

Subpart MK—Maori authority credit accounts

Contents

Introductory provision

MK 1 General rules for Maori authorities with Maori authority credit accounts

Maori authority credits

Table M17: Maori authority credits

- MK 2 MACA payment of tax
- MK 3 MACA payment of tax to other Maori authorities
- MK 4 MACA payment of further income tax
- MK 5 MACA distribution with Maori authority credit
- MK 6 MACA derivation of dividend with imputation credit
- MK 7 MACA derivation of dividend with FDWP credit
- MK 8 MACA deduction of resident withholding tax
- MK 9 MACA reversal of tax advantage arrangement

Maori authority debits

Table M18: Maori authority debits

- MK 10 MACA distribution
- MK 11 MACA allocation of provisional tax
- MK 12 MACA refund of income tax
- MK 13 MACA payment of other taxes
- MK 14 MACA refund of FDWP
- MK 15 MACA debit for loss of shareholder continuity
- MK 16 MACA breach of Maori authority credit ratio
- MK 17 MACA tax advantage arrangement
- MK 18 MACA final balance

Maori authority credits attached to distributions

- MK 19 Maori authority credits attached to distributions
- MK 20 MACA benchmark distribution rules

Further income tax

- MK 21 Further income tax for closing credit balance

- MK 22 Further income tax when Maori authority no longer Maori authority
MK 23 Further income tax paid satisfying liability for income tax
MK 24 Income tax paid satisfying liability for further income tax

Introductory provision

MK 1 General rules for Maori authorities with Maori authority credit accounts

Accounts

- (1) A Maori authority must maintain a Maori authority account for a tax year. The account is a record of Maori authority credits and Maori authority debits that arise in the account during the tax year. Subsection (2) overrides this subsection.

Exclusion

- (2) Subsection (1) does not apply for a period in which—
- (a) the constitution or rules of the Maori authority prohibit a distribution of any kind to a member; or
 - (b) the Maori authority derives only exempt income (disregarding exempt income under section CW 10 (Dividend within New Zealand wholly-owned group)).

Credits

- (3) Credits include an amount of income tax paid during a tax year, an imputation credit attached to a dividend derived by the Maori authority and, if the Maori authority is not also an FDWP company, an FDWP credit attached to a dividend derived.

Debits

- (4) Debits may include a refund of income tax and a Maori authority credit attached to a taxable Maori authority distribution paid by the Maori authority.

General rules

- (5) The general rules on memorandum accounts set out in sections MA 2 and MA 3 (which relate to the treatment of memorandum accounts) apply to Maori authority credit accounts.

Defined in this Act: amount, dividend, exempt income, FDWP company, FDWP credit, income tax, Maori authority, Maori authority credit, Maori authority credit account, Maori authority debit, member, memorandum account, pay, tax year, taxable Maori authority distribution

Origin: 2004 No 35 ss MK 1, MK 3

Maori authority credits

Table M17: Maori authority credits

Row	Maori authority credit	Credit date	Further defined
1	<i>Opening credit balance</i>		
	Opening credit balance	1 April	section MA 7
2	<i>Payment of tax</i>		
	Provisional tax and income tax paid	day of payment	section MK 2
3	<i>Payment of tax to another Maori authority</i>		
	Tax paid to another Maori authority	day of payment	section MK 3
4	<i>Payment of further income tax</i>		
	Further income tax paid	day of payment	section MK 4
5	<i>Distribution with Maori authority credit</i>		
	A Maori authority credit attached to a distribution derived	day the distribution is paid	section MK 5
6	<i>Derivation of dividend with imputation credit</i>		
	An imputation credit attached to a dividend derived	day the dividend is paid	section MK 6
7	<i>Derivation of dividend with FDWP credit</i>		
	An FDWP credit attached to a dividend derived when not an FDWP company	day the dividend is paid	section MK 7
8	<i>Deduction of resident withholding tax</i>		
	A deduction of resident withholding tax	day of deduction	section MK 8
9	<i>Reversal of tax advantage arrangement</i>		
	The reversal of a debit for a tax advantage arrangement	debit date for the debit	section MK 9
<p>How to use this table</p> <p>Each row of the table describes—</p> <p>(a) the Maori authority credits that may arise in the Maori authority credit account of a Maori authority during a tax year; and</p> <p>(b) the date when the credit arises.</p> <p>A more detailed description of the Maori authority credits is contained in the section noted in the last column.</p>			

MK 2 MACA payment of tax

Credit

- (1) A Maori authority has a Maori authority credit as described in table M17: Maori authority credits, row 2 (payment of tax) for a payment of income tax or provisional tax. Subsection (2) overrides this subsection.

