

A Beginners Guide to New Zealand Tax

NZ has a Double Taxation Treaty with the UK – you will not be taxed twice on any income.

Any person present in NZ for more than 183 days in any 365 day period is deemed to be tax resident. There is also a more nebulous “place of abode” test for tax residency.

Contact the team at Broadbase International Ltd to receive a free copy of our Financial Guide, a comprehensive financial information pack for migrants. It up-to-date and full of useful information.

We also send out a monthly email newsletter with updates, information and resources for Brits with an interest in New Zealand.

A Disclosure Statement is available on request.

Figuring out a whole new tax system will not be your top priority...

It's a huge decision to move to New Zealand, and there are far more exciting things to think about than tax – but it may well pay to take a few minutes to understand how much tax you will pay in your new life. We promise to make it as painless as possible! We've also got more detailed information on our website, www.broadbaseimmigration.co.uk.

Before you go

You'll need to let the UK Inland Revenue know that you are leaving, which you do by filling out a P85 form.

Once you arrive

You'll need to let the NZ Inland Revenue know that you have arrived by applying for an IRD number.

The basics

NZ operates a comprehensive tax regime under which Tax Residents are subject to income on their worldwide income.

Tax is deducted from your income automatically by your employer if you are working under a system called PAYE – Pay As You Earn.

From 1st October 2010, individuals are taxed at:

- 10.5% on their income up to \$14,000
- 17.5% on their income between \$14,001 and \$48,000.
- 30% on their income between \$48,001 and \$70,000.
- 33% on their income over \$70,001.

NZ has a self-assessment tax system, where taxpayers are responsible for completing a tax return if they need to.

Will you pay more tax in New Zealand?

If you are earning a wage in New Zealand you'll find that about the same amount of your income disappears to the taxman as in the UK – maybe even a little more.

There are areas where you will pay more tax than in the UK, and some where you will pay less:

- You won't get a personal allowance – in NZ you are taxed on all of your income.
- There are no National Insurance contributions, but there is an ACC earners' levy of 2% of your salary.
- GST is the NZ sales tax, roughly equivalent to VAT. At 15% the rate is slightly less than VAT, but it is levied on almost everything.
- There is no stamp duty when you buy a house.
- Tax relief on pension contributions is not as generous in NZ.
- There is no inheritance tax (IHT).
- The tax take from petrol is less in NZ.
- Your retirement savings (superannuation funds) are taxed more as they grow in NZ, but can be taken with no further tax to pay at retirement.
- There is no TV licence fee in NZ.

NZ tax exemption for migrants

For the first four years you are living in New Zealand you qualify as a Transitional Resident.

You are exempt from NZ income tax on your

investment income, but not on any wages you may receive from overseas.

If you hold investments in the UK and other countries the Transitional Resident tax exemption can result in significant tax savings in your first 4 years in New Zealand.

Child Benefit

You'll need to cancel your UK Child Benefit when you emigrate to New Zealand.

NZ does not have a universal child benefit, but low to middle income families are entitled to a tax credit known as Working for Families. Your entitlement is dependent on your family income, how many children there are in your family, and how old they are.

You are not eligible for the Transitional Resident tax exemption if you claim the Working for Families tax credit.

Contact us for more information

At Broadbase International Ltd we have an excellent understanding of UK and NZ tax legislation as it applies to Brits living in New Zealand.

Please contact us for expert advice on making the most of your finances in New Zealand.



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