

LIFE INTEREST DISTRIBUTION

Process Walkthrough

August 2021 v1 **DRAFT**

Table of Contents

Thank You	3
Tax	3
Introduction	4
Process	4
LI Owner	4
Transferring closing balance to Life Interest	5
Example Succession	6
Example Distribution	8

Thank You

We do hope you enjoy this new facility which is funded by your support and subscriptions. Unlike other development organisations, we have had no assistance or grants and completely rely on you.

Tax

Information in this document are examples only and not suggested rates or values.

Taxable distributions/grants require tax rates to be applied based on information supplied from your accountant, as **we are not accountants or tax specialist**

Approach IRD if you or your accountant do not know the correct tax rates.

An **example** of the rates are as follows:

17.50%	MA Credit Rate - Base
17.50%	Credit Availability Rate <i>0 = Nil, Full = 17.5%</i>
\$200.00	RWT Threshold \$
21.50%	RWT No IRD and over RWT Threshold
.00%	RWT No IRD
15.00%	NRWT

MA = Māori Authority.

The above example states 39% RWT (21.5% + 17.5% MA) is applied where the distribution/grant is \$200 or over and the owner has no IRD number applied against the owner record.

Introduction

Life interest rules have changed since Feb 2021. Generally, the shares go to the remaindermen (the term used by Māori Land Court) and current and future \$ go to the life interest. The following is the process to cater for the rule change.

Process

1. Process the succession as per normal but without the \$ going to the remaindermen.
2. The life interest gets the \$ but no shares.
3. Each applicable succession share transaction is to be manually tagged with the life interest SHID.
4. During distribution, the process will:
 - Temporarily and automatically transfer the shares to the life interest, from the remaindermen, before the distribution process runs.
 - The distribution runs as per normal.
 - Once the distribution is completed, the process will re-transfer the shares back to the remaindermen automatically.
 - The share transfer transactions will stay in the share transaction history, of the life interest, as a record and audit of the process

This process will ensure correct calculation of taxation against the life interest, with statement and payment processes continue as normal.

The issue could be in the reporting as the life interest will have 0 shares and most reports filter out owners with 0 shares.

LI Owner

There is a new column in the Share Transactions tab called LI Owner, far right side.

In the example below, 158 is in the LI Owner cell, this is stating SHID 158 is to get all distribution income from remaindermen SHID 157.

157 _Child1

Shareholder Info

Financial Transactions

Share Transactions

Reference

Misc

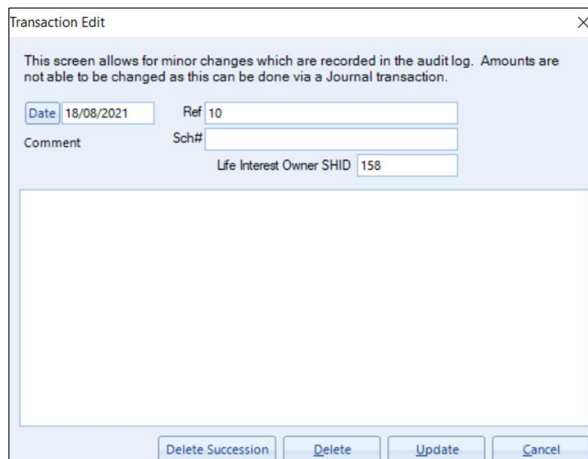
Select Trust: All

Add Parent

Link Person

	Date	Transaction	Comments	Name	Ref ID	Trust Code	Amount	Balance	LI	A	LI Owner
								Balance 0.1448375			
+	18-Aug- 2021	Succession		_Dad	10	Kopuhaia2	0.1448375	0.1448375	<input type="checkbox"/>		C 158

This is possible by double clicking on the date cell for the share transaction row, and entering the Life Interest Owner SHID in the textbox in the popup screen.



Transaction Edit

This screen allows for minor changes which are recorded in the audit log. Amounts are not able to be changed as this can be done via a Journal transaction.

