR 396 and complying with the following requirements:
 - (a) Notifying the Commissioner that they wish to have approved issuer status.
 - (b) Applying to register the security.[Section 32M, *Tax Administration Act 1994*]
4. The application in Form IR 396 can be for registration of any of the following:
 - (a) A single transaction involving money lent to the approved issuer.
 - (b) A class of transactions involving money lent to the approved issuer.[Section 86G, *Stamp and Cheque Duties Act 1971*]
5. The Commissioner must notify the approved issuer of the registration, in writing, within 20 working days after receiving the application. Registration of the transaction or class of transactions takes effect from the date on which the Commissioner received the completed application for registration.
[Section 86H, *Stamp and Cheque Duties Act 1971*]
6. Approved issuer status is reliant on AIL being paid by the date(s) it is due.
[Section 32M, *Tax Administration Act 1994*]

Rate of AIL and due date for payment

7. The rate of AIL is 2% of each interest payment.
8. It must be paid by the 20th of the month following the month in which the interest is paid. If the total AIL for a tax year is less than \$500, AIL may be paid six-monthly on 20th October and 20th April.
9. A completed Form IR 67A must accompany each payment of AIL.

[Sections 86I, 86J, 86K & 86KA, *Stamp and Cheque Duties Act 1971*]

Proposed 0% Rate of AIL

10. A 0% rate of AIL has applied from 7 May 2012, the date of assent of the *Taxation (International Investment and Remedial Matters) Act 2012*, (s. 149) for a registered security that meets all the following requirements:
 - (a) The security must be denominated in New Zealand dollars.
 - (b) The issue of the security must have been a public offer and not a private placement.
 - (c) The security must not be an asset-backed security.
 - (d) The security must be administered through a fixed establishment in New Zealand.
 - (e) The security must be listed and traded in a securities market, and at the time of each interest payment:
 - (i) the security must be one of a number of identical debt securities; and
 - (ii) there must be at least 100 persons who each hold a security in that class; and
 - (iii) the issuer must have reasonable grounds to expect that each of 100 or more persons, is not associated with the issuer other than by being a beneficiary of a trust established to protect their interests, and is not associated with another member of the group; and
 - (iv) no person or group of associated persons must hold more than 10% by value of the class of securities.
11. A statement must be provided to the Commissioner showing the prescribed details by the time that AIL would have been payable. Presumably this will be the usual IR 67A showing an AIL payment of zero.
12. This zero rate of AIL came into force on 7 May 2012, the date of assent of the enacting legislation.