Hon Peter Dunne

Minister of Revenue

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Budget tax relief for ‘black hole’ expenditure

Budget 2013 will provide relief for six areas of ‘black hole’ business expenditure, bringing in tax deductibility on items where it previously has not applied, Revenue Minister Peter Dunne says.

“Some of it will be deductible immediately, and other items over time, but it all continues the Government’s focus on providing an environment that supports business,” Mr Dunne says.

A number of situations where black-hole expenditure may occur had been raised by businesses, and as a result, the six proposed changes are:

- Immediate deductibility for capitalised expenditure on legal and administrative fees incurred in applying for a patent or plant variety rights, but where no depreciable asset is recognised for tax purposes.
- Making certain fixed-life resource consents granted under the Resource Management Act 1991 depreciable for tax purposes.
- Making expenditure immediately tax deductible if it is incurred on resource consent applications that are abandoned, rather than requiring the application to be lodged in order to be tax deductible.
- Immediate deductibility for all direct costs associated with the payment of dividends by a company to shareholders.
- Immediate deductibility on annual fees for listing on a stock exchange, while clarifying that the initial costs of listing on a stock exchange and the costs of additional share issues are not tax deductible.
- Specifying that annual shareholder-meeting costs are immediately tax deductible, and special shareholder meeting costs are non-deductible.

“These changes have come out of listening to the business community, and they reflect the Government’s commitment to encouraging economic activity,” Mr Dunne says.

“We are smoothing out some of the processes for doing business in New Zealand.

“These changes will make the tax system more efficient, provide greater certainty, and reduce compliance costs for businesses.”

The changes will be included in a tax bill to be introduced later this year and will apply from the 2014/15 income year.

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