Inland Revenue
Te Tari Taake

IR291
April 2024

NRWT - payer's guide

Introduction

If you pay non-resident passive income (NRPI), this guide tells you:

- when you're required to deduct NRWT (non-resident withholding tax)
- when to pay the deductions to us
- what information you're required to give to the people you pay the NRPI to.

The glossary explains the terms used in this guide. Not all words and phrases have their everyday meaning so you may find it useful to read the glossary first.

The information in this guide is based on current tax laws at the time of printing.

Contents

Part 1 - General information

Commissioners Statement CS 20/03

The Commissioner has released a statement **NRWT for dividends paid to companies: Administering the new holding period tests in Article 10 of the NZ/Australia DTA (and in agreements with other countries)**.

This covers where a shareholder has not satisfied the holding period requirement when a dividend is paid but may satisfy the requirement in the future.

The full statement is available at **taxtechnical.ird.govt.nz/commissioner-s-statements/cs-20-03**

From 1 April 2020

1. Details about investment income paid to each customer will need to be provided more often and electronically, including any joint account holder information.
2. You need to report only for the months in which you pay interest and withhold tax.
3. Some administrative changes have also been made:
   - removing the requirement to provide some end of year withholding tax certificates
   - improved error correction processes

Find out more at **ird.govt.nz/investment-income-reporting**

If you're paying interest, dividends or royalties to people who are not New Zealand residents, you need to deduct NRWT from the gross amount of non-resident passive income (NRPI) you pay. For more information on tax residency see our guide **New Zealand tax residence - IR292**.

If you pay NRPI, you need to register as an NRWT payer. You must pay the NRWT to us by the 20th of the month following the payment of NRPI. There is more about this in Part 2.

Related party transaction rules are covered in Part 4.

Registering as an NRWT payer

You can register online in myIR or send us a completed **NRWT - payer registration - IR380**. Manage all your Inland Revenue matters securely online with a myIR account. Go to **ird.govt.nz/myIR** to find out more.

Country codes

We publish a list of two-letter codes that are used to identify countries. You must show these codes when filing your NRWT information.

Make sure you use the correct two-letter code. It's important because we gather statistics from these country codes and use them to exchange information with double tax agreement countries.

The country codes are available on our website **ird.govt.nz/nrwt**

Record keeping

You need to keep full records of all the NRPI you pay, the NRWT you deduct and details of the recipients.

With any NRWT deductions you make, you must keep records of the:

- total NRPI you pay
- total amount of NRWT and date it was deducted
- full name and last known address of the recipient
- recipient's IRD number if they hold one
- details of each type and amount of NRPI paid to each recipient
- the amount of tax withheld.

You must also keep details of all other financial arrangements that you've paid interest on at any time during the year.

You must keep your records for seven years and they must be in English or Māori unless you get approval from us to use another language.

We may ask you to keep your records for an additional three years if auditing or investigating you. Failure to keep adequate records is a very serious matter and can result in a fine. If you want to know more about audit procedures, read our guide **Inland Revenue audits - IR297**.

Non-residents not subject to NRWT

Some special categories of non-residents are not subject to NRWT on the New Zealand income they derive. They may be subject to another tax instead. These categories are shown below.

Category	Tax
Non-resident contractors are subject to non-resident contractors tax (NRCT) unless the contractor has an exemption from tax in New Zealand. For more information go to **ird.govt.nz/non-resident-contractors**	Generally a NRCT rate of 15% applies
Non-resident entertainers, sportspeople and speakers who are in New Zealand to perform activities publicly, such as actors, musicians and dancers, etc. For more information go to **ird.govt.nz/nr-entertainers**	Withholding tax rate of 20%
Non-resident insurers are subject to tax on income from premium payments. For more information go to **ird.govt.nz/insurance-premiums-nr-insurers**	Annual tax rates
Dividends paid to non-resident persons that are non-portfolio shareholders (direct voting interest above 10%) from 1 February 2010 that are also fully imputed or under a double tax agreement are exempt from tax. For more information go to **ird.govt.nz/nrwt-and-exemptions**	Dividend exempt NRWT

Part 2 - Filing and payments

Deducting NRWT

If you're a payer of NRPI, you're required to deduct NRWT from the gross amount you pay to the non-resident. Interest payable under the approved issuer levy scheme and dividends to non-portfolio shareholders are excluded.

