

Tax loss carry-back, UOMI remission and tax pooling



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Use of money interest remission

Inland Revenue has discretion to remit late payment interest if you meet certain criteria

Remission Criteria

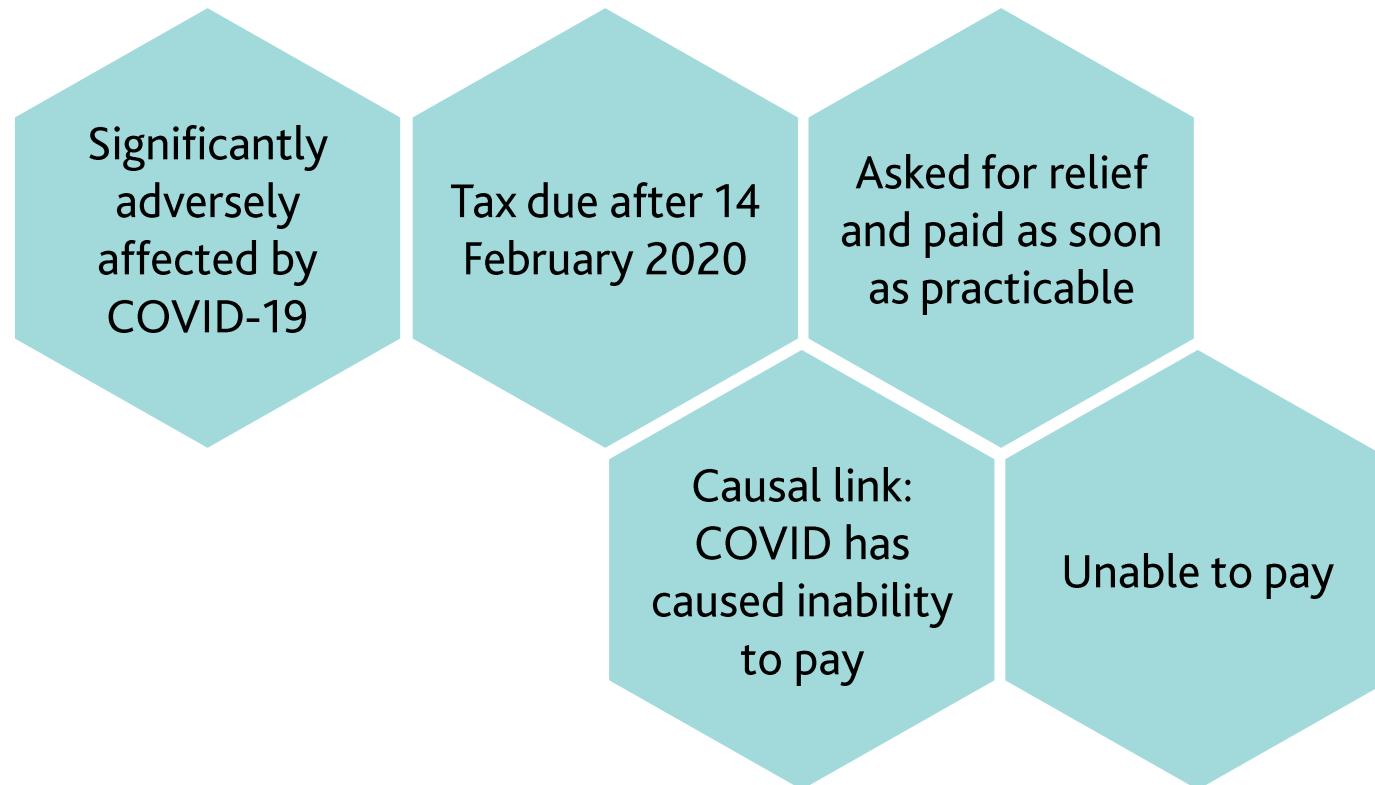
Significantly
adversely
affected by
COVID-19

Tax due after 14
February 2020

Asked for relief
and paid as soon
as practicable



Remission Criteria



Important to consider

1.

It is discretionary and won't apply to everyone, no guarantee

2.

Information will be required

3.

Unclear what happens if circumstances change

4.

Expect audit activity



UOMI Remission and tax pooling

Benefit is relative to the tax year
in question

Features of tax pooling

Certainty, not
Discretion

Acceptance
guaranteed

Longer period
to pay

Greater
flexibility

Time & Cost



2019 Year

UOMI Remission

Tax Pooling

Cost

Free

3.0% - 4.5% interest

Availability

Only from 7 April 2020
applies to terminal tax

Applies to late paid provisional tax

Maximum term

To March 2022

Up to 12 months

Payment terms

Instalment plans only

Lump-sum, Flexible Instalments,
Pay-as-you-go

Information
Required

Financial information supporting
significant impact

IRD number only

Time to set up

Variable, requires time
communicating with IRD

Minimal. Set-up online in minutes



2020 Year

UOMI Remission

Tax Pooling

Cost

Free

3.0% - 4.5% interest

Availability

Only from 7 May 2020

Available for all provisional tax dates

Maximum term

To March 2022

12 months (from now)

Payment terms

Instalment plans only

Lump-sum, Flexible Instalments,
Pay-as-you-go

Information
Required

Financial information supporting
significant impact

IRD number only

Time to set up

Variable, requires time
communicating with IRD

Minimal. Set-up online in minutes



2021 Year

UOMI Remission

Tax Pooling

Cost

Free

3.0% - 4.5% interest

Availability

Available on all 2021
provisional dates

Available on all 2021
provisional dates

Maximum term

To March 2022

To June 2022

Payment terms

Instalment plans only

Lump-sum, Flexible Instalments,
Pay-as-you-go

Information
Required

Financial information supporting
significant impact

IRD number only

Time to set up

Variable, requires time
communicating with IRD

Minimal. Set-up online in minutes



Temporary loss carry-back

Reducing your exposure if you aren't
tax paying or forecasting to be taxpaying

Carry-back constraints

Maximum one
year carry-back

Dependent on
a profit in the
prior period

Must hold
sufficient
imputation
credits

No dividends
or shareholder
salaries paid



	Loss Carry-back	Loss Carry-back with Tax Pooling
Cost	Free	Free *unless preserving the ability to reinstate a tax position
Access before final loss is known	Yes	Yes
Retain uplift?	No	Yes (if already a tax-pooling user)
Maximum Claim	Amount of loss	Amount of loss OR amount of tax in the pool (whichever is greater) *there will be a cost if tax needs to be reinstated
Downside if estimate is wrong	7%	<5%
Decreased profit, but no loss	Not available	Available. Pull tax back into the business and reinstate prior to terminal date



Tax pooling framework

Combining and trading tax payments
from businesses across New Zealand



Tax pooling helps cash flow

1.

Money can be refunded at the taxpayers request

2.

Tax pools provide a low cost funding facility for income tax

3.

The right amount at the wrong time is easily fixed

4.

Pay your tax when it suits you



The background features a large, dark teal triangle on the left side. To its right, there are overlapping geometric shapes in shades of grey, white, and light green. The rightmost portion of the image has a textured, marbled appearance in warm tones of pink, orange, and brown.

We'd love to help

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