2024 Tax Guide

New Issues arising in 2024

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The following guide is designed to assist members attempting to identify material changes to New Zealand tax legislation that take effect from the 2024 income year.

This information is current as at 30 November 2023.

**About the author**This checklist was prepared by Baker Tilly Staples Rodway on behalf of CPA Australia.

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### Trust Tax Rate

Under a Bill currently before Parliament, from 1 April 2024, the tax rate for trustee income will be increased from 33% to 39%[[1]](#footnote-2). In addition, the rate of tax payable on beneficiary income distributed to corporate beneficiaries will be increased to 39%[[2]](#footnote-3), with such distributions being treated as available capital distribution and not imputed earnings[[3]](#footnote-4).

These proposals would also see deceased estates subject to tax at the individual marginal tax rates for the first twelve months after the death of the deceased individual[[4]](#footnote-5). Additionally, trusts established for the benefit of disabled persons would also be subject to tax at the individual marginal tax rates[[5]](#footnote-6).

### Weather Events Relief

Under a Bill currently before Parliament, taxpayers who were impacted by the North Island flooding events in January and February 2023 (Cyclone Hale, Auckland Anniversary Floods and Cyclone Gabrielle) will be eligible for relief. The relief will be similar to that offered following the Christchurch and Kaikoura earthquakes in 2011 and 2016 respectively, and will consist of, among other things:

* Roll-over relief on any assets destroyed by the events and for which a replacement is purchased prior to the 2027-28 income year[[6]](#footnote-7).
* The ability to disregard business disruption resulting from the events when considering whether a nexus exists between expenditure occurred and income-earning activities[[7]](#footnote-8).
* The ability to continue claiming depreciation deductions where access to depreciable property was temporarily restricted due to the events[[8]](#footnote-9).

Specific adjustments will be required to ensure the relief is correctly accounted for. A notice of election will need to be lodged with Inland Revenue where roll-over relief is sought[[9]](#footnote-10).

### Interest Deductibility on Residential Rental Properties

Under the government’s coalition agreement, interest deductibility on residential rental properties will be gradually restored, with 60% deductibility in the 2023/24 year, 80% deductibility in the 2024/25 year and 100% in the 2025/26 year. Further details will not be clear until a Bill is introduced to Parliament.

### GST on Platform Economy

From 1 April 2024, platforms such as Uber and Airbnb will be required to account for GST directly to their customers. Under the rules, the platforms will be required to charge 15% GST, of which 6.5% will go to Inland Revenue and the remaining 8.5% will go to the underlying supplier (the driver, homeowner and similar) in lieu of the ability to claim GST on inputs.

Large scale accommodation suppliers (minimum 2,000 nights per annum) will be able to elect to continue to be subject to the standard rules, with responsibility for accounting for GST falling on them and not the platform.

The underlying supplier will still need to account for GST where their supplies exceed $60,000 per annum.

*Note: During the election campaign, National promised to repeal these provisions. They have since announced that these changes will proceed as initially planned, and these provisions will not be repealed.*

### Incoming Government

Following the election on 14 October 2023, the government has changed from a Labour-led government to a National-led government, with a coalition between National, ACT and New Zealand First signed on 24 November 2023. Several policies promised during the election campaign including removal of the ability to claim a depreciation deduction on commercial buildings, and reduction of the bright-line period to two years appear likely to progress under the coalition agreement. Specific details will not be clear until a Bill is introduced to Parliament.

1. Clause 62 Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill. When enacted, Schedule 1 Income Tax Act 2007. [↑](#footnote-ref-2)
2. Clause 35 Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill. When enacted, section HC 17(3) Income Tax Act 2007. [↑](#footnote-ref-3)
3. Clause 10 Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill. When enacted, section CD 44(7)(dc) Income Tax Act 2007. [↑](#footnote-ref-4)
4. Clause 33 Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill. When enacted, section HC 8B Income Tax Act 2007. [↑](#footnote-ref-5)
5. Clause 39 Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill. When enacted, section HC 39 Income Tax Act 2007. [↑](#footnote-ref-6)
6. Clause 26 Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill. When enacted, section EZ 23BE Income Tax Act 2007. [↑](#footnote-ref-7)
7. Clause 22 Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill. When enacted, section DZ 20B Income Tax Act 2007. [↑](#footnote-ref-8)
8. Clause 27 Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill. When enacted, section EZ 85 Income Tax Act 2007. [↑](#footnote-ref-9)
9. Clause 26 Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill. When enacted, section EZ 23B3(10) Income Tax Act 2007. [↑](#footnote-ref-10)