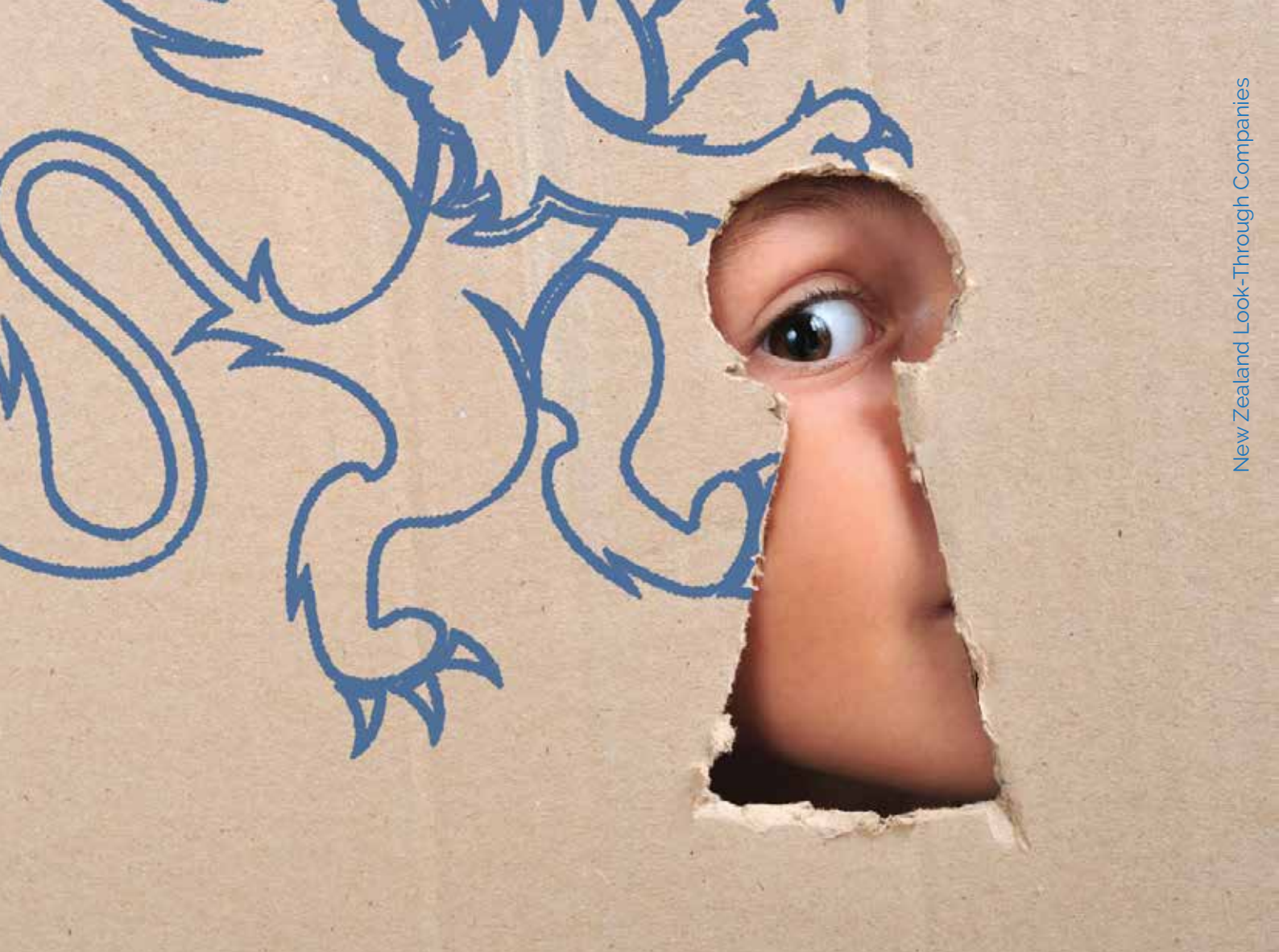




WHAT IS New Zealand Look-Through Company?



