

# The New Zealand legal landscape

A reflection and view to the future | October 2021

The New Zealand economy has proven to be resilient and there are many opportunities for overseas investors to grow their businesses here. This resource includes some of the key legislative changes in the past 18 months and in the future, relevant to businesses operating in New Zealand, across various sectors.



## Corporate, competition and tax

### ← LOOKING BACK

#### December 2020

- Privacy Act 2020 comes into force
- Law Commission releases discussion paper on class actions and litigation funding
- Updates to NZX Market Rules and Reverse Listing Guidance Note

#### March 2021

- Tax losses can now be carried forward despite a shareholder continuity breach, provided certain business continuity requirements are met

#### April 2021

- Top income tax rate of 39% for individuals introduced, while the company (28%) and trustee (33%) rates remain the same
- Criminal offences for cartel conduct come into effect

#### May 2021

- Rewrite of the Overseas Investment Act complete

#### July 2021

- New purchase price allocation tax rules for asset sale and purchases – non-compliance with the new rules may result in adverse tax consequences
- New overseas investment framework introduced (including provision of certain tax information)

#### August 2021

- Fuel Industry Act 2020 and Fair Trading Amendment Bill receives Royal Assent

#### September 2021

- Legislation to move to an effects test on the Australian model for misuse of market power reported from Select Committee and on track to commence one year after enactment

### → LOOKING FORWARD

#### October 2021

- Legislation to deny interest deductions on loans for residential properties

#### 2022

- The Overseas Investment Office (OIO) fee review remains ongoing
- The streamlined forestry regime, introduced in 2018, is being reviewed by Treasury
- Legislation establishing a consumer data right is due to be introduced in 2022



## Financial sector & services

### ← LOOKING BACK

#### March 2021

- New financial advice provider licensing regime introduced

#### July 2021

- The seven year countdown begins to the implementation of the Reserve Bank's higher regulatory capital requirements on mainstream banks

### → LOOKING FORWARD

#### December 2021

- Consumer lending – Senior managers and directors of lenders become personally liable for organisational compliance
- An exposure Bill will be released to overhaul New Zealand's deposit taker regime
- Financial Markets (Conduct of Institutions) Amendment Bill 2019 (CoFI) expected to be passed late 2021

#### 2022

- Reserve Bank consultation on Insurance (Prudential Supervision) Act review continues



## Finance, infrastructure and construction

### ← LOOKING BACK

#### July 2020

- A new National Policy Statement on Urban Development is gazetted, aiming to enable sufficient development capacity to meet population growth

#### August 2020

- Infrastructure Funding and Financing Act 2020 creates a framework for high-growth councils to attract private capital for housing and urban development projects, supported by a targeted levy

#### May 2021

- Budget takes Crown infrastructure investment over the next five years to \$57.3b

#### June 2021

- Ambitious three waters reform agenda proposes the transfer of water assets of 67 local authorities to four public entities, and estimates between \$120b-\$185b of investment will be needed over the next 30 years

#### September 2021

- Amendments to the Property Law Act require commercial leases to include a 'fair proportion' of rent to be paid where a tenant has been unable to fully conduct their business in their premises due to the Covid-19 restrictions

### → LOOKING FORWARD

#### 2022

- Three Acts being prepared to replace the Resource Management Act aiming for a simpler and more consistent regime
- 30-year infrastructure strategy to lead policy change and investment
- Major health reform to be implemented from 1 July 2022. All DHBs will be replaced by one national organisation, Health NZ
- The new Construction Contracts Amendment bill is before the house



## Climate change

### ← LOOKING BACK

#### March 2020

- Modeling shows climate change mitigation will push up demand for renewable energy by 55% in the next 15 years

#### April / May 2021

- Climate-Related Disclosures (CRD) Bill introduced into Parliament requiring all listed issuers, and all large banks, insurers and fund managers to publish climate risk statements
- Emissions Trading Scheme (ETS) reform brings in unit volume and price controls via NZU auctions, triggering substantial NZU price increases
- Government announces that from 2022 ETS revenue will be committed to climate change mitigation and adaption

#### September 2021

- Submissions close on major reform of ETS market governance requirements and industrial allocation eligibility and entitlements

### → LOOKING FORWARD

#### October 2021

- Consultation opens on the Emissions Reduction Plan, expected to provide sector-specific climate policies to achieve the 2022-2025 emissions budget
- External Reporting Board due to release parts of the draft Climate Standard that prescribes CRD Bill disclosures (aligned with international climate-related disclosure guidance)

#### November 2021

- UN climate conference in Glasgow (COP26) – increased ambition in climate commitments anticipated, including from New Zealand

#### December 2021

- Emissions Budgets to be gazetted setting New Zealand's domestic emission limits until 2035
- CRD Bill expected to pass, with first disclosures from FY2023-2024

#### May 2022

- Emissions Reduction Plan to be finalised, setting policy and strategy to achieve emissions budgets until 2025



To read more detail on these changes, [click here to view the Trends & Insights section of our website.](#)