

Tax Working Group Public Submissions Information Release

Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



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Submission - Future of Tax: Interim Report

This submission is from FNZ to the Tax Working Group ("TWG") on the Future of Tax: Interim Report ("The Report").

1.0 Summary

FNZ is a member of the Financial Services Council ("FSC") and has provided input into the submission made under their name. We support that submission and see value in continued dialogue as these proposals develop.

This submission takes the approach of only emphasising one point that is of particular importance to FNZ that we would welcome the opportunity to discuss this and other issues raised in the FSC document in more detail with you, whether as part of FSC or separately.

2.0 About FNZ

FNZ is one of New Zealand largest custodian service providers. FNZ supplies combined investment, administration and technology services to financial institutions and investors through offices in New Zealand, Australia, Asia and the United Kingdom.

FNZ has an in-sourcing business model in that a back office hub has been created in New Zealand that services both FNZ's New Zealand and Australian client base.

FNZ's New Zealand clients' portfolios are administered through a software based Wrap Platform. The Wrap Platform contains a multitude of complex computer codes to process transactions and calculate RWT, NRWT or AIL payable on the various investments held via the Wrap Platform.

FNZ is also a Portfolio Investment Entity ("PIE") proxy. As such, FNZ undertakes a number of the obligations and reporting requirements of PIEs, including the allocation of income, losses and tax credits and the payment of PIE tax. Practically, FNZ receives information from PIEs for which FNZ acts as PIP on a periodic basis to enable FNZ to meet its PIP obligations.



3.0 Submission point – application date needs to allow time to implement systems

Our submission is on the most significant issue concerning these proposals facing FNZ, being around the application date of any changes. The currently proposed application date of 1 April 2021 does not give enough time for the industry, including FNZ, to implement these complicated proposals.

Given there is a General Election scheduled to be held in late 2020 and likely subsequent coalition negotiations, there will not be certainty around the final form of the legislation until very late 2020. The current proposed application date is from 1 April 2021. Projects to update complex IT systems, particularly a change of the scale of implementing a new Capital Gains Tax engine require months to fully implement a robust SDLC process, including design, build, internal testing and user testing. Committing the required level of resource to deliver this project before certainty is obtained on the forming of the new government is also not practical.

We are aware that this issue has been raised by industry participants like FNZ many times with members of the TWG through their consultation to date, including at sessions FNZ attended, but it is of such importance that we felt it appropriate to emphasise it through the formal submission process. It is possible that a phased application date approach could be achievable with 1 April 2022 being more appropriate for the changes that are more complex for the industry to implement. We would recommend this issue continues to be a specific part of the consultation process as the detail of the proposals becomes clearer.

Please contact Alan Crowe at [\[1\]](#) to facilitate further discussion.
We look forward to remaining engaged with the TWG throughout the remaining consultation process.

Yours sincerely
FNZ LIMITED

A handwritten signature in black ink, appearing to be 'A. Crowe', written over a horizontal line.

Alan Crowe
Tax Manager