

KEY FACTS
LOOK THROUGH COMPANIES

In April 2011, New Zealand introduced a new elective regime for the taxation of closely held companies. These Key Facts provide an overview of the new Look Through Company ("LTC") regime, the tax treatment of LTCs and our fees for providing a range of LTC-related corporate services.

COMPANY FORMATION & ADMINISTRATION

Formation of an LTC company in New Zealand is straightforward and reflects the modern corporate code which New Zealand adopted in 1993. The salient features of the company law which will be of interest include:

- The company must have at least one Director.
- There is no capital requirement although the shares are denominated according to a monetary value. The minimum value for a share is 1NZ\$.
- No need for a Memorandum of Association as the company is deemed to have all the powers of a natural person.
- No need for Articles of Association. If required a standard form regulating the administration of the company may be used.
- Directors must be natural persons and can be resident anywhere in the world.
- Shareholders may be corporate bodies or natural persons and may be either resident or non-resident.
- All shares issued by the LTC must be of the same class and carry the same rights and obligations for each shareholder.
- There must be five or fewer Shareholders during each tax year that the company is part of the LTC regime, all of whom must be either natural persons or bodies corporate acting as trustees.
- An LTC can be formed in 24 hours. The minimum information required to form a company is:
 - Proposed company name
 - Full name and residential address for the Directors
 - Full name and residential address for the Shareholders

TAXATION OF NEW ZEALAND COMPANIES

A company resident in New Zealand is normally assessable on worldwide income whether derived from New Zealand or elsewhere, subject to the provisions of the Income Tax Act, 1994 and a company not resident in New Zealand is liable only in respect of income derived from New Zealand.

Under the new LTC regime, a company may elect with the Commissioner of Inland Revenue to be disregarded for income tax purposes and classified as a Look Through Company. This allows the

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company's income, expenses, tax credits, rebates, gains and losses to be attributable to the owners in proportion to their ownership interests in the LTC. No resident withholding tax or non-resident withholding tax will apply.

An election to be treated as an LTC must be made with the Commissioner of Inland Revenue before the start of the tax year in which it wishes to be treated as an LTC. New Zealand's tax year begins annually on 1 April.

LTCs must prepare accounts but these do not have to be audited or publicly registered. LTCs may hold property of any kind in any location and receive any form of income. If the shares in the LTC are owned by a New Zealand foreign trust, or foreign shareholders who are not subject to tax in New Zealand, there is no tax levied in New Zealand, provided the income received by the LTC is sourced from outside New Zealand. In the case of a trustee shareholder, the trust can distribute that income to its beneficiaries free of tax, as long as the beneficiaries are not resident in New Zealand.

Please contact any Trident Trust office worldwide for further information about our services and fees. Office contact details are included on the following page.

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