

Exempt income of non-resident entertainers PUB00317

27 May 2019



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Manager, Technical Standards
Office of the Chief Tax Counsel
National Office
Inland Revenue Department
PO Box 2198
Wellington

Dear Tania

PUB00317 Exempt income of non-resident entertainers

Chartered Accountants Australia and New Zealand (CA ANZ) appreciates the opportunity to provide feedback on the draft Interpretation Statement. The statement considers the circumstances in which the exemption in section CW 20 will apply to the income of a non-resident entertainer. The statement is well written and provides a very thorough analysis of the section CW 20 exemption. CA ANZ supports the publication of the statement.

Our comments on the statement are set out below:

Service provider

Paragraph 4(c) of the statement states that if the service provider is an unincorporated business the non-resident entertainer must be the most senior person in the firm for the exemption in section CW 20 to apply. This conclusion does not explain how the provision would apply if the partnership has more than one senior partner in the business. In this case, we consider it would be appropriate that section CW 20 should apply if the non-resident entertainer is one of the senior partners.

If our submission is accepted we suggest that the last sentence in paragraph 4(c) of the statement read (emphasis added): “This will most commonly apply where the Service Provider is some other kind of unincorporated business and the entertainer is *one of* the most senior *persons* in that business.”

Without prejudice to the above, we note that the statement does not explain whether the exemption would apply if the partnership did not have a ‘principal’ (i.e. there was no distinction in seniority among the partners). We recommend that this be clarified.

Applying the PAYE rules

Paragraphs 107 – 110 of the statement discuss the PAYE rules. It would be helpful if these paragraphs were expanded to cover the payday reporting requirements.

Example

We support the inclusion of the examples in the statement. We would like to see the inclusion of an additional example to cover the application of the exemption contained in s CW 20(3) for income paid to a service provider.

Editorial

Paragraph 14 – the word “that” is incorrectly repeated in the second sentence.

We would be happy to discuss our submission with you. Please contact Lindsay Ng.

Yours sincerely



John Cuthbertson CA
New Zealand Tax Leader



Lindsay Ng CA
Senior Tax Advocate