No credit

- (2) No credit under subsection (1) arises for—
- (a) income tax paid for a tax year before the 2004–05 tax year; or
 - (b) income tax paid for income derived when the Maori authority was not a Maori authority; or
 - (c) income tax paid by a credit under section LB 2(2) (Credit of tax for imputation credit); or
 - (d) further income tax applied under section MK 23 to pay income tax or provisional tax.

Credit date

- (3) The credit date is the day the tax is paid.

Defined in this Act: further income tax, income, income tax, Maori authority, Maori authority credit, Maori authority credit account, pay, provisional tax, tax year

Origin: 2004 No 35 s MK 4(1)(a), (2)(a)

MK 3 MACA payment of tax to other Maori authorities

Credit

- (1) A Maori authority has a Maori authority credit as described in table M17: Maori authority credits, row 3 (payment of tax to another Maori authority) for a payment of tax to another Maori authority under section MB 9(5) (Payments to be set off within wholly-owned group) of the Income Tax Act 2004.

Credit date

- (2) The credit date is the day the tax is paid.

Defined in this Act: Maori authority, Maori authority credit, pay

Origin: 2004 No 35 s MK 4(1)(b), (2)(a)

MK 4 MACA payment of further income tax

Credit

- (1) A Maori authority has a Maori authority credit as described in table M17: Maori authority credits, row 4 (payment of further income tax) for a payment of further income tax under section MK 21 or MK 22.

Credit date

- (2) The credit date is the day the further income tax is paid.

Defined in this Act: further income tax, Maori authority, Maori authority credit, pay

Origin: 2004 No 35 s MK 4(1)(c), (2)(a)

MK 5 MACA distribution with Maori authority credit

Credit

- (1) A Maori authority has a Maori authority credit as described in table M17: Maori authority credits, row 5 (distribution with Maori authority credit) for the amount of a Maori authority credit attached to a distribution derived by the Maori authority.

Credit date

- (2) The credit date is the day the distribution is made.

Defined in this Act: amount, Maori authority, Maori authority credit

Origin: 2004 No 35 s MK 4(1)(d), (2)(b)

MK 6 MACA derivation of dividend with imputation credit

Credit

- (1) A Maori authority has a Maori authority credit as described in table M17: Maori authority credits, row 6 (derivation of dividend with imputation credit) for the amount of an imputation credit attached to a dividend derived by the Maori authority.

Credit date

- (2) The credit date is the day the dividend is paid.

Defined in this Act: amount, dividend, imputation credit, Maori authority, Maori authority credit, pay

Origin: 2004 No 35 s MK 4(1)(e), (2)(c)

MK 7 MACA derivation of dividend with FDWP credit

Credit

- (1) A Maori authority has a Maori authority credit as described in table M17: Maori authority credits, row 7 (derivation of dividend with FDWP credit) for the amount of an FDWP credit attached to a dividend derived by the Maori authority when it is not an FDWP company.

Credit date

- (2) The credit date is the day the dividend is paid.

Defined in this Act: amount, dividend, FDWP company, FDWP credit, Maori authority, Maori authority credit, pay

Origin: 2004 No 35 s MK 4(1)(f), (2)(c)

MK 8 MACA deduction of resident withholding tax

Credit

- (1) A Maori authority has a Maori authority credit as described in table M17: Maori authority credits, row 8 (deduction of resident withholding tax) for the amount of a deduction of resident withholding tax that is treated under section NF 12(b) (Amount of resident withholding tax deduction deemed to have been received) as derived by the Maori authority.