The rates at which NRPI is taxed are:

Interest	15%
Royalties	15%
Dividends*	30%

* The exception is investment society dividends, which are treated as interest and taxed at 15%.

NRWT rates are reduced when the non-resident is a taxpayer of a country that New Zealand has a double tax agreement (DTA) with. For lists these countries and the rate of NRWT to deduct go to **ird.govt.nz/nrwt**

Example

Interest due to an Australian resident on 10 March	$ 1,000
NRWT to deduct on 10 March at 10%	$ 100
Interest (net) payable to Australian resident	$ 900
NRWT payable to Inland Revenue by 20 April	$ 100

If the NRWT deducted is a minimum tax, the non-resident may have to file a tax return. The income is liable for tax at annual rates.

When to deduct NRWT

You need to deduct NRWT when you pay NRPI to a non-resident. For this purpose, "pay" includes:

- distribute to
- credit to an account
- deal with in a person's interest or on their behalf.

More information is available for certain related party transactions in Part 4.

Monthly information

You must provide us with your NRPI (royalties excluded) information electronically by the 20th of the following month it was paid.

You will need to provide:

- your name, IRD number and contact address
- the total amount of interest paid and tax withheld for the period. This is not a cumulative total.

For each of the people who received interest:

- their name and contact details, such as email, street address and mobile phone number
- the amount and type of income paid to them
- the tax withheld from it
- the date the tax was withheld
- their IRD number
- their date of birth if you have it
- the tax rate used
- the name, IRD number, date of birth and contact details of any joint owners if you have it.

The information needs to be provided to us electronically, unless we grant an exemption. You are no longer required to file a nil return.

There are a number of electronic channels for filing to choose from, including:

- Gateway web service (suitable for large volume filers)
- file upload through myIR, and
- online form via myIR (this may suit if you are filing for a few accounts).

Penalty for not filing electronically

There is a penalty of $250 for each time investment income information is not supplied to us electronically and you do not have an exemption.

If you are unable to supply your investment income information electronically, you can apply for an exemption. In considering your request we will assess:

- your capabilities
- the digital services available to you
- the compliance costs to you.

Paying the deductions to us

All withheld tax must be paid by the 20th of the month following the month in which the interest income was paid to the investor.

NRWT of $500 or more per year

If you deduct $500 or more NRWT each year, the deductions made in each month are due to be paid to us by the 20th of the following month.

NRWT of less than $500 per year

If you expect to deduct less than $500 NRWT in any one income year, you may file and pay on a six-monthly basis:

- 1 April to 30 September payment due on 20 October
- 1 October to 31 March payment due 20 April.

If your NRWT deductions accumulate to more than $500 during the year, you need to send them in by the 20th of the month after they reach $500. After that you need to file and pay monthly for the rest of the year.

Manage all your Inland Revenue matters securely online with a myIR account. Go to **ird.govt.nz/myIR** to find out more.

How to make payments

You can make payments by:

- direct debit in myIR
- credit or debit card at **ird.govt.nz/pay**
- internet banking - most New Zealand banks have a pay tax option.

When making a payment, include:

- your IRD number
- the account type you are paying
- the period the payment relates to.

Find all the details of our payment options at **ird.govt.nz/pay**

Late payment

If you do not pay a bill on time, you may have to pay penalties and interest.

Contact us if you are not able to pay on time. We'll look at your payment options, which may include an instalment arrangement.

Find out more at **ird.govt.nz/penalties**

Certificate of payment of tax

In some cases a non-resident may need to get a certificate during the income tax year to show the tax paid on their behalf. If a recipient asks you for this information, complete a **New Zealand non-resident withholding tax (NRWT) - IR386** form - you can get this from **ird.govt.nz**

You may have to send the form to us for certification if the recipient asks you to. We do not have this information for a particular non-resident until the end of the tax year, so if a recipient asks us for certification we'll have to contact you for details. It's important to keep a record of the income and NRWT for each recipient throughout the year.

