Inland Revenue
Te Tari Taake

Deemed rate of return method Calculation worksheet

IR443A
October 2015

Income Tax Act 2007

For the period 1 April ______ **to 31 March** ______

Part A - Disclosure schedule

1. Details of person required to file this disclosure schedule

Name

IRD number

(8 digit numbers start in the second box. 1 2 3 4 5 6 7 8)

Contact person for enquiries

Phone number ( )

2. Details of foreign investment fund (FIF)

Name of FIF

Balance date
Day Month Year

Country or territory of residence

Postal address

State the nature of your FIF interest, for example, units, shares, superannuation scheme interest or life insurance policy.

Part B - Worksheet

Use this worksheet to calculate your FIF income or loss using the DRR method for your current income year.

3. Calculation

To convert foreign currency amounts to New Zealand dollars, tick one of these options to show which exchange rate you used.

- Actual transaction date
- Average for the 15th day of each complete month

Print details of the exchange rate you used.

Source of rate	Day	Month	Year	Conversion rate

*IR443

Note: See "Application" and "Notes" on page 4 of this form to help you complete the table below.

	Closing book value from previous income year (including notional income year) - *see note 2*													
Notional separate income years *see note 1*	**A** Opening book value *see note 3*	**B** Acquisition cost *see note 4*	**C** Total gains *see note 5*	**D** FIF (DRR) income or loss *see note 6*	**E** Section EX 61 of the Income Tax Act 2007 (the Act)	**F** Closing book value A + B - C + D + E	**G** Acquisition cost *see note 4*	**H** F + G	**I** Number of days *see note 1*	**J** $H \times \frac{I}{365} \times$ Deemed rate of return *see note 8*	**K** Profit or loss on disposal *see note 9*	**L** FIF (DRR) income or loss J + K	**M** Section EX 61 of the Income Tax Act 2007 (the Act)	**N** Total FIF income or loss L + M
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Print the total of column N in Box 3. If this total is positive, this is your FIF income. If this total is negative, this is your FIF loss. If the amount is a loss, show it in brackets. **3** $.

4. **Treatment of attributed foreign income or loss**

Enter the total FIF income from Box 3. If the amount is a loss, show it in brackets. **4A** $.

Complete the relevant panels below

FIF income offset by FIF losses incurred:

- in the current income year or earlier years, for FIFs using any calculation method except the branch equivalent method, or
- by a wholly owned group member with FIFs using any calculation method except the branch equivalent method if you are a company.

IRD number (if group company)	Name of FIF	Income
		$.
		$.
		$.

Total income **4B** $.

FIF losses offset:

- against other FIF income derived in the current year calculated using any calculation method except the branch equivalent method, or using the accounting profits or deemed rate of return calculation methods, or
- by a wholly owned group member with FIFs using any calculation method except the branch equivalent method if you are a company.

IRD number (if group company)	Name of FIF	Loss
		$.
		$.
		$.

Total loss **4C** $.

FIF losses offset against other current income to the extent of FIF income derived in prior income years, using any calculation method except the branch equivalent method. **4D** $.
For the purposes of this offset rule, the amount of FIF income derived in previous income years is reduced by any previous FIF loss offsets made under this rule.

FIF losses arising from:

- a business dealing in such interests, or
- an FIF interest you acquired for the purpose of deriving a gain on disposal, and you elect to offset the loss against your other income. **4E** $.

FIF income or loss calculation

If 4A is positive, subtract 4B from 4A and print your answer in 4F.
If 4A is negative, add 4C, 4D and 4E to 4A and print your answer in 4F. **4F** $.

If Box 4F is positive, this is your FIF income to be included in your current tax return.
If Box 4F is negative, this is your FIF loss to carry forward to your next year's FIF calculations.

Privacy Act 1993. Inland Revenue may give information about you to other government agencies or their contracted agents who are entitled to it under legislation. For more details, phone us on 0800 443 773.

RESET FORM

Application

If you held your FIF interest at any time during the current income year and you:

- used the DRR method to calculate your FIF income or loss in the previous income year, complete columns A to N from the start of your current income year to the disposal date, or your current balance date, whichever falls earlier
- acquired the interest in the current income year or an earlier income year but did not use the DRR method to calculate your FIF income or loss in the previous income year, you are only required to complete columns G to N from the acquisition date (or deemed acquisition date) to the disposal date or your previous year's balance date, whichever falls earlier.

However, if you made subsequent acquisitions or disposals of your interest during the current income year, calculations are required for each notional separate income year (see note 1). In this situation, you need to complete columns A to N for subsequent notional separate income years.

