

Company's name

Company's IRD number

9. Declaration

Contact name

Designation or title

Daytime telephone number

Fax number

Email address

I declare that the information given in this form is true and correct.

Signature

Date

Send this form to
Inland Revenue
PO Box 39010
Wellington Mail Centre
Lower Hutt 5045

Notes

These notes explain what the tax obligations are immediately after an amalgamation of two or more companies. If, however, you want information about the legal requirements and procedures involved in an amalgamation, contact the Companies Office, Ministry of Economic Development. For an explanation of the tax law on company amalgamations see *Tax Information Bulletin (TIB)* Vol 6, No 6.

The company resulting from an amalgamation may be one of the amalgamating companies or it may be a new company. Information for the resulting company can be found on this page. For information for amalgamating companies that cease to exist after the amalgamation, see over the page.

The resulting company must fill in this *Declaration of an amalgamation (IR 432)* form.

Note: You can get the publications mentioned in these notes from our website or by calling INFOexpress (see next page).

If you have any questions about amalgamations and your tax obligations, please call us on 0800 377 774.

The resulting company

What you must do

Complete the IR 432 to tell us about the amalgamation within 63 working days of delivering the amalgamation documents to the Registrar of Companies. If the resulting company is a newly incorporated company, fill in an *IRD number application – non-individual (IR 596)*.

Income tax

The resulting company's income tax return will:

- in the case of a new company, cover the period from the date of amalgamation to 31 March (or an approved alternative balance date), or
- be for the 12 months to the company's balance date, when one of the amalgamating companies becomes the resulting company.

The resulting company may use an amalgamating company's losses that can be carried forward in the final return, provided the commonality and continuity of shareholding tests are met and the amalgamation is a qualifying one. If more than one amalgamating company has losses, these must be offset in the order they arose. If they arose in the same income year, you may elect the order of offset. If you wish to make an election, send us the details when you file the company's return. A pro rata basis will be used if no election is made.

Qualifying company election tax (QCET)

If a non-qualifying company amalgamates with a qualifying company and the qualifying company is the company that continues in existence after the election, QCET is payable on the retained earnings of the non-qualifying company. The retained earnings can then be distributed tax-free.

Net losses of the non-qualifying company cannot be carried forward to the amalgamated company.

For more information about this, please read *TIB* Vol 6, No 6. Call 0800 377 774 to order a copy or view it on our website (see next page).

Provisional tax

Calculate provisional tax instalments payable after the date of amalgamation based on the total of the previous years' residual income tax of all the amalgamating companies.

Goods and services tax (GST)

If the resulting company was not registered for GST before amalgamation, it may be required to register or may do so voluntarily.

If the combined taxable supplies of the resulting company and the amalgamating companies were over \$60,000 in the previous 12 months, the resulting company may have to register for GST.

For more information on registration see our fact sheet *GST – do you need to register? (IR 365)*.

If the resulting company was registered for GST before the amalgamation, it may be required to change its accounting basis and/or the taxable period it used before the amalgamation. If a company exceeds certain thresholds, it cannot use the payments basis and its taxable period options are limited. For more information see our *GST guide (IR 375)*. The threshold applies to the combined taxable supplies of all the amalgamating companies.

If the resulting company is registered for GST immediately after amalgamation, any transfer of goods and services from an amalgamating company is not a taxable supply and therefore not subject to GST.

Employer obligations

If the resulting company is employing for the first time, it must register as an employer. Read our booklet *First-time employer's guide (IR 333)*, which includes an *Employer registration (IR 334)* form. When the company registers, we will send you an employer's information pack.

If the resulting company now employs staff who were employed by the amalgamating companies, you must:

- get each employee to complete a *Tax code declaration (IR 330)*
- list the employees on the resulting company's first *Employer monthly schedule (IR 348)* and enter the commencement date for all employees.

If the combined gross annual PAYE deductions of the amalgamating companies for the previous year were \$500,000 or more, the resulting company becomes a "large" employer and must pay the deductions twice a month.

Fringe benefit tax (FBT)

If the company registering as an employer does not provide or intend to provide fringe benefits, show this at Question 8 on the *Employer registration (IR 334)* form.

If the company is liable for FBT, when calculating FBT for the first quarter after amalgamation, it must apportion the \$450 exemption according to the number of days in the quarter that the resulting company existed.

For more information about FBT, see our *Fringe benefit tax guide (IR 409)*.

If the amalgamating companies' combined gross tax deductions were \$500,000 or less for the previous year (exclusive of ACC earners' levy), the resulting company may file FBT returns yearly. The company can elect to do this on the employer registration form (if a new employer) or by completing a *Fringe benefit tax election (IR 414)* form. If the company files yearly, the annual exemption of \$1,800 must be apportioned according to the number of days that the new resulting company existed.