Correcting or amending an NRWT deduction

Note

From 1 April 2020, correcting mistakes or making amendments is easier.

NRWT under-deducted or not deducted

If you discover you have not deducted enough NRWT, you can:

1. deduct it from later payments made to the person
2. ask the person to pay the amount that wasn't deducted
3. adjust the amount of taxable income (only for non-cash dividends).

Whichever option is chosen, the change must be made before the next due date for reporting investment income to us, provided it's reasonably practicable to do so. Any recovery of an amount from the person must be made in the same tax year as the under deduction.

There are also changes that make correcting under deductions, that are within certain thresholds, from a previous tax year easier.

The timeframe to correct over deductions has also been extended.

Correcting or amending deductions from earlier years

How they are corrected depends on whether they result in too much or too little tax being deducted, and the type of income.

These processes only apply to changes made by payers of investment income.

NRWT under deducted or not deducted

Under deductions discovered can be corrected on the next reporting date if they relate to deductions made in the previous tax year, if the total value of all adjustments in the current tax year which relate to the previous tax year do not exceed the larger of:

- $2,000, or
- 5% of your NRWT withholding liability for NRWT for the year in which the first payment is made.

You'll need to let us know:

- your name, IRD number and contact address
- the name, contact address (email or street address) and country code of the person who received the income
- the IRD number and date of birth of the person who received the income (if you have it)
- the adjustments made to the investment income information originally provided.

NRWT over-deducted

If you discover you have withheld too much RWT, you can refund it any time before the 20th of April following the end of the tax year in which the over-deduction occurred, provided you have not provided the person who received the income with:

- an end-of-year withholding tax certificate for NRWT, or
- a shareholder dividend statement, or
- a notice to a member who received a taxable Maori authority distribution.

You must let us know the amount of the refund at the time you pay it so that we do not also provide a refund.

If you do not refund the amount by the 20th of April following the end of the tax year in which the over-deduction occurred, you must tell us and the recipient how much needs to be refunded.

If the over-deduction has already been paid to us, we will:

- pay the refund to the payer if future payments to the person have been adjusted, or
- pay the refund to the person who received the income if future payments have not been adjusted.

If the recipient is a resident

If you deduct NRWT from a payment to a recipient, and then find out they are actually a resident, you'll need to let us know. RWT (resident withholding tax) must be deducted at the appropriate rate from interest (10.5%, 17.5%, 30% or 33%) and dividends (33%) paid to New Zealand residents.

If you do not have the recipient's IRD number you must deduct RWT from interest at 45%. As the NRWT rates are lower than the RWT rates, you'll have under-deducted tax overall.

In your covering letter, explain that the recipient is a resident and tell us how much of the NRWT should be RWT. We'll transfer the payment to your RWT account. Make sure you give us the recipient's details, so we can amend any certificates and make sure they get the correct tax credits.

Note

After you find out that a recipient is a resident, you must start deducting RWT from any payments made. Our IR292 guide gives a full explanation of the residency rules.

If you'd like more information about RWT, see our guides **RWT on interest - payers guide - IR283** and **Resident withholding tax (RWT) on dividends - IR284**.

Deducting NRWT instead of paying approved issuer levy (AIL)

Before interest is paid, borrowers, payers and non-residents should decide whether NRWT or AIL will apply. This agreement cannot be retrospective. If you deduct NRWT from a payment when you should have paid AIL, you need to let us know. Generally AIL is paid on interest at the rate of 2%, but in certain cases a zero rate applies. As the NRWT rates are higher than the AIL rate, you'll have over deducted tax.

In your covering letter, explain that the recipient is subject to AIL, tell us how much of the NRWT should be AIL and give us the recipient's details so we can correct any certificate. We'll transfer the credit.

Note

Generally, where AIL is to apply the parties will not be associated.

Part 3 - Interest and dividends

Interest and dividends are the most common forms of NRPI.