Credit date

- (2) The credit date is the day the resident withholding tax is deducted from resident withholding income.

Defined in this Act: amount, Maori authority, Maori authority credit, resident withholding income, resident withholding tax

Origin: 2004 No 35 s MK 4(1)(h), (2)(e)

MK 9 MACA reversal of tax advantage arrangement

Credit

- (1) A Maori authority has a Maori authority credit as described in table M17: Maori authority credits, row 9 (reversal of tax advantage arrangement) for an amount that equals the amount of a debit in the Maori authority credit account described in table M18: Maori authority debits, row 9 (tax advantage arrangement).

Credit date

- (2) The credit date is the same as the debit date for the debit under section MK 17.

Defined in this Act: amount, arrangement, Maori authority, Maori authority credit, Maori authority credit account, Maori authority debit, tax advantage

Origin: 2004 No 35 s MK 4(1)(e), (2)(a)

Maori authority debits

Table M18: Maori authority debits

Row	Maori authority debit	Debit date	Further defined
1	<i>Opening debit balance</i>		
	Opening debit balance	1 April	section MA 7
2	<i>Distribution</i>		
	A Maori authority credit attached to distribution paid	day of distribution	section MK 10
3	<i>Allocation of provisional tax</i>		
	An allocation of provisional tax	day of notice of allocation	section MK 11
4	<i>Refund of income tax</i>		
	A refund of income tax	day of refund	section MK 12
5	<i>Payment of other taxes</i>		
	Overpaid income tax applied to satisfy another taxation liability	day of application	section MK 13
6	<i>Refund of FDWP</i>		
	A refund of FDWP when not an FDWP company	day of refund	section MK 14
7	<i>Debit for loss of shareholder continuity</i>		
	A debit for loss of shareholder continuity for a Maori authority that is a company	day of loss of continuity	section MK 15
8	<i>Breach of Maori authority credit ratio</i>		
	A debit for breach of Maori authority credit ratio	31 March	section MK 16
9	<i>Tax advantage arrangement</i>		
	A debit for a tax advantage arrangement	last day of the tax year in which the arrangement began	section MK 17
10	<i>Final balance</i>		
	A credit balance when the Maori authority credit account stops	day of cessation	section MK 18

How to use this table

Each row of the table describes—

- (a) the Maori authority debits that may arise in the Maori authority credit account of a Maori authority during a tax year; and
- (b) the date when the debit arises.

A more detailed description of the Maori authority debits is contained in the section noted in the last column.

MK 10 MACA distribution

Debit

- (1) A Maori authority has a Maori authority debit as described in table M18: Maori authority debits, row 2 (distribution) for the amount of a Maori authority credit attached to a distribution made by the Maori authority.

Debit date

- (2) The debit date is the day the distribution is made.

Defined in this Act: amount, Maori authority, Maori authority credit, Maori authority debit

Origin: 2004 No 35 ss MK 4(2)(a), MK 5(1)(a)

MK 11 MACA allocation of provisional tax

Debit

- (1) A Maori authority has a Maori authority debit as described in table M18: Maori authority debits, row 3 (allocation of provisional tax) for an amount of provisional tax allocated by the Maori authority under section MB 9 (Payments to be set off within wholly-owned group) of the Income Tax Act 2004 to another Maori authority as an underpaid company.

Debit date

- (2) The debit date is the day the Commissioner is notified of the allocation.

Defined in this Act: amount, company, Maori authority, Maori authority debit, provisional tax

Origin: 2004 No 35 ss MK 4(2)(b), MK 5(1)(b)

MK 12 MACA refund of income tax

Debit

- (1) A Maori authority has a Maori authority debit as described in table M18: Maori authority debits, row 4 (refund of income tax) for the amount of a refund of income tax paid to the Maori authority. Subsections (2) and (3) override this subsection.

No debit

- (2) The amount of a debit under subsection (1) does not include—
- (a) a refund of income tax paid for a tax year before the 2004–05 tax year; or
 - (b) a refund of income tax paid to the Maori authority that is not more than the debit described in table M18: Maori authority debits, row 7 (debit for loss of shareholder continuity); or
 - (c) a refund of income tax paid for a period when the Maori authority credit account was not maintained.

