

GROWING YOUR BUSINESS INTERNATIONALLY

VIEWPOINT

Maximising your international expansion through risk mitigation

Most New Zealand business owners have considered offshore markets at some point, whether for expansion, supply or the possibility of a new venture. For many, the idea is quickly discounted. For others, the prospect is energising, even when they recognise that international operations are challenging and the first steps are daunting.

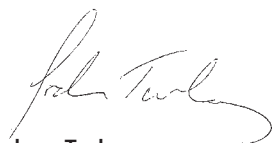
Owners who have 'gone international' consistently offer four pieces of advice to others – talk to other business owners who've gone before; explore Government assistance (NZTE is the first stop); get close to international customers and suppliers; and never underestimate the amount of cash required.

We regularly hear inspiring stories from businesses who have committed the necessary efforts to reap the long term gains that come from having an international presence.

From conversations and from the ANZ Privately-Owned Business Barometer, we know that a large number of New Zealand business owners are interested in expanding internationally. When we talk to them about their experiences, most business owners identify similar challenges. High among them: where does the money come from to grow and once I do start operating internationally, how can I be sure that I get paid?

In our last Viewpoint, Funding Growth Through Cash Flow, we talked about how you can release cash from within your business to grow. In this issue, we outline how you can ensure that your cash flow cycle remains effective with international partners, and look at some of the solutions available to help ensure you get paid.

We've also included three customer stories that we found particularly inspiring. Whether it's a collaborative approach between competitors, having a long-term strategic view of international growth or taking advantage of natural opportunities, New Zealand businesses are making their mark on the world and establishing a reputation for quality that benefits all of NZ Inc.



Graham Turley
Managing Director, Commercial & Agri

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Keeping your cash under control

One issue often underestimated by businesses when they begin exporting is the impact on their cash flow cycle.

An extended timeframe for delivery, additional costs for warehousing, shipping and customs, new relationships with suppliers or customers, and different currencies are just some of the issues that can cause your existing cash flow cycle to unravel.

Once the sale has been made, the fundamental issue for all businesses – that of either not being paid or not receiving goods – is exacerbated when operating internationally. Longer distances for transport, dealing with companies in different countries (and therefore under different laws for legal recourse) as well as dealing with new suppliers, all combine to make the accounts payable and receivable process just a bit more complex.

But it doesn't need to be. If you are considering operating internationally or want to improve the cash flow of your existing offshore operations, consider the following points.

Think about the real cost to your business

When you are negotiating payment terms with an international supplier, understand how the payment terms will impact on your cash flow and what this will cost you. For example, if your account will be in overdraft for a longer period of time, then the interest costs for the overdraft accounts should be included in your calculations.

Ideally, this is done in consultation with the other party. Steve Fishwick, Senior Manager, Trade Sales at ANZ says "It's important for both buyers and sellers to understand the risk to their own business, the amount they are willing to pay to mitigate the risk and the value of the overall transaction to their business."

Overdrafts are not the only funding option

Once you understand the cost of the opportunity and the terms of the transaction, you can then consider the funding options available. Many banks offer products that are specifically designed to finance and mitigate risk in international trade flows (see page 5 for more details on trade finance options).

"Trade finance has two key benefits" says Steve. "Payment can be guaranteed and the funding is linked to a specific deal. That means that rather than finding cash from within the business for production and distribution, the trade finance solution is used to fund the execution of a particular deal."



Situations where a trade finance solution may be appropriate are:

- > **If you experience a rapid growth in sales**
- > **If you are expanding overseas and, as a result, have an increase in accounts receivables terms due to longer timeframes for delivery of goods**

When deciding how to fund growth or increase your working capital requirement, some things to consider are:

- > **Does this deal (after taking into account the costs of funding and risks) still make financial or strategic sense for my business?**
- > **How can I minimise the cost of capital used to fund my working capital requirements?**
- > **What product will give me the most flexibility to draw down money when I need to fund a deal, for the timeframe of that deal?**
- > **The more diverse my range of funding is (equity, long/short term debt, trade facilities), the more likely I will be able**

to fund further expansion. Is my business looking at further expansion and over what timeframes?

Steve says "Trade finance is specifically designed to support businesses growing both domestically and internationally. It is recommended that you consider this option for your business when expanding or reviewing your current banking arrangements."

Turn to page 8 to find out how currency movement can cost your business.

ANZ Transactive

Around 20 percent of all international trades from New Zealand are with Australia and of those trades, about 80 percent are paid for through open accounts – that is, the same invoicing payment system that is used for domestic accounts.