Note: If your company wants to account separately for different branches or locations, please call us on 0800 377 774.

Resident and non-resident withholding tax (RWT and NRWT)

The resulting company may have to register for RWT and/or NRWT. If you need information, read our booklets *RWT on interest – payer's guide (IR 283)* and *Non-resident withholding tax – payer's guide (IR 291)*.

If the company is already registered, you may have to alter the registration details. For example, before amalgamation it may have accounted for RWT six-monthly, but after amalgamation it may be required to account monthly.

After the amalgamation, the company may be eligible for an exemption from RWT. You can apply for a certificate of exemption using the IR 451 application form.

If the company already has a certificate of exemption from RWT, but the basis on which this was issued no longer applies because of the amalgamation, you must return the certificate to us within five working days of the amalgamation.

The amalgamating companies

The following information applies to those companies that do not continue, but become part of the resulting company. These companies cease to exist from the date of amalgamation so all their tax affairs must be finalised and, where appropriate, reconciled as at the date of amalgamation. The resulting company is responsible for this.

Income tax

File an income tax return for the period from the beginning of the income year to the date of amalgamation. The due date for the return and tax payment remains the same.

If the company's final return results in a loss, it can be used by the resulting company subject to the commonality and continuity of shareholding tests. For more information on the availability of losses see *TIB* Vol 6, No 6—call 0800 377 774 to order a copy or view it on our website (see next column).

The company must file an imputation credit account return for the same period as the income tax return. If applicable, it must also file a dividend withholding payment account return for the same period. These returns are due within two months of the date of amalgamation.

Imputation credit account debit balances will be transferred to the resulting company. If the company maintains a shareholder continuity of at least 66%, any credit balances can generally be transferred to the resulting company. For more information see *TIB* Vol 6, No 6.

Goods and services tax (GST)

If the amalgamating company is registered for GST, it must file a final GST return for the taxable period ending on the date of amalgamation. Normal due dates apply for this return and any payment.

If the amalgamating company and the resulting company are both registered for GST, the transfer of goods and services is not a taxable supply and not subject to GST.

If the amalgamating company is registered for GST but the resulting company will not be, goods and services are treated as though supplied by the amalgamating company. Goods and services acquired by the amalgamating company on or after 1 October 1986 are to be valued at market value. Goods and services acquired by the amalgamating company before 1 October 1986 are to be valued at the lower of cost or market value.

Employer obligations

If the amalgamating company was an employer, it must:

- complete an *Employer monthly schedule (IR 348)* to the date of amalgamation, showing a finish date for each employee
- complete a final FBT return using the multi-rate option. Send the return and payment to us by the last day of the second month immediately after the quarter the amalgamation took place.

If any employee has child support payments deducted from their wages, the amalgamating company must call Child Support on 0800 220 222 to arrange for these to continue. You will need to provide the IRD number of the resulting company.

Resident and non-resident withholding tax (RWT and NRWT)

If the amalgamating company was registered for RWT and NRWT, it must file the reconciliation statement(s)—IR 15S for interest, IR 17S for specified dividends and IR 67S for NRWT on interest, dividends and royalties. These are due within 40 working days of the end of the month in which the amalgamation occurred.

Give the RWT and NRWT deduction certificates to the recipients no later than the 20th of the month following the month of amalgamation.

If the amalgamating company holds a certificate of exemption from RWT, return it to us within five working days of the amalgamation.

Tax arrears

If the amalgamating company has tax arrears, the resulting company becomes liable for the debt. We will issue statements of account for the outstanding tax in the name of the resulting company.

www.ird.govt.nz

Go to our website for information, services and tools.

- Secure online services – login to check your account information, file an employer schedule, confirm personal tax summaries and update your family details and income.
- Get it done online – complete and send us forms and returns, make payments, make an appointment to see us and give us feedback.
- Work it out – use our calculators, worksheets and tools to help you manage your tax business like checking your tax code, or your filing and payment dates.
- Forms and guides – download our guides, and print forms to post to us.

You can also check out our newsletters and bulletins, and have your say on items for public consultation.

Need to talk to us?

You can call us on these numbers:

General tax, tax credits and refunds	0800 227 774
Employer enquiries	0800 377 772
General business tax	0800 377 774
Overdue returns and payments	0800 377 771

We're here to take your call between 8 am and 8 pm Monday to Friday and Saturday between 9 am and 1 pm. Remember to have your IRD number with you when you call.

For more information go to www.ird.govt.nz (keywords: contact us).