Interest

Our website shows the rates of NRWT to deduct from interest paid to non-residents in the countries listed. Go to **ird.govt.nz/nrwt** Note that the rate for interest paid to associated persons may be different.

If the country is not shown on the table, the NRWT rate is 15%.

The exception is for non-resident businesses operating from or through a fixed establishment - see glossary. In this case the interest income is taxed at annual rates because interest on such income does not meet the definition of NRPI. A payer of NRPI to a non-resident may assume that the non-resident does not have a fixed establishment.

Redemption payments

NRWT must be deducted from the interest portion of the redemption sum in cases where the redemption payment of commercial bills and similar debt instruments exceeds the initial acquisition price, including interest.

Dividends

NRWT is calculated on the gross dividend. This excludes imputation credits. Find the rates of NRWT to deduct from dividends paid to non-residents in the countries listed at **ird.govt.nz/nrwt**

If the country is not shown on the table, the NRWT rate is 30%.

Read the following sections on non-cash dividends and non-resident investors, as they may affect the way you calculate NRWT.

Non-cash dividends

See the glossary for a definition of a non-cash dividend. You're required to deduct NRWT at the time the benefit of the non-cash dividend is provided to the shareholder. Use one of the formulas below to calculate the NRWT.

Where a non-cash dividend is fully imputed there's no obligation to either deduct or pay NRWT for that dividend. For non-cash dividends that are not fully imputed and not taxable bonus issues, use the formula:

$$\frac{a}{1 - a} \times b$$

In this formula:

a is the applicable NRWT rate

b is the amount of the dividend paid.

Example

Dollar Corp forgives a loan of $750 to a shareholder, so this is a non-cash dividend. The NRWT is calculated as follows:

$$a = 0.30$$
$$b = \$750$$
$$\text{NRWT} = \frac{0.30}{1 - 0.30} \times \$750$$
$$= 0.428571 \times \$750 = \$321.42$$

For taxable bonus issues, use the formula:

$a \times c$

In this formula:

a is the applicable NRWT rate

c is either:

- the amount of money or money's worth offered as an alternative to the bonus issue, before the deduction of NRWT, or
- the non-cash dividend.

Example

$$a = 0.30$$
$$c = \$750$$
$$\text{NRWT} = 0.30 \times \$750$$
$$= \$225$$

Non-resident investors

The total New Zealand tax on most distributed company income (dividends) paid to non-resident investors is limited to 30%. Non-resident investors in certain cases are liable for NRWT on dividends, including supplementary dividends, which they derive from New Zealand companies.

Where a non-resident investor is subject to double taxation (a combination of company income tax and NRWT) they could get a reduction in company tax by a credit on the tax for the company. The credit is passed by the company to its non-resident shareholders as a supplementary dividend.

Where a non-resident investor has a non-portfolio interest (voting interest in the company of 10% or greater) any fully imputed distribution (dividend) is not liable for NRWT. Alternatively relief may be available under a double tax agreement.

If full imputation credits are attached to a company's dividends, the tax credit is set so that the total New Zealand tax is 28% on distributed company income. This applies to investors who are resident in countries that New Zealand has a double tax agreement with.

Non-residents cannot use imputation credits to meet their NRWT liabilities.

Part 4 - Special cases

This part covers in general details you may need to know as a payer of NRPI.

Related party transactions

Deferral calculation

A "deferral calculation" is required for a transaction with a related party if the financial arrangement expenditure exceeds a $40,000 threshold for the previous year.

The deferral calculation is the accumulated payments divided by the accumulated accruals if they are equal to or greater than 90%.

Accumulated payments are the total interest paid from when the financial arrangement became a related party debt until the 20th of the third month after the end of the income year. For example if the income year ends 31 March, the accumulated payments are up to 20 June.

Accumulated accruals are the total expenditure the borrower incurs while the arrangement is a related party debt until the end of the year preceding the income year.

If the calculation is less than 90%

If the calculation is less than 90% then the financial arrangement rules are used to calculate the accrued interest, ie non-resident financial arrangement income, (NRFAI). NRWT is payable on that accrued interest - the NRFAI.