Date: 18/06/2021 Ref: 10

Comment: Sch#: Life Interest Owner SHID: 158

Buttons: Delete Succession, Delete, Update, Cancel

Transferring closing balance to Life Interest

If Dad had money left in the shareholder/owner account, it can be transferred to Mum. In this example, Dad has \$100.

10 _Dad						
Shareholder Info Financial Transactions Share Transactions Reference Misc						
Select Trust Group: All		Select Trust: All				
Date	Transaction	Comments	Reconciled	Trust Code	Amount	Balance
						Balance \$100.00
25-Dec- 2020	Journal	Xmas 2020		Kopuhaia2	\$100.00	\$100.00
22-Nov- 2015	Opening Balance			Kopuhaia2	0	\$0.00

In the succession screen, the remaindermen are to have the shares transferred but not the money. And the life interest is to have the money but no shares.

Succession For _Dad - Kopuhaia2

Add NameUpdate #

☒ Only show new or names in same trust as current owner (faster)

		SHID	#	Name	A	B	Shares	\$
Search	View	156	1	*_Child2	1	/ 2	0.144837500000	0.00
Search	View	157	2	*_Child1	1	/ 2	0.144837500000	0.00
➔ Search	View	158	3	*_Mum	0	/ 0	0	100.00
Click here to add a new row								

After the succession:

10 _Dad						
Shareholder Info Financial Transactions Share Transactions Reference Misc						
Select Trust Group: All		Select Trust: All				
Date	Transaction	Comments	Reconciled	Trust Code	Amount	Balance
						Balance \$0.00
18-Aug-2021	Transfer	To _Mum SH 158		Kopuhaia2	-\$100.00	\$0.00
25-Dec-2020	Journal	Xmas 2020		Kopuhaia2	\$100.00	\$100.00
22-Nov-2015	Opening Balance			Kopuhaia2	0	\$0.00

158 _Mum	
Shareholder Info Financial Transactions Share Transactions Reference Misc	
First Name _Mum	Surname
Address (Cheques) Return Mail 55065 Kozey Forest North Luigi	Payee
PostCode	PDF
Address (Notices)	DOB 24/10/1960 60y
PostCode	Code
	Dec'd Decd -
	Bank Country NZ
	Bank
	Bank Account Details Closed
	Sex Female
	IRD
	Pay
	NRWT
	Reg Form Sent
	Stat ID Sent
	MLC Ref
	Code 2
	Code 3
	Reject Bnk Acct#
	Oseas
	AGM Apolog
	Trust
	Shares
	Balance
	Balance \$100.00
	Kopuhaia2
	0
	\$100.00

Example Succession

This example is Child 1 and Child 2 succeeding shares, not the money, from Dad.

10 _Dad										
Shareholder Info Financial Transactions Share Transactions Reference Misc										
Select Trust: All		Add Parent		Link Person						
Date	Transaction	Comments	Name	Ref ID	Trust Code	Amount	Balance	LI	A	LI Owner
Balance 0										
18-Aug-2021	Succession		_Child2	156	Kopuhaia2	-0.1448375	0		C	
18-Aug-2021	Succession		_Child1	157	Kopuhaia2	-0.1448375	0.1448375		C	
22-Nov-2015	Other	Imported from MLC			Kopuhaia2	0.289675	0.289675			

157 _Child1										
Shareholder Info Financial Transactions Share Transactions Reference Misc										
Select Trust: All		Add Parent		Link Person						
Date	Transaction	Comments	Name	Ref ID	Trust Code	Amount	Balance	LI	A	LI Owner
Balance 0.1448375										
18-Aug-2021	Succession		_Dad	10	Kopuhaia2	0.1448375	0.1448375		C	158

156 _Child2										
Shareholder Info Financial Transactions Share Transactions Reference Misc										
Select Trust: All		Add Parent		Link Person						
Date	Transaction	Comments	Name	Ref ID	Trust Code	Amount	Balance	LI	A	LI Owner
Balance 0.1448375										
18-Aug-2021	Succession		_Dad	10	Kopuhaia2	0.1448375	0.1448375		C	158

Mum is SHID 158. She gets no shares during the succession.