Part-year Maori authorities

- (3) If a Maori authority maintains a Maori authority credit account for only part of a tax year, the amount of the debit is calculated using the formula—

$$\left(\frac{\text{account days}}{365} \right) \times \text{refund.}$$

Definition of items in formula

- (4) In the formula,—
- (a) **account days** is the number of days in the tax year for which the Maori authority maintains the Maori authority credit account;
 - (b) **refund** is the amount of the refund.

Debit date

- (5) The debit date is the day the refund is made.

Defined in this Act: amount, income tax, Maori authority, Maori authority credit account, Maori authority debit, pay, tax year

Origin: 2004 No 35 ss MK 4(2)(c), MK 5(1)(c), (g)

MK 13 MACA payment of other taxes

Debit

- (1) A Maori authority has a Maori authority debit as described in table M18: Maori authority debits, row 5 (payment of other taxes) for an amount of overpaid income

tax applied to satisfy an amount owing under the Inland Revenue Acts. Subsection (2) overrides this subsection.

No debit

- (2) The amount of a debit under subsection (1) does not include an amount of overpaid income tax—
- (a) applied to satisfy a liability for income tax or provisional tax; or
 - (b) paid for a tax year before the 2004–05 tax year; or
 - (c) that relates to income tax paid before a Maori authority debit described in table M18: Maori authority debits, row 7 (debit for loss of shareholder continuity) arises when the amount is not more than the amount of the debit for loss of shareholder continuity.

Debit date

- (3) The debit date is the day the amount is applied.

Defined in this Act: amount, income tax liability, income year, Inland Revenue Acts, Maori authority, Maori authority debit, pay, provisional tax, shareholder, tax year

Origin: 2004 No 35 ss MK 4(2)(i), MK 5(1)(j)

MK 14 MACA refund of FDWP

Debit

- (1) A Maori authority has a Maori authority debit as described in table M18: Maori authority debits, row 6 (refund of FDWP) for the amount of a refund of FDWP paid to the Maori authority when it is not an FDWP company.

Debit date

- (2) The debit date is the day the refund is made.

Defined in this Act: amount, FDWP, FDWP company, Maori authority, Maori authority debit, pay

Origin: 2004 No 35 s MK 5(1)(e)

MK 15 MACA debit for loss of shareholder continuity

Debit

- (1) A Maori authority has a Maori authority debit as described in table M18: Maori authority debits, row 7 (debit for loss of shareholder continuity) for the amount of a Maori authority credit retained in the Maori authority credit account and unused before the date of breach in shareholder continuity.

Debit date

- (2) The debit date is the day of loss of continuity.

Defined in this Act: amount, company, Maori authority, Maori authority credit account, Maori authority debit, shareholder

Origin: 2004 No 35 s MK 5(1)(f), (2)(f)

MK 16 MACA breach of Maori authority credit ratio

Debit

- (1) A Maori authority has a Maori authority debit as described in table M18: Maori authority debits, row 8 (breach of Maori authority credit ratio) for a breach in a tax year of the Maori authority credit ratio under section MK 20(3) for an amount calculated using the formula—

(net distributions x Maori authority credit ratio) - credits attached.

Definition of items in formula

- (2) In the formula,—
- (a) **net distributions** is the total amount of all taxable Maori authority distributions made by the Maori authority during the tax year, excluding the amount of Maori authority credits attached to the distributions:
 - (b) **Maori authority credit ratio** is the maximum Maori authority credit ratio or, if less, the greatest Maori authority credit ratio of all taxable Maori authority distributions made by the Maori authority during the tax year:
 - (c) **credits attached** is the amount of all Maori authority credits attached to distributions paid by the Maori authority during the tax year.

Ratio change declaration

- (3) A debit under subsection (1) does not arise if the Maori authority provides a ratio change declaration under section MK 20(5).

Debit date

- (4) The debit date is the last day of the tax year.

