



NEW ZEALAND LOOK-THROUGH COMPANY

The New Zealand Look-Through Company is an entity providing all the advantages of separate corporate identity and limited liability, but with look-through treatment for tax purposes.

Advantages

- > Corporate identity
- > Limited liability
- > No tax liability at Company level
- > Flow through taxation to shareholders and trustee shareholders

Criteria for Look-Through Company (LTC) status

To become an LTC and maintain LTC status, a company must meet the following criteria for the whole of each income year that they are an LTC:

- > It must be a company (ie a body corporate or other entity with a legal existence separate from that of its members).
- > It must be a New Zealand tax resident and not treated as a non-resident under any double tax agreement.
- > All owners must have only look-through interests. There are special requirements for look-through interests depending on when the company is an LTC.
- > There must be five or fewer look-through counted owners. Look-through counted owners must be either natural persons or trustees (including corporate trustees). There are special rules for determining the number of look-through counted owners.
- > It must not be a flat-owning company.

Additional criteria that apply for the 2017 -2018 and later income years

- > It must not have an owner which is a tax charity or a Māori authority, unless the tax charity or Māori authority are grandparented.
- > If the total ownership interests in the LTC are more than 50% held by foreign LTC holders, the LTC must not have a foreign-sourced amount for the year that is more than the greater of \$10,000 or 20% of the LTC's gross income for the year.

If the LTC has an owner who is a trustee the trust cannot:

- > make a distribution to a company or Māori authority (unless the Māori authority is a grandparented Māori authority) which is directly or indirectly a beneficiary of the trust.
- > make a distribution of income to a tax charity, unless the tax charity has no control or influence in relation to distributions from the trust or the operation of the LTC.

Taxation of Off-shore shareholders

A Look-Through Company is not liable for income tax at company level, as all its income flows through to its shareholders, much like a partnership. This means that non-resident shareholders pay no income tax in New Zealand provided the Look-Through Company does not derive New Zealand sourced income.

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Accounting services

Service	Fee estimate	Notes
Set-up fee (one-off) Setting up of reporting templates and client's information file	USD 250	This includes: <ul style="list-style-type: none"> > communicating with clients in respect of the company's reporting requirements, understanding the client's business and ownership structure, > setting up a customised reporting format
Annual financial statements Preparation of annual special purpose financial statements	From USD 500	This includes: <ul style="list-style-type: none"> > obtaining and compilation of necessary source information > analysing financial data > transferring financial information into the reporting format based on the applicable accounting standards and principles
Annual tax compliance Preparation and filing of tax returns	From USD 350	This includes: <ul style="list-style-type: none"> > Completing required tax returns and associated schedules > Filing tax returns with the Inland Revenue
Disbursements Any ancillary expenses are in addition to the standard fees		

Conclusion

The New Zealand Look-Through Company is a tax efficient and straightforward vehicle for shareholders looking for the advantages of corporate identity, limited liability and an entity operating out of a stable and well respected jurisdiction.



KEY CONTACTS



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Our purpose is to maximise potential and our success is built on service excellence, long-term relationships and technology capabilities that drive efficiency and add value.

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