

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

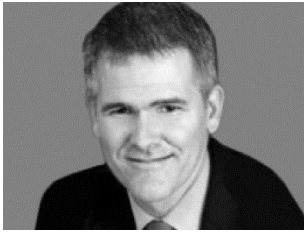
Service	Fee estimate	Notes
Set-up fee (one-off) Setting up of reporting templates and client's information file	USD 250	This includes: <ul style="list-style-type: none"> > communicating with clients in respect of the company's reporting requirements, understanding the client's business and ownership 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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ABOUT JTC KENSINGTON

JTC Kensington is the brand name of Kensington Trust Group, a part-owned associate of JTC, offering trust, fiduciary and corporate services and fund administration.

JTC is a publicly listed, award-winning provider of fund, corporate and private client services.

Founded in 1987, we have c.900 people working across our global office network and are trusted to administer assets of c.US\$130 billion.

The principle of making all our people owners of the business is fundamental to our culture and aligns us completely with the best interests of our clients.

We value shared ownership

- > We operate around the principle that if our people have a stake in the business, they will do a better job for our clients.

We value relationships

- > We aim to work with clients who share our belief in the importance of building strong relationships over time.

We invest in our people

- > Over 70% of our employees hold a relevant professional qualification or are working towards this through our dedicated JTC Academy.

We embrace technology

- > Our market-leading systems and operating platforms are robust, powerful and flexible.



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JTC Kensington is the brand name of Kensington Trust Group, a part-owned associate of JTC Group. Kensington Trust Group entities that carry on regulated business are (respectively): regulated by the Labuan Financial Services Authority, the Companies Commission of Malaysia and the Monetary Authority of Singapore.

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