158_Mum

Shareholder Info

Financial Transactions

Share Transactions

Reference

Misc

Select Trust: All

Add Parent

Link Person

Date	Transaction	Comments	Name	Ref ID	Trust Code	Amount	Balance	LI	A	LI Owner
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Child 1 and Child 2 have Life Interest Owner SHID 158 assigned against their shares.

Transaction Edit

This screen allows for minor changes which are recorded in the audit log. Amounts are not able to be changed as this can be done via a Journal transaction.

Date18/08/2021

Ref10

Comment

Sch#

Life Interest Owner SHID158

Delete Succession

Delete

Update

Cancel

Example Distribution

Click LI List to extract share transactions with LI Owner set.

Enter Distribution Details

Date: 22/08/2021 *

Trust: Kopuhaia2

Distribution Type: Annual

Total Dollar Amount: \$369,100.00 *not required for batch

Rate Per Share: 1000 *not required for batch

Decimal Places: 2

Tax: ☒ Maori Authority ☐ Maori Authority Tax Free

Putea Type: ☐ Dollars ☐ Percent ☒ None

Putea Amount: 0.00

Note:
☐ Append "Shares Held" to Notes
☐ Append "Rate per Share" to Notes

Total Shares Calculation

Block Shares: 369.1

Difference: 0.0

Total Shares: 369.1

MACA Distributions

MA Credit Rate - Base: 17.50%

Credit Availability Rate: 17.50%

RWT Threshold: \$200.00

RWT No IRD + over RWT Threshold: 27.50%

RWT No IRD: .00%

NRWT: 15.00%

Example LI Owner list extraction:

	A	B	C	D	E	F	G	H	I	J
1	shid	LIOwnerSHID	firstname	surname	sharedate	shareref	shares	sharetype	sharenote	TrustName
2	156	158	_Child2		18/08/2021 0:00	10	0.1448375	Succession		Kopuhaia2
3	157	158	_Child1		18/08/2021 0:00	10	0.1448375	Succession		Kopuhaia2

Process the distribution:

Mum will temporary get the shares from the remaindermen during the distribution process, and removed once the process is completed.

158 _Mum

Shareholder Info Financial Transactions Share Transactions Reference Misc										
Select Trust: All <input type="button" value="Add Parent"/> <input type="button" value="Link Person"/>										
	Date	Transaction	Comments	Name	Ref ID	Trust Code	Amount	Balance	LI	LI Owner
Balance 0										
22-Aug-2021	Other	LI Owner Shares Reset				Kopuhaia2	-0.289675	0	<input type="checkbox"/>	0
22-Aug-2021	Other	LI Owner Shares for Distribution				Kopuhaia2	0.289675	0.289675	<input type="checkbox"/>	0

Mum gets the money. Remaindermen don't.

158 _Mum							
Shareholder Info Financial Transactions Share Transactions Reference Misc							
Select Trust Group: All		Select Trust: All					
Date	Transaction	Comments	Reconciled	Trust Code	Amount	Balance	
						Balance \$193.11	
22-Aug-2021	Dividend Tax	Resident Withholding Tax @ 27.5% (No IRD Number and over \$200.00)		Kopuhaia2	-\$96.56	\$193.11	
22-Aug-2021	Maori Authority Tax Credit			Kopuhaia2	-\$61.45	\$289.67	
22-Aug-2021	Distribution - Gross Amount	Shares Held: 0.289675, Rate per Share: 1000 Annual, Includes Maori Authority Tax Credits: \$61.45 at 17.5%		Kopuhaia2	\$351.12	\$351.12	

Easy.