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TRANSFER PRICING QUESTIONNAIRE: NEW ZEALAND BRANCHES/AGENTS

Please complete the following questions based on the latest completed tax year. In responding to the questions you may provide separate written comments if you wish to provide clarification on any issue or identify assumptions made. Legal entity information (Q 11 – 18 below) can be in the currency of the legal entity. All other values must be in NZ dollars (as indicated by the column headings).

1. Name of the company
2. IRD Number
3. Address

4. Contact name
5. Telephone number
6. E-mail
7. Tax representative
8. Tax residence of legal entity's head office

9. Describe the principal activities of the branch

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10. Describe the principal activities of the wider legal entity

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The following information is required for the purpose of calculating various accounting ratios for comparison purposes. The intention is to compare the performance of the New Zealand branch with that of the legal entity. If the branch is performing below legal entity levels, you may wish to provide an explanatory note.

	This Branch \$NZ	Legal Entity \$NZ
11. Current account/Equity (net assets)		
12. Total assets		
13. Total revenue (excluding funding costs)		
14. Gross profit		

	This Branch \$NZ000 \$m	Legal Entity
15. Total expenses (excluding funding costs and expenses taken into account in calculating gross profit)		
16. Earnings before funding costs & tax (exclude extraordinary)		
17. Gross funding costs		
18. Gross interest income		

The following questions relate to supplies by or to the branch either by the legal entity or by an associate. In all cases only cross-border dealings/transactions are to be included.

	Supplied to the Branch NZ\$	Supplied by the Branch NZ\$
<u>Property:</u>		
19. Raw materials		
20. Processed goods		
21. Other (specify)		
22. Rents, royalties, license or franchise fees		
23. Intangible property (acquired or disposed of)		

<u>Services:</u>		
24. Management and administration		
25. Technical		
26. Research and Development		
27. Commissions		

<u>Financial:</u>		
28. Interest/Funding costs		
29. Dividends		
30. Insurance		
31. Others (specify)		

Other Dealings:

- 32. Reimbursement of expenses
- 33. Cost sharing/contribution arrangements
- 34. Other (specify)
- 35. Total associated party dealings

The determination of income for branches is governed by section FB 2 of the Income Tax Act 2004 and section YD 5 of the Income Tax Act 2007. However, the provisions of this legislation are subject to the Business Profits Article of the many Double Tax Agreements that New Zealand has entered into. These agreements usually require the application of the arm's length standard as espoused in the OECD guidelines (July 1995).

In general, best practice is to look at the New Zealand business activity and use the five methods (listed below) for calculating an arm's length consideration for setting transfer prices. Please set against each of the methods the value of dealings where prices have been confirmed by that method (the "Tested dealings"). Where more than one method was used, allocate the value to the predominant method. In addition to the method fields, an additional field has been included for untested prices. "Total dealings" (field 42) must equal "Total associated party dealings" (field 35)

Supplied to the branch NZ\$	Supplied by the branch NZ\$
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Tested dealings:

- 36. Comparable uncontrolled price method
- 37. Resale price method
- 38. Cost plus method
- 39. Profit split method
- 40. Comparable profits methods
- 41. Untested dealings
- 42. Total dealings

43. Has the branch provided any goods or services or anything else of value to any part of the legal entity operating outside New Zealand or to a non-resident associated person for no consideration?

(Tick the box if the answer is YES)

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If the answer is yes please provide details.

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44. In computing the profit or loss of the New Zealand branch, has any part of the income or expenditure recognised involved parts of the legal entity operating in Schedule 5 (Schedule 26 from 2009 tax year) countries or associated persons tax resident in these countries? Total value for all such dealings/transactions (NZ\$)

45. If there are a number of companies in New Zealand which, together with this branch, form a group for tax purposes, please provide a list of the names of the other group companies on a separate schedule.
46. Has the branch satisfied the thin capitalisation standard contained in section FG 4 of the Income Tax Act 1994 (subpart F from 2009 tax year)? Please attach a copy of the relevant calculation.
47. Has documentation been produced in support of your transfer prices/apportionment of income and expenditure?

(Tick the box if the answer is YES)

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49. Have any dealings with any part of the legal entity operating outside New Zealand or transactions with non-resident associated persons been the subject of an advance pricing agreement in another jurisdiction?

(Tick the box if the answer is YES)

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