



● For help completing this form please read the notes on the back.

Section 1 – Director notice

To be completed by a director or agent with appropriate authority – see note 6.

I certify that

Name of company

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

meets the eligibility criteria to be a look-through company (see note 1)

from the start of the income year (see note 7),

and all owners of a look-through interest (see note 3) in the company have signed and dated the attached notices and unanimously agreed for the company to be a look-through company.

Name

Capacity

Signature / /
Date

Contact person's name

Contact number () ext
Daytime

Section 2 – Owner of look-through interest elections

Section HB 13 of the Income Tax Act 2007 Please read notes 3, 4, and 5 before completing an owner's election.

This section continues on page 2. If there are more than eight owners of look-through interests please photocopy page 2, complete the required details, and attach it to this form.

I/we elect that

Name of company

IRD number

will become a look-through company from the start of the income year onwards (see note 7), and by signing the notice below I/we agree to apply section HB 1 of the Income Tax Act 2007.

Owner's name

Signature / /
Date

IRD number

For trustee owners only (see note 4)

Trustee's name

Trustee's IRD number

Owner's name

Signature / /
Date

IRD number

For trustee owners only (see note 4)

Trustee's name

Trustee's IRD number

Notes

Note 1: Criteria for look-through company (LTC) status

A look-through company must:

- be an entity as described in part (a) of the definition of “company” in section YA1 of the Income Tax Act 2007
- be resident in New Zealand, and not treated as non-resident for the purposes of any double tax agreement
- meet the requirements of the definition of “look-through company” at all times in the income year
- have five or fewer look-through counted owners. Look-through counted owners who are relatives or co-trustees of a trust are treated as one person. A relative is a person connected with another person:
 - to the second degree of blood relationship to the other
 - by marriage, civil union, or de facto relationship with the other
 - by marriage, civil union, or de facto relationship with a person who is to the second degree of blood relationship to the other
 - through adoption as a child of the other or as a child of a person who is within the first degree of relationship to the other
 - as the trustee of a trust which a relative has benefited from or is eligible to benefit from
 - by marriage, civil union or de facto relationship and remains a relative even if that relationship is later dissolved or one partner dies.

All owners must have only look-through interests in the company.

A look-through company must not be a flat-owning company.

Re-election

If the company was previously an LTC, but lost its LTC status due to either an owner’s revocation or by failing to meet the eligibility criteria, it cannot elect to use the LTC rules again for the year when it lost the LTC status, or for either of the two following income years.

Note 2: Look-through counted owner

A look-through counted owner is:

- a natural person who is not a trustee, and has a look-through interest for the entity
- a natural person who has received, as beneficiary income of a trust, income that arose from a direct or indirect beneficial interest in a look-through interest for the entity for the current income year or one of the last three income years
- a trustee of a trust that has a look-through interest for the entity or a direct or indirect beneficial interest in a look-through interest for the entity, treating co-trustees as one person, and has not distributed, as beneficiary income, all income that arose from a direct or indirect beneficial interest in a look-through interest for the entity for the current income year and all of the last three income years
- a natural person who has a voting interest or a market value interest in relation to a company that has received, as beneficiary income from a trust, income that arose from a direct or indirect beneficial interest in a look-through interest for the entity for the current income year or one of the last three income years, and has a look-through interest for the entity.

Note 3: Look-through interest

Look-through interest means a person’s shares in an entity or in a look-through company, if every shareholder in the entity or LTC has the same rights, proportionally, to vote on:

- any distributions, including capital distributions made by the LTC or entity
- the constitution of the LTC or entity
- any capital variation of the entity
- the appointment or election of the directors of the entity or LTC
- any acquisition, cancellation or redemption of shares in the LTC.

Only a natural person, trustee (including corporate trustee) or another LTC can own shares in an LTC.

The owner’s election(s) in section 2 can only be signed by a natural person or trustee owner of a look-through interest. LTC owners are “looked-through” and cannot make the election—see note 5.

Note 4: Trustee owners of a look-through interest

Where the owner of a look-through interest in an LTC is a trustee of a trust, enter the owner’s name as “Trustee in [name of trust]” and the trust’s IRD number in section 2. Enter the name and IRD number of the trustee signing the election in the spaces provided.

Only one trustee needs to complete this section for each trustee owner, because co-trustees are treated as one natural person for the purpose of the owner of a look-through interest.

Note 5: LTC owners of a look-through interest

If an LTC owns shares in another LTC it is looked through to find either the natural person or trustee (including a corporate trustee) who is the ultimate owner of the look-through interest.

Do not enter the name and IRD number of a shareholding LTC as owner in section 2 of this form. The election in section 2 can only be made by owners who are either natural persons or trustees (including corporate trustees).

All the natural person or trustee owners of a shareholding LTC are required to sign this election.

Note 6: Director or agent with appropriate authority

A director is any person:

- occupying the position of director, regardless of the name they are called, and
- on whose instructions the directors of the company are accustomed to act.

An agent with appropriate authority is any person authorised by the owners and/or director(s) to complete section 1.

Note 6a

If the director/agent is also an owner of a look-through interest, they will also have to complete the separate owner’s election agreeing to the company becoming a look-through company.

Note 7: Application date of elections

Inland Revenue must receive elections before the start of the income year in which the company wants to become an LTC.

For a new company or a company that has not previously been required to file an income tax return, elections apply from the beginning of the first income year, provided we receive the election within the time required to file the first return of income, including any extension of time (if granted).

Existing qualifying companies (QCs) and loss-attributing qualifying companies (LAQCs)

Existing QCs and LAQCs can elect to become an LTC from the start of the income year the election is received in, provided they meet these criteria:

- The company must have been a QC or LAQC on the last day of the income year before the first income year that starts on or after 1 April 2011.
- The election must be for either the first or second income year starting on or after 1 April 2011.
- The election must be received within six months of the start of the income year the election applies for.
- If the election is for the second income year starting on or after 1 April 2011 the company must have remained a QC for the first income year.

More information

If you need more information please talk to a tax advisor or read our guide *Look-through companies* (IR 879). You can view a copy on our website or order one by calling 0800 257 773. Please have your IRD number handy when you call.

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.