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HIGHLIGHTS

¶1 2012 — The year at a glance**Legislation**

The Charities Commission was disestablished by the Charities Amendment Act (No 2) 2012 with effect from 1 July 2012. See ¶24-195.

The Taxation (Budget Measures) Act 2012 received Royal assent on 29 May 2012. See ¶11-035, ¶11-040, ¶11-045, ¶11-070, ¶27-235 and ¶27-264.

The Taxation (International Investment and Remedial Matters) Act 2012 received Royal assent on 7 May 2012. This Act formally repealed the provisions on branch equivalent tax accounts and conduit tax relief accounts and introduced the attributable FIF income method. See ¶26-010 and ¶26-130.

Taxation (Annual Rates, Returns Filing, and Remedial Matters) Act 2012

The Taxation (Annual Rates, Returns Filing, and Remedial Matters) Act 2012 received Royal assent on 2 November 2012. A brief summary of the main amendments covered in this update are set out below.

Business interruption insurance

Section CG 5B(2) has been amended and s CG 5B(3) replaced. Under former s CG 5B(3), the income from an insurance payment for loss of business income in an income year was allocated to the earlier of the income year in which the payment was made and the income year in which the payment could be reasonably estimated. As a consequence, an insurance payment that is made, or can be reasonably estimated, soon after an insured event may be allocated to an income year preceding the year of the income that is being replaced. New s CG 5B(3) prevents an early allocation in such a situation by allocating the replacement income to the year of the replaced income.

The amendment is effective on 4 September 2010 and applies for the 2011/12 and later income years. An exception is provided for the 2010/11 income year for a person who has an extension of time for filing a return for that year, under the Canterbury Earthquake (Inland Revenue Acts) Order 2011. See ¶5-047 and ¶5-345.

Compensation or insurance for revenue account property

New s CZ 25 provides that a person who owns an affected building on revenue account that is demolished or abandoned for demolition and who intends to replace the building in greater Canterbury is not taxed immediately on any insurance or compensation in excess of the person's deductions for the building. If the person acquires replacement property in or before the 2015/16 income year, the expenditure on that acquisition is taken into account in determining the excess amount that is taxed. Section CZ 25(1)(a) extends this treatment to (1) insurance or compensation for land, as well as buildings, owned by a person on revenue account and affected by Canterbury earthquakes, and (2) amounts paid by the Government under s 53(1) of the Canterbury Earthquake Recovery Act 2011 in purchasing affected land or buildings owned by a person on revenue account. The amendment is effective on 4 September 2010. See ¶5-346.