

# Transitional residency flowchart

Use this flowchart to work out whether your client is a transitional tax resident. If they are it may affect the tax treatment of certain foreign income.

Migrants and returning New Zealanders may qualify as transitional residents if they meet certain conditions. If they do they may be entitled to a four-year temporary tax exemption on certain foreign income.

Inland Revenue doesn't formally advise migrants and returning New Zealanders about transitional residency or the exemption. Transitional residency is a domestic law test. International tax agreements are not considered when determining whether a person is a transitional tax resident.

## Are you a New Zealand tax resident?

Did you meet the requirements to become a tax resident of New Zealand on or after 1 April 2006? For more information please see our tax *Residency flowchart* www.ird.govt.nz (search keywords: residency flowchart).





Not a transitional resident

YES \_

Not a transitional resident



## Have you been non-resident for 10 years or more?

You were not a tax resident of New Zealand at any time in the 10 years before you qualified as a tax resident.





#### Have you been a transitional resident previously?

Transitional residency is only available to migrants and returning New Zealanders once.





Not a transitional resident

Not a transitional resident



## Have you chosen not to be a transitional resident?

Inland Revenue doesn't formally advise migrants and returning New Zealanders about transitional residency. You must notify Inland Revenue (either in writing, or by returning otherwise exempt foreign income or claiming otherwise exempt foreign losses) if you choose not to be a transitional resident.





## Have you applied for Working for Families Tax Credits?

If you or your partner currently receive or have applied for Working for families tax credits (WfFTC) this will affect whether you qualify as a transitional resident. Migrants and returning New Zealanders should consider their whole situation before deciding whether or not to apply for WfFTC.





Not a transitional resident



#### You are a transitional resident

You are entitled to the transitional resident temporary exemption on certain foreign sourced income. Read our *Tax agents' guide for migrants and returning New Zealanders (IR1069)* for full details.

#### Find out more

For more information about transitional tax residency and the questions in this flowchart, read our New Zealand tax residence (IR292) guide, or our Tax agents' guide for migrants and returning New Zealanders (IR1069).

If you've chosen not to be a transitional tax resident, you can advise Inland Revenue through your myIR secure online account or in writing.

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