

Transfer Pricing Country Profile
(to be posted on the OECD Internet site www.oecd.org/ctp/tp/countryprofiles)

Name of Country: New Zealand Date of profile: Sept 2012

1. Reference to the Arm's Length Principle

Sections YD 5, GB 2 and GC 6-14 of the Income Tax Act 2007.

2. Reference to the OECD Transfer Pricing Guidelines (if any)

Not in legislation, but specifically endorsed in NZ Transfer Pricing Guidelines.

3. Definition of related parties

Subparts YA and YB of the Income Tax Act 2007. Note that section GB 2 can extend the application of sections GC 7-10 to non-associated parties where there is a collateral arrangement (such as a market sharing arrangement, an arrangement to enter into a particular market, a back-to-back supply arrangement or an income-sharing arrangement).

4. Transfer pricing methods

CUP, Resale Price, Cost Plus, Profit Split, Comparable Profits. No priority of methods.

5. Transfer pricing documentation requirements

No statutory requirement but contemporaneous documentation encouraged to demonstrate compliance.

6. Specific transfer pricing audit procedures and / or specific transfer pricing penalties

No special requirements such as disclosures or penalties for transfer pricing – ordinary penalties apply together with use of money interest where adjustments are made.

7. Relevant regulations on Advance Pricing Arrangements

No specific regulations. Unilateral APAs proceed as private binding rulings (section 91 E of the Tax Administration Act 1994) and bilateral/multilateral APAs proceed under the mutual agreement procedure in the relevant double taxation agreement(s).

8. Link to relevant Government Internet sites

Guidelines : www.taxpolicy.ird.govt.nz/publications/files/tpg.pdf

Enforcement : www.ird.govt.nz/transfer-pricing/

9. Other relevant information

Transfer pricing questionnaires used by Inland Revenue may be found at the Enforcement internet site noted above.

Note

1. Relevant provisions of domestic legislation referring to the Arm's Length Principle.
2. Reference if any to the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations in domestic legislation or regulations.
3. Relevant legislation or regulations containing a definition of related parties or associated enterprises.
4. Relevant legislation or regulations containing guidance on transfer pricing methods including hierarchy among them if any.
5. Relevant regulations if any in relation to transfer pricing documentation requirements.
6. Relevant regulations if any on specific transfer pricing audit procedures and / or specific transfer pricing penalties.
7. Relevant regulations if any on Advance Pricing Arrangements.
8. Addresses of the Internet sites of the relevant authorities in charge of transfer pricing policy, its administration and Advance Pricing Arrangements.
9. Other relevant information, for instance having gone through a peer review, or having new transfer pricing regulations in preparation.