Where the related party debt does not exceed the $40,000 threshold or the calculation is satisfied (90% or greater) then NRWT is payable on interest using the payments basis.

Example

Three years ago, Sub Ltd. borrowed money from a non-resident associate.

Sub's financial arrangement expenditure on this arrangement is $42,000 a year. In the following years Sub paid interest of $19,000, $20,000 and $21,000.

At the end of the second year, the deferral calculation is ($19,000 + $20,000) ÷ $42,000 = 92.9%, so no NRFAI arises.

In the third year the calculation is ($19,000 + $20,000 + $21,000) ÷ ($42,000 + $42,000) = 71%. As this is below 90% NRFAI arises for the first time in the third year.

You do not need to repeat the calculation once the 90% threshold has been breached. NRWT continues to apply on an accrual basis as long as the financial arrangement is related party debt.

When you do the calculation

You do the deferral calculation in the second month after the borrower's balance date.

The accrued interest (NRFAI) is deemed to be paid on the final day of that second month after balance date.

Then the NRWT payable on the interest (NRFAI) is included in the return due on the 20th of the third month after balance date.

Example

NZ Sub income year ends 31 March. They must complete the deferred calculation at the end of May. The result of the calculation is 65.2% and financial arrangement income is $30,000, NZ Sub must pay NRWT by 20th June on their NRFAI.

Foreign currency

If NRPI is paid in a foreign currency, the NRWT may be deducted in that currency, but the deductions must be paid to us in New Zealand currency. Use the exchange rate that applied on the day the NRWT was deducted.

Agents

Some non-residents have agents acting on their behalf in New Zealand. If you pay NRPI to an agent you must send written advice to the agent stating that you've deducted NRWT. You're required to do this each time you make a payment for that recipient.

If an agent receives a payment and NRWT has not been deducted, or has been under-deducted, the agent is responsible for deducting the shortfall and paying it to us.

Custodians withholding and investment information reporting requirements

Generally, custodians that are exempt from RWT and receive investment income on behalf of their clients are required to withhold tax and pay this to the Commissioner along with providing investor investment income information for on-payments or transfers of the income to their clients.

Only where a third party agrees to take on and completes these requirements, or another custodian above you in the chain takes on these requirements will you be relieved from them.

If sufficient tax has already been withheld and paid by the investment income payer, then a custodian or third party who has taken on the requirements need only provide the investor information.

There are certain variations to the reporting requirements that can apply. Refer to the technical specifications for your channel of filing the information for the details.

For more information read our **Tax Information Bulletin** vol 32 No. 4.

Emigrating companies

Companies that emigrate from New Zealand are considered to have liquidated on the date of emigration and the normal tax rules for a liquidation apply.

The company will be required to withhold tax from any deemed dividend distribution immediately before it ceased to be a New Zealand resident company, under the NRWT rules.

An extension of time of up to three months from the original due date has been granted for emigrating companies to file their final NRWT (IR67P) returns.

For further information refer to Section 49 of Tax Administration Act 1994.

Note

Where a company that is resident in New Zealand becomes non- resident under a Double Tax Agreement, it may be treated as migrating from New Zealand in certain situations.

Expenses

Expenses such as commission and agent's fees cannot be deducted from NRPI before NRWT is calculated. NRWT is a tax on the gross amount of NRPI. Gross means without any deductions at all.

Joint accounts

Note

You need to provide the details of all joint account holders, so we can identify investments held in joint ownership. You also need to provide us with information such as an account number and how many holders are on the account.

Where the interest is earned by two or more people jointly and at least one of these persons is a New Zealand resident, RWT should be deducted at the appropriate rate from the total amount.

Exemption from NRWT

Some non-resident persons or organisations are entitled to be paid NRPI in full without having NRWT deducted. When we grant an exemption from NRWT, we provide the payer with a letter confirming the exemption.

The Non-resident Centre processes requests from overseas organisations to exempt their NRPI (derived from New Zealand sources) from tax. The main reason these organisations request an exemption is because they have tax-exempt status in their countries of residence, and they believe it should extend to other countries from which they derive income.