One way that ANZ is helping customers to manage their cash flow across the Tasman is through the recent launch of ANZ Transactive, our trans-Tasman, web-based cash management platform that allows you to transact on both your Australian domiciled and New Zealand domiciled

accounts via a single platform¹. This lets you streamline your payments and cash management operations and allows for simplified payment processing and approvals.

One of the most significant cost-saving features within ANZ Transactive is the ability to transfer funds between your Australian domiciled and New Zealand domiciled accounts as an account transfer, rather than as an international funds transfer. This significantly reduces the cost associated with international

transfers and makes it much more cost-effective to maintain trans-Tasman account balances.

ANZ understands that cash management platforms need to align with your internal payments and approval process. ANZ Transactive includes comprehensive approval options that you can configure to match your operating model.

To find out if ANZ Transactive is appropriate for your business and for further information on fees and terms, contact your Relationship Manager.

¹ANZ Transactive is provided by Australia and New Zealand Banking Group Limited (ANZ Group). A reference to Australian domiciled accounts means accounts held with ANZ Group and a reference to New Zealand domiciled accounts means accounts held with ANZ National Bank Limited.



The team from Macvad have plenty to celebrate.

CASE STUDY 1

Macvad

Importer-turned-exporter uses trade finance to grow

Unlike many Kiwi businesses who start domestically and then realise their growth opportunities are offshore, Macvad Group have always been an international company, importing supplies for other New Zealand companies.

In 1962, McDonald Vadco was established as a family-run business importing fabric for the garment industry. It has since grown into a group of highly specialised importing companies supporting a range of predominantly retail customers.

As a sourcing and importing company, establishing and maintaining relationships with suppliers is crucial. Macvad have strong relationships with over 5,500 factories in Asia and have people based permanently in China to ensure their products meet their clients' expectations of price and quality.

Having established a strong operation in New Zealand, the team at Macvad recognised this was something that could be replicated in other countries. Despite the fact they had been operating internationally since inception, when Macvad began to export their business model to new markets, they faced many

of the same issues encountered by businesses taking their first international steps.

Like many Kiwi businesses, Macvad's first offshore foray was into Australia because, as Struan Kingan, Managing Director says, "we had existing customers asking us to move plus we needed economies of scale we couldn't get in New Zealand. Australian trends and seasonal demand is the same so it was an obvious choice."

While the decision may have been an easy one, the actual experience was more difficult. Even though it's the closest market to home, Macvad found the set-up in Australia to be the most challenging. "Australia has a different trading model in a lot of ways. It's faster and has more volume. Setting up basic IT and communication is not straight forward and can be frustrating," says Struan.

Having overcome these issues in Australia, the business has continued to expand internationally, through a combination of quick opportunities that emerged and strategic targeting of specific markets. All expansion plans have aligned with the business's broad strategy of expanding their business model to every English speaking country. As well as New Zealand and Australia, Macvad now has operations in Canada, USA, South Africa and United Kingdom.

With their global supply chain, Macvad needed to consider all financing options to ensure their cash flow cycle remains tight.

"Trade finance has really helped us with respect to growth. Everything we do is done with official orders so no speculation is done. Locking in profit is very much our normal way now. With the NZD being so volatile

we have learnt too often the hard way. Trade finance just makes it easier to plan." says Struan.

Relationship Manager, Brandon Jackson says "By using trade facilities rather than funding through an overdraft, Macvad are able to access a larger pool of growth funding which helped them to grow in a controlled manner. The shorter terms and link to a specific trade deal helps establish better disciplines and provides greater risk management for both us and Macvad."

And what of the family who began Macvad almost 50 years ago? Says Struan "We still have a founding member who comes in each morning. His sound trading advice is still very well respected. His son is a director of the company so it keeps the history going."

Trade Finance – the payment options

There are four commonly-used payment methods for making and receiving international payments. Your relationship manager or a trade finance specialist can help you identify the most appropriate option for your business.

Advance payment

Buyer pays for the goods prior to shipment.

As the name suggests, advance payment requires the buyer to pay for the goods in full before the goods are shipped.

After the goods have been sent, the seller sends the shipping documentation to the buyer as evidence the goods have been dispatched.

Open account

Buyer pays for the goods after shipment or receipt.

Typically used by companies with an ongoing relationship, this is where the buyer pays for the goods once they have been received, usually on an invoice cycle agreed between the two parties. With an open account, the seller bears the risk of non-payment, which can be mitigated through the use of a credit insurance policy.

Documentary Collections

Banks are involved in handling the transfer of documents from seller to buyer.

This is where the bank acts as an intermediary between the seller and the buyer. The buyer does not get access to the goods until they have been paid for or the buyer has given a legally binding promise to pay for them. However, the bank does not offer any guarantee that the buyer will pay or accept the documents.

