

TIDYING UP THE LTC RULES

The Annual Rates Tax Bill contains several changes designed to tidy up the LTC rules.

Tax elections, and valuation and timing methods adopted in relation to an LTC's income or property, are to be made or established by the LTC, not each owner. Fringe benefits provided to working owners will not be subject to FBT, and an LTC will be able to make use of the GST group-filing rules. These changes are to apply from 1 April 2011.

A "relative" for LTC purposes will not include a trustee of a trust under which a relative has benefited or is eligible to benefit. This change will apply from the first income year of the LTC following enactment of the amendment.

For more on these changes, refer to the Close Companies and Partnerships section.

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