Notes

1 A **notional separate income year** is that period of time within an income year during which your holding of the FIF interest remained the same (that is, acquisition or disposal of all or part of your interest will result in a new notional separate income year). Enter the number of days in each notional separate income year in column I.

In an effort to simplify compliance with the DRR method, Inland Revenue will accept an averaged single calculation for the whole income year based on half the total payments made throughout your income year (that is, total payments made during your income year divided by two) plus the closing book value from the previous income year if you used the DRR method.

If you wish to use the single calculation method to calculate your FIF income or loss under the DRR method, you must satisfy all of the following conditions:

- you are a natural person
- the FIF is a foreign superannuation scheme or a foreign life insurance policy
- payments into the FIF interest were **regular and equal** throughout your entire income year
- there were no additional lump sum payments made into the FIF at any time during your income year
- no distributions were made to you from the FIF at any time during your income year.

If you did not satisfy all the above conditions, a separate calculation is required for each notional separate income year.

You may be deemed to have reacquired your FIF interest in an income year under section CG 23 of the Income Sections GC 4, EX 64, EX 65, EX 66, EX 66B, EX 70, and EX 71, for example, on becoming a resident of New Zealand or as a consequence of changing the method of calculating your FIF income or loss. Under these circumstances, only for the purpose of applying the single calculation method, the deemed reacquisition is treated as being made on the last day of the previous income year and is not treated as an additional payment or acquisition in the income year in which it falls. The deemed reacquisition value will therefore be the closing book value in the previous income year - column F.

2 **Closing book value from previous income year (including notional separate income year).** You are not required to complete columns A to F for any income year where you did not hold your FIF interest at the end of the previous income year or another calculation method was used in the previous income year.

3 **Opening book value** is the closing book value in column F from the income year (or notional separate income year) preceding the previous income year (or previous notional separate income year) where you used the DRR method (that is, closing book value from the line above in your calculation), otherwise this amount will be nil.

4 In determining **acquisition cost** in column B for the previous income year (or previous notional separate income year) and column G for the current income year (or current notional separate income year) do not include interest payable on money borrowed to acquire your FIF interest or other holding costs. A deduction may be available to you under the ordinary provisions of the Act.

If you used the single calculation method (see note 1) in the previous income year for calculating FIF income or loss under the DRR method in the current income year, the acquisition cost in column B includes the total payments made during the previous income year and not just half the payments on which the previous FIF income or loss was calculated. However, if you decide to use the single calculation method to calculate current FIF income or loss under the DRR method include only half the total payments made during the current income year in column G.

5 **Total gains** include the gross amount of distributions or sale proceeds from the previous income year (or previous notional separate income year).

6 **FIF (DRR) income or loss** in column D is the total from column L in the previous income year (or previous notional separate income year).

7 **Section EX 61 of the Income Tax Act 2007** in column E represents total gains (for example, dividends or sale proceeds) derived from your interest in the previous income years (or previous notional separate income years) that exceed total FIF income less total FIF losses.

Section EX 61 of the Income Tax Act 2007 in column M represents total gains derived from your interest in the current and previous income years (or current and previous notional separate income years) that exceed total FIF income (excluding Sections EX 61 income derived in the current income year or current notional separate income year) less total FIF losses.

You are only required to complete column E for the previous income year (or previous notional separate income year) or column M for the current income year (or current notional separate income year) where the gain would have been taxed as a dividend or other income to you under the ordinary provisions of the Act in the absence of the FIF rules.

8 For the purposes of calculating FIF (DRR) income or loss in column J, the deemed rate of return is the rate set each year by statutory regulation. For the current deemed rate go to **www.ird.govt.nz** (search keywords: FIF deemed rate).

9 **Profit or loss on disposal of your FIF interest**

You are required to calculate additional FIF income or loss being the difference between the sale proceeds and the book value of the interest at the date of sale and include this total in column K.

If all or part of your interest is disposed of and the sale proceeds reduce the book value of the interest to an amount less than nil, this amount is your additional FIF income. On the other hand, you can only claim an additional FIF loss if the whole of your FIF interest is disposed of and the sale proceeds reduce the book value of the interest to an amount greater than nil.

This adjustment on sale does not apply if you are a natural person and the book value of your total FIF interests throughout the income year (or market value where you did not use the DRR method in the previous year) did not exceed NZ$250,000 and the sale proceeds would not have been income to you under the ordinary provisions of the Act in the absence of the FIF rules.