Defined in this Act: amount, distribution, Maori authority, Maori authority credit account, Maori authority credit ratio, Maori authority debit, tax year, taxable Maori authority distribution

Origin: 2004 No 35 ss MK 5(1)(d), (2)(d), MK 7(5)

MK 17 MACA tax advantage arrangement

Debit

- (1) A Maori authority has a Maori authority debit as described in table M18: Maori authority debits, row 9 (tax advantage arrangement) for the amount of a further debit for a tax advantage arrangement referred to in section GC 27A(6) (Arrangement to obtain tax advantage with respect to Maori authority credit account provisions (subpart MK)).

Debit date

- (2) The debit date is the last day of the tax year in which the tax advantage arrangement began.

Defined in this Act: amount, arrangement, Maori authority, Maori authority credit account, Maori authority debit, tax advantage, tax year

Origin: 2004 No 35 s MK 5(1)(h), (2)(g)

MK 18 MACA final balance

Debit

- (1) A Maori authority has a Maori authority debit as described in table M18: Maori authority debits, row 10 (final balance) for a credit balance in the Maori authority credit account when the Maori authority stops being a Maori authority.

Debit date

- (2) The debit date is day the Maori authority stops being a Maori authority.

Defined in this Act: Maori authority, Maori authority credit account, Maori authority debit

Origin: 2004 No 35 s ME 5(1)(i), (2)(h)

Maori authority credits attached to distributions

MK 19 Maori authority credits attached to distributions

Attaching Maori authority credits

- (1) When a Maori authority makes a taxable Maori authority distribution, it may attach a Maori authority credit to the distribution.

Maori authority credit ratio

- (2) A distribution referred to in subsection (1) must have a Maori authority credit ratio calculated using the formula—

$$\frac{\text{Maori authority credit attached}}{\text{net distribution.}}$$

Definition of items in formula

- (3) In the formula in subsection (2),—
- (a) **Maori authority credit attached** is the amount of the Maori authority credit attached to the distribution;
 - (b) **net distribution** is the amount of distribution made, excluding the amount of Maori authority credit.

Maximum permitted ratio

- (4) A Maori authority credit attached to a distribution must not be more than the maximum Maori authority credit ratio which is calculated using the formula—

$$\frac{\text{tax rate}}{(1 - \text{tax rate})}$$

Definition of item in formula

- (5) In the formula in subsection (4), **tax rate** is the decimal fraction that is the basic rate of income tax for Maori authorities set out in schedule 1, part A, clause 2 (Basic rates of income tax and specified superannuation contribution withholding tax) for the income year corresponding to the tax year in which the distribution is made.

Co-operative companies

- (6) A Maori authority that is also a co-operative company may attach a Maori authority credit to a notional distribution. The provisions of section MB 72 (Co-operative companies attaching imputation credits to notional distributions) apply to the notional distribution as if references in that section to—
- (a) an imputation credit were a reference to a Maori authority credit; and
 - (b) an imputation credit account were a reference to a Maori authority credit account.

Retrospective attachment

- (7) A Maori authority may retrospectively attach a Maori authority credit to a taxable Maori authority distribution.

Application of other provisions

- (8) The provisions of section MB 57 (Retrospective attachment of imputation credits) apply to a distribution under this section as if a reference in that section to—
- (a) an imputation credit were a reference to a Maori authority credit; and

- (b) an imputation credit account were a reference to a Maori authority credit account.

Defined in this Act: amount, basic rate, co-operative company, imputation credit, imputation credit account, income tax, income year, Maori authority, Maori authority credit, Maori authority credit account, Maori authority credit ratio, tax year, taxable Maori authority distribution

Origin: 2004 No 35 ss MK 6, MK 7(1)

MK 20 MACA benchmark distribution rules

When this section applies

- (1) This section applies when a Maori authority pays a taxable Maori authority distribution on more than 1 occasion during a tax year.

Benchmark distribution

- (2) The first distribution of the tax year is the benchmark distribution.

Same Maori authority credit ratio

- (3) The Maori authority credit ratio of a distribution made after the benchmark distribution must be the same as the Maori authority credit ratio of the benchmark distribution.