New Zealand tax laws do not automatically exempt organisations or their income from New Zealand tax simply because an exemption exists in their own countries of residence. However, overseas organisations can be considered for exemption from NRWT if any of these conditions are met:

- income is specifically exempted from income tax, including NRWT, under New Zealand tax law
- income is exempted from income tax by any other New Zealand legislation
- double tax agreements expressly provide for an exemption from tax on certain types of income.

Applications for exemption from NRWT

If you wish to have an organisation considered for a tax exemption, apply, in myIR and include the following information with your application:

- the particular provisions under which you seek exemption
- a copy of the constituting documents of the organisation such as the trust deed or memorandum and articles of association
- evidence of the organisation's tax exemption in its country of residence such as a letter from the appropriate revenue authority.

Grossing up

Some contracts and agreements with non-residents provide for domestic taxes to be borne by the payer. In these circumstances, the income must be "grossed up" to arrive at the true NRPI.

Here is the formula for grossing-up net income:

$$a \times \frac{100}{100 - b}$$

In this formula:

a is the net income

b is the NRWT rate.

Example

Here's how to grossup a net interest payment of $170,000 with an NRWT rate of 15%:

$$\$170{,}000 \times \frac{100}{85} = \$200{,}000$$

In this example the gross amount is $200,000. The correct NRWT is the difference between the gross amount ($200,000) and the amount paid to the non-resident ($170,000), that is, $30,000.

Foreign embassies and diplomatic missions

Diplomats who are neither residents (for tax purposes) nor citizens of New Zealand are not liable for income tax on their salaries or any income from outside New Zealand. Any interest or dividend they earn from New Zealand is liable for NRWT.

Many diplomats are New Zealand residents for tax purposes as they're usually here for more than 183 days in any 12-month period. In these cases, any interest or dividend earned is subject to RWT, not NRWT.

Any New Zealand residents (for tax purposes) who work for foreign embassies, consulates or diplomatic missions in New Zealand are liable for the usual New Zealand income tax on their income.

Foreign pension funds

NRWT is deductible from the NRPI paid to foreign non-resident pension funds.

Final or minimum tax

NRWT is a final tax in some cases and a minimum tax in other cases, depending on the type of income that has been paid to the non-resident.

Final liability

NRWT is the final tax liability when it is deducted from:

- dividends
- cultural royalties
- interest (or investment society dividends) paid to persons who are not "associated persons" with the payer
- interest payments zero-rated for NRWT (liable for approved issuer levy).

Minimum tax

NRWT is only a minimum tax when it's deducted from:

- interest (or investment society dividends) paid to associated persons
- industrial and commercial royalties. This includes payments for specialist knowledge or information, but does not include cultural royalties.

Exemptions from minimum tax

Double tax agreements

The double tax agreement treaties may limit the amount of tax chargeable to the amount of NRWT.

Companies

If the total New Zealand income of a non-resident company from all sources (excluding dividends and cultural royalties) is $1,000 or less, the NRWT deducted is the final liability.

In most cases, payers are not affected by whether NRWT is a final or minimum tax. However, the above information becomes important if the payer is also acting as the agent for the recipient. In this case the payer must file a tax return on behalf of the recipient.

Part 5 - Approved issuer levy (AIL)

An approved issuer is anyone who has been granted approval by us to pay interest to non-residents at a zero rate of NRWT. Approved issuers are required to pay a levy on the securities that are registered with us. The levy is calculated generally at a rate of 2 cents in every $1 of interest paid on a registered security or any redemption payment on a bond issued at a discount. In certain circumstances the AIL levy rate may be a zero rate.

All government stock qualifies for the AIL.

Our **Approved issuer levy (AIL) - IR395** guide answers questions about the AIL scheme and explains how to get approval for zero-rated NRWT.

To get AIL status complete an **Approved issuer levy payer registration - IR396**. However, if you already have approved issuer status, use an **Application to register security or securities for approved issuer levy (AIL) - IR397**.

Use the **Approved issuer levy (AIL) - IR67A** form to pay AIL.

