



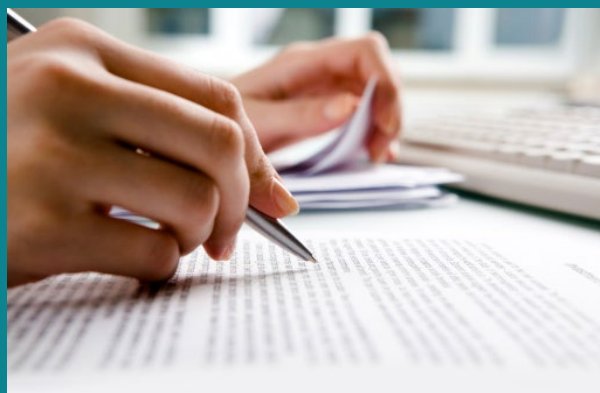
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BUSINESS TRANSFORMATION

January 2021

Latest news about Inland Revenue's
transformation



New Small Business Cashflow (loan) Scheme criteria now in effect

Businesses and organisations applying for the Small Business Cashflow (Loan) Scheme SBC, can now apply using new criteria which took effect on Thursday 28 January 2021.

The changes to criteria cover four areas:

1. The date that a business or organisation was established
2. The decline in revenue test
3. Employee number test
4. Re-borrowing.

The criteria changes were announced by the Government late last year, to align with the application period which had earlier been extended to the end of 2023. When announced it was signalled these changes would take effect early February, but we've been able to implement them earlier, so eligible businesses and organisations are able to apply for the loan under the new criteria sooner.

More information about the changes to the eligibility criteria and SBC in general can be found on the Inland Revenue website: www.ird.govt.nz/covid-19/business-and-organisations/small-business-cash-flow-loan



Taxation (Income Tax Rate and Other Amendments) Bill changes

On 3 December 2020 the Government passed the Taxation (Income Tax Rate and Other Amendments) Bill.

It contains four main measures:

- **A new top income tax rate for individuals** - The new tax rate of 39% on income over \$180,000 will be in effect from 1 April 2021. As well as the rate change, the Bill contains a number of consequential changes including two new secondary tax codes SA and SA SL for

customers with student loans.

- **Increased disclosure requirements for trusts** - From the 2021-22 income year onwards, trusts will be required to provide more information on their annual returns, including distributions and settlements made in the income year, profit and loss statements and balance sheets. The increased disclosure requirements do not apply to non-active trusts, charitable trusts and trusts eligible to be Māori authorities (further exclusions may come at a later date).
- **Increased Minimum Family Tax Credit threshold for the 2020-21 tax year** - The Minimum Family Tax Credit (MFTC) is available to low-income families with children. The annual rate MFTC threshold has been increased from \$27,768 to \$29,432 for the 2020-21 tax year and subsequent years. Eligible families will already be receiving the increased amount in their weekly or fortnightly payments. For the period between April-December 2020, the increase will be delivered in a lump sum as part of the families' end-of-year square-up.
- **Clarification on the ability for Inland Revenue to require information for the purposes of providing quality policy advice** - The information gathering powers outlined in the Taxation (Income Tax Rate and Other Amendments) Bill are not new. The Bill simply clarifies the existing measures, that the Commissioner of Inland Revenue can require information to be provided to assist with the development of tax policy.

We'll provide webinars on these changes later this month. These will provide you with more information. For now, please visit Inland Revenue's tax policy website: www.taxpolicy.ird.govt.nz if you would like more information.

Upcoming webinars

In 2021 we'll continue to publish webinars which provide you with more detail on the changes you can expect to see in our upcoming releases.

The webinars available now are:

- Introduction to Stage 4 of the Business Transformation programme
 - For Tax Intermediaries
 - For employers and not-for-profits
 - For Māori Authorities
- Changes for New Zealand Foreign Trusts

To view these webinars visit www.ird.govt.nz/bt-webinars

