

Inland Revenue Issues New Rulings on New Zealand Tax Consequences of Investing in US Companies

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Inland Revenue has recently issued [five public rulings](#) on the New Zealand tax consequences of investing in a United States limited liability company (USLLC):

- BR PUB 23/09: Dividends derived by a New Zealand resident investor (NZRI) in a USLLC that is a foreign investment fund (FIF) where the NZRI holds FIF interests of NZD 50,000 or less;
- BR PUB 23/10: FIF income and dividends derived by a NZRI in a USLLC;
- BR PUB 23/11: Attributed FIF income and dividends derived by a NZRI in a USLLC;
- BR PUB 23/12: Attributed controlled foreign company (CFC) income and dividends derived by a NZRI in a USLLC; and
- BR PUB 23/13: Dividends derived by a NZRI in a USLLC that is either a non-attributing active FIF or CFC.

The rulings and accompanying commentary set out:

- the income tax treatment and availability of foreign tax credits and other forms of double tax relief for NZRIs that invest in USLLCs, which are taxed on a fiscally transparent basis as a partnership in the United States, but as a foreign company in New Zealand; and
- the different New Zealand tax treatments depending on whether the interest in the USLLC falls under the FIF threshold, or whether it is an FIF or a CFC.

The commentary also analyses the relevant fiscal transparency and double tax relief provisions in articles 1(6) and 22 of the [New Zealand - United States Income Tax Treaty \(1982\) \(as amended through 2008\)](#).

The rulings apply for 5 years from 26 June 2023 and replace BR PUB 20/01-20/05 (see [Inland Revenue Rulings Issued on New Zealand Tax Consequences of Investing in US Companies \(2 July 2020\)](#)).