



Office of Hon Judith Collins

MP for Papakura
Minister of Revenue
Minister of Energy and Resources
Minister for Ethnic Communities

2 October 2017

Dr Terrence Loomis

Fyi-request-6481-f4553517@requests.fyi.org.nz

Dear Mr Loomis

Thank you for your request made under the Official Information Act 1982 (the Act), received on 28 August 2017. As advised on 4 September 2017 part of this request was transferred to the Revenue portfolio. In the transferred part of your request you requested the following:

1. *Was the 'Nonresident drilling rig and seismic ship tax exemption,' which was due to expire on 31 December 2014, extended or replaced with a similar tax exemption? If so, what was the total value of exemptions allowed for the 2016/17 tax year*
2. *What was the value of 'Tax deductions for petroleum mining expenditures' for the 2016/17 tax year?*

Question 1

The exemption for non-resident companies involved in exploration and development activities can be found in section CW 57 of the Income Tax Act 2007. The exemption due to expire on 31 December 2014, was extended in 2014, to cover the five year period 1 January 2015 to 31 December 2019. At the same time this exemption was altered to explicitly include electromagnetic survey readings and exclude drilling rigs of modular construction installed on an existing offshore platform.

This section does not require this exemption to be "allowed" as it will automatically apply to income that meets the qualifying criteria. This exemption does not have a fiscal cost to Government revenue as, in the absence of this exemption, drilling rig and seismic ship operators would leave New Zealand before they had been present for 183 days – which is the point any income may be subject to New Zealand tax under an applicable Double Tax Agreement.

Question 2

I am unable to provide you with a response to your question for two reasons:


- i. Many petroleum miners will not have yet filed their income tax returns for the 2016-17 year which, in many cases, will not be due until 31 March 2018.
- ii. Expenditure incurred on petroleum mining is not separately identified in tax returns.

Accordingly, under section 18(e) of the Act this information cannot be released as it does not exist.

If you disagree with my decision you have the right, under section 28(3) of the Act, to ask the Ombudsman to investigate and review my decision. The office of the Ombudsman can be contacted at PO Box 10152, The Terrace, Wellington, 6143.

Thank you for your request. I trust that this information is of assistance to you.

Yours sincerely

A handwritten signature in black ink, appearing to read "Judith Collins". The signature is written in a cursive style with a large initial 'J'.

Hon Judith Collins
Minister of Revenue