



This summary accompanies our webinar: *Introducing the changes for trusts*

ird.govt.nz/2022-changes

Additional reporting requirements

From the 2022 tax year onwards more information will be required about a trust's

- earnings,
- settlements and settlors,
- beneficiaries and distributions, and
- persons with powers of appointment.

This includes:

- Financial summaries with a statement of profit or loss, as well as a statement of financial position.

They'll also need to provide:

- The details of any person who has made a settlement on a Trust, as well as the amount and nature of any settlement made from 1 April 2021.
- The details of any person who has received a distribution from a Trust, and the amount of the distribution. The details of people who have the power to appoint or dismiss a trustee, to add or remove a beneficiary, or to amend the trust deed.

Exemptions



Any trust that makes income in a year must provide additional disclosures, unless they fall under one of the following categories:

- Non-active trust
- Foreign trust
- Charitable trust
- Eligible to be a Māori authority
- Widely-held superannuation fund
- Employee share scheme
- Debt funding special purpose vehicle
- Energy lines trust

Additional reporting requirements continued

Statements of profit or loss, must include the following information:

- Net profit or loss before tax
- Any Tax adjustments and
- Any Untaxed realised gains and receipts

A trusts statement of financial position, must include information on:

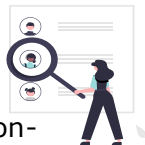
- Assets – including, financial arrangements, land, buildings, shares/ownership interests and total assets
- It must also cover Liabilities – including, financial arrangements and total liabilities, and lastly
- Equity - this is broken down into owners' equity, drawings, current account year-end balances, and movements in beneficiary accounts

Also need to indicate the valuation methodology applied to the Land, Buildings and Shares/Ownership interests categories of assets.

Settlors and Settlements

You will need to provide the settlors:

- Full name,
- Date of birth or commencement date (for non-individuals)
- Jurisdiction of tax residency
- IRD number, or Tax Identification Number (for those not resident in NZ)



You will also need to provide details of any settlements made during the year, including cash, financial arrangements, land, buildings, shares/ownership interests, services, settlements that have been valued at zero and other (with a description)

Beneficiaries and Distributions

You will need to provide the beneficiaries':

- Full name,
- Date of birth or commencement date (for non-individuals),
- Jurisdiction of tax residency,
- IRD number, or Tax Identification Number



You will also need to provide details on any movements in beneficiary accounts, including:

- opening balance,
- distributions (accounting income, corpus, capital, use of trust property for less than market value, distribution of trust assets and forgiveness of debt),
- amounts withdrawn or enjoyed, and the
- closing balance

Terms

Settlor:

- A person or entity that has transferred value to a trust (that is not incidental services)
- The transfer of value is known as a 'settlement'
- This person does not have to be named in the trust deed, if they transfer value then they are deemed to be a settlor

Distribution:

- A transfer of value from the trust to a beneficiary.
- The persons who are beneficiaries of the trust will depend on the terms of the trust deed.
- Transferring value to a person who is not an eligible beneficiary does not deem them to be one

Person with power of appointment:

- Any person who has the power to appoint or dismiss a trustee, to add or remove a beneficiary, or to amend the trust deed.

Person with power of appointment

When adding a person with power of appointment, you must provide their:

- Full name,
- Date of birth or, for non-individuals, commencement date
- Jurisdiction of tax residency
- IRD number, or, for those not resident in NZ, the Tax Identification Number

Persons with power of appointment cannot be added/edited when filing the income tax return, but they will be able to be added or updated at any time through myIR.

THANK YOU!