Debit for breach of Maori authority credit ratio

- (4) A breach of subsection (3) gives rise to a Maori authority debit described in table M18: Maori authority debits, row 8, (breach of Maori authority credit ratio) for an amount calculated using the formula in section MK 16(1).

Ratio change declaration

- (5) To prevent the consequences of a breach of subsection (4), a Maori authority may notify the Commissioner that the distribution is not part of an arrangement to obtain a tax advantage by providing a ratio change declaration stating that the distribution is not part of an arrangement to which section GC 22 (Imputation: arrangement to obtain tax advantage) applies. The Maori authority must provide the declaration before the distribution is made, or by a later date if the Commissioner allows. For the purposes of this subsection, the distribution must not be part of an arrangement to obtain a tax advantage.

Defined in this Act: amount, arrangement, benchmark distribution, Commissioner, Maori authority, Maori authority credit ratio, Maori authority debit, notify, pay, tax advantage, taxable Maori authority distribution, tax year

Origin: 2004 No 35 s MK 7(2), (3), (4)

Further income tax

MK 21 Further income tax for closing debit balance

Liability

- (1) A Maori authority is liable to pay further income tax for the amount of a debit balance in its Maori authority credit account at the end of a tax year.

Due date

- (2) The Maori authority must pay the further income tax to the Commissioner no later than the 20 June following the end of the tax year.

Application of other provisions

- (3) When it is appropriate for the purposes of this section, the other sections of this Act and the Tax Administration Act 1994—
 - (a) apply to further income tax as if they addressed further income tax and not income tax; and
 - (b) apply, modified as necessary, to ensure their application to the further income tax rather than income tax; and
 - (c) do not override the imputation rules and section 101 of the Tax Administration Act 1994.

Defined in this Act: amount, Commissioner, further income tax, imputation rules, income tax, Maori authority, Maori authority credit account, pay, tax year

Origin: 2004 No 35 s MK 8(1), (2), (6)

MK 22 Further income tax when Maori authority no longer Maori authority

Liability

- (1) A Maori authority is liable to pay further income tax for a debit balance in its Maori authority credit account just before the Maori authority stops being a Maori authority.

Due date

- (2) The Maori authority must pay the further income tax to the Commissioner by the day on which the Maori authority stops being a Maori authority.

Paramount section

- (3) A Maori authority that stops being a Maori authority on the last day of a tax year is liable for further income tax under this section and not under section MK 21.

Application of other provisions

- (4) When it is appropriate for the purposes of this section, the other sections of this Act and the Tax Administration Act 1994—
- (a) apply to further income tax as if they addressed further income tax and not income tax; and
 - (b) apply, modified as necessary, to ensure their application to the further income tax rather than income tax; and
 - (c) do not override the imputation rules and section 101 of the Tax Administration Act 1994.

Defined in this Act: Commissioner, further income tax, imputation rules, income tax, Maori authority, Maori authority credit account, pay, tax year

Origin: 2004 No 35 s MK 8(3), (4), (6)

MK 23 Further income tax paid satisfying liability for income tax

Election

- (1) A Maori authority that is liable for income tax or provisional tax may choose to satisfy the liability through a payment of further income tax.

Requirements

- (2) The liability referred to in subsection (1) must be for an income year corresponding to a tax year in which the Maori authority maintained a Maori authority credit account.

When treated as paid

- (3) The income tax or provisional tax is treated as paid on the day the further income tax is paid to the Commissioner.

Defined in this Act: Commissioner, further income tax, income tax, income year, Maori authority, Maori authority credit account, pay, provisional tax, tax year

Origin: 2004 No 35 s MK 8(5)

MK 24 Income tax paid satisfying liability for further income tax

Election

- (1) A Maori authority that is liable for further income tax may choose to satisfy the liability through a payment of income tax.

Requirements

- (2) The liability referred to in subsection (1) must be for an income year corresponding to a tax year in which the Maori authority maintained a Maori authority credit account.

When treated as paid

- (3) The further income tax is treated as paid on the day the income tax is paid to the Commissioner.

Defined in this Act: Commissioner, further income tax, income tax, income year, Maori authority, Maori authority credit account, pay, tax year

Origin: 2004 No 35 s MK 8(5B)