Part 6 - Reporting royalty payment

The new investment income reporting requirements have not changed when you need to report royalty payments to non-residents. These can be provided by 31 May after the end of the year.

Glossary

Approved issuer

An approved issuer is a borrower who has approval from us to use the approved issuer levy (AIL) scheme, which allows them or a person on their behalf to pay interest to a non-resident without having to deduct NRWT.

Approved issuer levy

Approved issuer levy (AIL) is a payment calculated generally at the rate of 2 cents in every $1 of the interest paid on a registered security or any redemption payment on a bond issued at a discount.

Associated persons

The following are associated persons:

- a group of persons whose total voting interests in each company are 50% or more
- a company and non-company (generally individual) if the individual's voting interest in the company is 25% or more. For these purposes, the individual is treated as holding anything held by a person associated with them, eg, if two sisters own 15% of the shares in a company, both sisters would be associated with the company
- relatives related to the second degree of blood relationship
- two persons who are married, in a civil union or in a de facto relationship
- two persons if one person is within two degrees of blood relationship to the other person's spouse, civil union or de facto partner (ie, a person is associated with their parents-in-law and step-children)
- a child by adoption is treated as a natural child
- a person and a trust where the person is a beneficiary of the trust or is a relative of a beneficiary of the trust
- the trustees of two trusts if they have a settlor in common
- a trustee and a settlor of the trust
- a beneficiary of a trust is associated with a settlor of the trust
- a trustee and a person with power of appointment or removal
- a partnership and its partners
- two persons if they are each associated with the same third person by different tests (tripartite test).

Refer also to "Indirect associated funding", "Non-resident lending body" and "Related party debt" below.

There is more information about associated persons at **taxpolicy.ird.govt.nz/publications** or in **A guide to associated persons definitions for income tax purposes - IR620**.

Cultural royalties

These are royalties paid for the use, production or reproduction (or the right to do any of these things) of any literary, dramatic, musical or artistic work on which there is a copyright.

Fixed establishment

A place of business from which a substantial business is carried out, such as a retail shop, hotel, factory or farm. A property let for rent is generally regarded as an investment rather than a business.

Gross interest

Interest with no deduction made from it.

Indirect associated funding

A non-resident person (indirect lender) provides funds directly or indirectly to another person (direct lender) who provides funds to the borrower. Or the indirect lender reimburses the direct lender or compensates them for providing the funds to the borrower.

Interest

Interest is any amount paid or credited in relation to money lent. For the purpose of NRWT it also includes:

- redemption payments
- investment society dividends
- payment(s) that give rise to expenditure under the financial arrangement rules.

Non-cash dividends

Companies may provide other benefits to shareholders rather than paying a cash dividend. These benefits are also treated as dividends and NRWT must be deducted. Some examples are interest-free or low-interest loans to shareholders, and payment of private expenses. The formula for calculating NRWT on non-cash dividends is on page 20.

Non-resident

A person is a non-resident if they:

- are away from New Zealand for more than 325 days in any 12-month period, and do not have an "enduring relationship" with New Zealand, or
- are in New Zealand for less than 183 days in any 12-month period, and do not have an enduring relationship with New Zealand.

Non-resident owning bodies

For a company - A group consisting of 2 or more members who are each a non-resident and who each holds ownership interests in the company or have a linked trustee holding ownership interests in the company.

Non-resident passive income (NRPI)

This is interest, dividends and royalties that a non-resident derives or is deemed to have derived from New Zealand.

Non-resident financial arrangement income (NRFAI)

This is a sub category of NRPI. It is for transactions over $40,000 with a related party (parties) where there is a timing mismatch between income and expenditure. The financial arrangement rules are used to calculate income subject to NRWT.

Paid

For the purposes of NRPI, paid means distributed, credited or dealt with in the interest of, or on behalf of, a person. Pay and payment have similar meanings in this context. If a payer compounds interest to capital on behalf of a person, the payer has "dealt with it in the interest of" that person.

Person

Person can refer to an individual, a company and to other entities.

