



Tax policy report: Release of qualifying company issues paper

Date:	14 May 2010	Priority:	Critical
Security Level:		Report No:	T2010/824 PAD2010/100

Action sought

	Action Sought	Deadline
Minister of Finance	Agree to recommendation	18 May 2010
Minister of Revenue	Agree to recommendation	18 May 2010

Contact for telephone discussion (if required)

Name	Position	Telephone	
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14 May 2010

Minister of Finance
Minister of Revenue

Release of qualifying company issues paper

On 12 April 2010, Cabinet agreed to replace the current qualifying company and loss attributing qualifying company (LAQC) rules with flow-through treatment for income tax purposes (similar to the rules currently applying to limited partnerships), to apply for income years commencing on or after 1 April 2011 (CAB Min (10) 12/10 refers). Cabinet also agreed to the release of an officials' issues paper for public consultation on the implementation of these changes.

Please find attached the draft issues paper seeking comment on the implementation and transition details of moving qualifying companies to flow-through tax treatment. This paper is final subject to minor editorial changes. The issues paper is referred to in Budget material and will be released on Budget day.

Recommended action

We recommend that you **agree** to the release of the attached officials' issues paper (Qualifying companies: implementation of flow-through tax treatment) for public consultation on Budget day (subject to minor editorial changes).

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Hon Bill English
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