NEW LEGISLATION > ORDER IN COUNCIL > SPECIAL REPORT

Income Tax (Deemed rate of return on attributing interests in Foreign Investment Funds, 2021–22 Income Year) Order 2022

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This special report provides early information on changes to the deemed rate of return on attributing interests in foreign investment funds for the 2021–22 income year, ahead of an upcoming edition of the *Tax Information Bulletin*.

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Overview

*Section EX 55(4)﻿(b) and (6)﻿(c) of the Income Tax Act 2007*

The deemed rate of return (DRR) has been set by order in council for the 2021-22 income year.

Background

The deemed rate of return is set annually and is one of the methods that can be used to calculate income from foreign investment fund interests. The rate is calculated by taking an average of the five-year Government bond rate at the end of each quarter, plus a margin of four percentage points.

Key features

The deemed rate of return for taxing interests in foreign investment funds is 6.01% for the 2021–22 income year, up from 4.43% for the previous income year.

Effective date

The new rate was set by Order in Council on 23 May 2022 and came into force on 27 May 2022.

Further information

The amendments setting the deemed rate of return used to calculate foreign investment fund income can be found at:

<https://www.legislation.govt.nz/regulation/public/2022/0151/7.0/whole.html>

About this document

Special reports are published shortly after new legislation is enacted or Orders in Council are made to help affected taxpayers and their advisors understand the consequences of the changes. These are published in advance of an article in the Tax Information Bulletin.