

The changing landscape: property update for 2010 Budget

What lies ahead?

The landscape of the property market will significantly alter this year with recent announcements from the 2010 Budget following the changes implemented last year.

If you, your trust, your company or your business has an interest in property you will need to ensure you are prepared for all the property related changes contained in the 2010 Budget. It's now time to think outside the square. Just some of the things you now need to consider include: updating systems and processes, financial and cash-flow planning, bank undertakings and reviewing your tax positions now and for the future.

Tax errors can be costly and a headache to resolve, so make sure you and your business are moving with the changing landscape.

How we can help

With low capital growth and the new tax rules, it's stressful owning commercial and residential property.

The changes come on top of significant adjustments to the associated persons rules last year which can taint taxable investments held where an associate is a dealer, developer, or builder. This is in addition to the already complex rules taxing land transactions.

We can help you navigate the changing landscape through a variety of services:

- **Strategic tax review** to consider the implications of the variety of proposed and already enacted land taxation provisions
- **Systems and process review** through one of

Key changes and dates

- Removal of depreciation on buildings with an estimated economic life of 50 years or more will affect most buildings (effective from 2011/12 tax year)
- In limited circumstances where a building has a useful economic life of less than 50 years you may be able to apply to the Inland Revenue to depreciate the building (effective from 2011/12 tax year)
- A review of the depreciation for "fit-outs" of commercial buildings will be completed with probable amendments to the rules and denial of depreciation claims (effective 2011/12 tax year)
- Removal of 20% uplift on depreciation applying to fit-out and other new assets purchased from 21 May 2010
- Significant changes to the Qualifying companies (QCs) and Loss Attributing Qualifying Companies (LAQCs) rules (have been proposed):
 - introduction of loss limitation rules
 - mandatory flow through of profits
- GST increase to 15% (effective 1 October 2010).

our Tax Healthchecks to ensure you are up to date with the new changes

- **Cash flow forecasting and specific financial planning advice** to ensure tough business times don't turn tougher with Budget changes
- **Targeted advice** for tax or financial purposes, to make sure you are on the ball.

We can provide you with a workable roadmap when recommending options.

Contact

If you would like more information on any of the above please contact:

Auckland

Dan Lowe

Associate, Tax
T +64 (0)9 308 2531
E dan.lowe@nz.gt.com

Wellington

Drew Herriott

Associate, Tax
T +64 (0)4 495 1728
E drew.herriott@nz.gt.com

Christchurch

Geordie Hooft

Partner, Tax
T +64 (0)3 964 6828
E geordie.hoof@nz.gt.com