Related party debt

All financial arrangements where a non-resident provides funds to an associated NZ resident (or NZ branch of an associated non-resident) and the borrower is allowed a deduction under the financial arrangement rules.

Royalties

A royalty is defined in the income tax laws as any payment for using (or having the right to use) anything such as copyrights, patents, designs, films, audio or videotapes, specialist knowledge or information, and mining or cutting rights. It also covers payments to authors, editors or composers for each copy of a work sold, performed or broadcast.

It does not matter what such payments are called for accounting purposes (for example, management fees, technical fees, administration charges, head office charges), if they fit the definition of a royalty, NRWT must be deducted.

Tax resident

A person is a New Zealand tax resident if they:

- are in New Zealand for more than 183 days in any 12-month period, or
- have an enduring relationship with New Zealand, or
- are away from New Zealand in the service of the New Zealand Government.

Services you may need

ird.govt.nz

Go to our website for information and to use our services and tools.

- **Log in or register for myIR** - manage your tax and entitlements online.
- **Calculators and tools** - use our calculators, worksheets and tools, for example, to check your tax code, find filing and payment dates, calculate your student loan repayment.
- **Forms and guides** - download our forms and guides.

Forgotten your user ID or password?

Request these online from the myIR login screen and we'll send them to the email address we hold for you.

How to get our forms and guides

You can get copies of our forms and guides at **ird.govt.nz/forms-guides**

Supporting businesses in our community

Our Community Compliance officers offer free tax education and advice to businesses and small organisations, as well as seminars for personal tax and entitlements.

Our Kaitakawaenga Māori offer a free advisory service to help meet the needs of Māori individuals, organisations and businesses.

Go to a seminar or workshop, or request a visit from us to find out more about:

- records you need to keep
- taxes you need to know about
- using our online services
- completing your tax returns (eg GST, employer returns)
- filing returns and making payments
- your KiwiSaver obligations.

Go to **ird.govt.nz/contact-us** and select the In person option to find out about requesting a visit.

Find a seminar or workshop near you at **ird.govt.nz/contact-us/seminars**

Need to speak with us?

Have your IRD number ready and call us on one of these numbers.

Personal taxes

General tax, tax credits, refunds, payment options, Working for Families payments, and paid parental leave	0800 775 247
Child support (8am to 5pm Monday to Friday)	0800 221 221
Student loans	0800 377 778

Business taxes

General tax, tax credits and refunds	0800 377 774
Employers	0800 377 772
GST	0800 377 776
Significant enterprises	0800 443 773

International callers

Find the best number to call at **ird.govt.nz/contact-us**

Free calling does not apply to international callers.

Want faster access to our services?

Voice ID-enrolled customers have shorter calls and better after-hours access.

Enrol for voice ID	0800 775 247
Reset your myIR password	0800 227 770
Check your account balances	0800 257 777
Order forms and guides	0800 257 773

If you have a complaint

Complaints Management Service (8am to 5pm Monday to Friday)	0800 274 138

Find out more at **ird.govt.nz/contact-us**

0800 self-service number

Our 0800 self-service number, 0800 257 777, is open 7 days a week. Make sure you have your IRD number ready when you call.

For access to your account-specific information, you'll need to be enrolled with voice ID or have a PIN.

When you call, confirm what you want from the options given. If you need to talk with us, we'll re-direct your call to someone who can help you.

Privacy

Meeting your tax obligations means giving us accurate information so we can assess your tax and entitlements under the Acts we administer. We may charge penalties if you do not.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them, and
- Statistics New Zealand (for statistical purposes only).

You can ask for the personal information we hold about you. We'll give the information to you and correct any errors, unless we have a lawful reason not to. Find our full privacy policy at **ird.govt.nz/privacy**

If you have a complaint about our service

We're committed to providing you with a quality service. If there's a problem, we'd like to know about it and have the chance to fix it.

If you disagree with how we've assessed your tax, you may need to follow a formal disputes process.

Find out more about making a complaint, and the disputes process, at **ird.govt.nz/disputes**

Te Kāwanatanga o Aotearoa
New Zealand Government