New Zealand Look-Through Companies

Legislation passed in December 2010 creates a new tax entity known as the look-through company or LTC. LTC's coming into existence is very recent, just on or after 1 April 2011. The company regime was called "Look Through" because the company is "looked-through" for income tax purposes. In other words, an entity passes through income, expenses, gains and losses to its shareholders (owners). LTC is not taxed at a company level, all its income flows to its shareholders. In essence, fiscally it means the non-resident shareholders of a LTC are able to pay no tax in New Zealand as long as their income of the New Zealand look through is derived from offshore.

There are no restrictions on the business that a Look through company may carry out. Being a regular Limited Liability Company at the first instance, it is treated similarly, may trade, open bank account all over the world and in New Zealand, own assets, become a shareholder of another company etc. As the LTC must be a New Zealand Tax resident, it could also enjoy the benefits of the Double Taxation Treaties signed by New Zealand. And no limits on the amount of foreign income that may be earned! Thus, this structure can be used for trading as all profits are deemed to be distributed

amongst the shareholders who file a tax return each year indicating no income is derived from New Zealand sources.

It can be used sometimes as a loss-generating vehicle either, because not only income but expenditure and losses are also passed on to look-through owners. Owners are entitled to claim these losses against their other personal income and reduce a taxable amount. Although, claimed losses are limited to shareholders' "investment" into the LTC. Lookthrough company must file tax returns annually with New Zealand Tax Department (Inland Revenue) and submit its financial statements before 07 June.

Characteristics of a New Zealand LTC

A Look Through Company is a regular New Zealand limited liability company where the shareholders have elected to enter the Look-through regime for tax purposes. Basically, LTC is rather a type of tax treatment than a type of New Zealand companies.

A company must have the following general requirements to being entitled to elect Lookthrough tax treatment:

1. Must not have more than five owners (shareholders). Related owners are treated as one.
2. Shareholders are non-resident physical persons, trustees or another LTCs;
3. It must be registered with the tax department of New Zealand as a Look through

In order to not being taxed in New Zealand, a LTC should have the following requirements:

1. The shareholders are non-resident physical persons or trustees;
2. The shareholders receive their share of profit and loss from non New Zealand sources.

As a regular New Zealand LLC, Look-through companies provide the same benefits for legal purposes which includes limitation of liability and ability to change the owners by transferring shares.

Please note, a LTC must file basic annual AND tax returns each year!!!

Regulation and taxation of NZ LTCs

As a regular limited liability company, LTC is regulated on a corporate level by the companies Act 1993 and must comply with the same requirements of the Companies Law of New Zealand.

Look through companies must file tax returns for the purposes of New Zealand's income tax annually. The company needs to file Income Tax Return Form, where all incomes are shown and then all incomes are transferred directly to a shareholder and the shareholder pays tax returns in a country of his residential address. As the

LTC is not taxed at a company level, the shareholders must make indication of their LTC incomes and losses on their own individual tax returns. Any profit is taxed at the owners' tax rate. But in terms of international tax implication, non-resident shareholders of NZ LTC are not liable in New Zealand for paying income tax, if LTC's income derived from non-New Zealand source. Each shareholder will declare LTC's income in his own income tax return or declaration in his country of residence. And each shareholder will be liable to pay their marginal or flat tax rate to their national tax authority.

Timeframe for LTC

We prefer to offer our clients available shelf companies including nominee directors and shareholders which allow you to start trading immediately. If requested we may also register on case to case basis and after receiving original of all required documents it takes 1-2 weeks for registration of the company itself, - plus 1-2 weeks to get a certificate from the tax authorities.

Documents & Prices:

For LTC registration following documents are required:

- 1) A certified copy of the passport for directors and shareholders. If it is one person, that one document is sufficient. We need only the first page of the passport with identification information and signature.
- 2) A certified copy of a utility bill for directors and shareholders that is confirmation of residential address. This may be utility bill for water, electricity, telephone, etc. Provided address will be displayed in some of the documents and in Register. The utility bill must be a recent, not more than 3 months ago at the time of filing.

PRICE FOR LTC SETUP

Shelf companies including	1250 USD*
Custom incorporation	1550 USD*
Bank account setup	900 USD

**Special agent prices please refer to price list in attachment.*

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