Documentary collections are also known as Collections, Cash against Documents (CAD), Documents against Payment (D/P), Documents against Acceptance (D/A), and Bills of Exchange.

Documentary Credits

Banks are involved in handling the transfer of documents from seller to buyer and also guarantee payment to the seller.

Documentary credits are the most secure method of ensuring payment. As well as controlling the transfer of documents from seller to buyer, the bank also guarantees payment to the seller. Payment is subject to the seller presenting documents showing that the goods have been shipped in compliance with the terms of the Letter of Credit.

Documentary Credits are also known as Letters of Credit, LCs or DCs.

Trade Finance - a comparison

The table below shows the advantages and disadvantages for both buyers and sellers of the four options. When determining the most appropriate solution for your individual transaction, it is important to keep in mind the disadvantages to the counterparty, as well as to your own business.

PAYMENT METHOD	ADVANTAGES	DISADVANTAGES
ADVANCE PAYMENTS		
SELLER	<ul style="list-style-type: none"> ✓ Certainty of payment. ✓ No need to ship goods until payment received in full and therefore has full control over the deal. 	<ul style="list-style-type: none"> ✗ May embark on expensive production before payment is received. ✗ May have to obtain an advance payment guarantee from the Bank.
BUYER	<ul style="list-style-type: none"> ✓ Potential for discount on price by paying prior to shipment. 	<ul style="list-style-type: none"> ✗ Has no guarantee that goods will be delivered, and no control over the seller. ✗ Early payment will result in lengthy cash flow cycle or negative cash flow.
OPEN ACCOUNT		
SELLER	<ul style="list-style-type: none"> ✓ Less paperwork than Documentary Credits or Documentary Collections. 	<ul style="list-style-type: none"> ✗ Loses control of documents and goods, which are despatched to buyer before receipt of payment. ✗ Buyer may not accept the goods, or may be unable to pay. ✗ Buyer may stretch credit terms (e.g. the cheque's in the mail).
BUYER	<ul style="list-style-type: none"> ✓ Need not pay until the documents (and usually the goods) are received. The buyer therefore has full control over the transaction. 	<ul style="list-style-type: none"> ✗ May have to pay premium price to obtain these terms.
DOCUMENTARY COLLECTIONS		
SELLER	<ul style="list-style-type: none"> ✓ Retains control of the goods until the collection is paid or accepted. ✓ Banks will chase up the buyer for payment/acceptance. ✓ Possible to "discount" the collection to obtain funding from bank. 	<ul style="list-style-type: none"> ✗ Buyer may not accept the goods, or may be unable to pay. ✗ On term collections there is still the risk that the buyer is unable to pay at maturity.
BUYER	<ul style="list-style-type: none"> ✓ Receives control of goods as soon as payment made or collection accepted. ✓ Does not tie up bank lines/limits. 	<ul style="list-style-type: none"> ✗ Documents flow via the bank which can sometimes delay receipt.
DOCUMENTARY CREDITS		
SELLER	<ul style="list-style-type: none"> ✓ Guaranteed payment should compliant documents be presented. ✓ Able to discount proceeds and get paid on shipment without use of own facilities. ✓ May be able to obtain confirmation from local bank to mitigate Issuing Bank and Country risk. 	<ul style="list-style-type: none"> ✗ Complexity of ensuring that documents comply with the DC. ✗ Still exposed to risk on issuing bank and country unless confirmation available.
BUYER	<ul style="list-style-type: none"> ✓ Knows that compliant documents are required before payment will be made. ✓ Can bundle finance facilities on the back of DC. 	<ul style="list-style-type: none"> ✗ Requires facilities with bank to establish DC.



CASE STUDY 2

Pure New Zealand Greenshell Mussels Cultivating Success in China

The recent collaboration between four leading New Zealand seafood exporters to create Pure New Zealand Greenshell Mussels is creating opportunities in China that would be substantially more challenging and potentially unattainable on a singular approach.

Realising the potential of the Chinese market and that competing against each other would potentially erode margins, Sanford Limited, Sealord Group Limited, Greenshell New Zealand and Aotearoa Seafoods joined forces to create Pure New Zealand Greenshell Mussels, a wholly foreign-owned enterprise* based in Shanghai.

The joint venture is part of a long term investment in the Chinese market. The development, marketing and distribution of a single brand product into China is designed to capitalise on the correlation between increasing income, urbanisation and a rising demand for high-quality protein products. It also takes advantage of the regulatory framework as tariffs on New Zealand mussels under the New Zealand-China Free Trade Agreement continue to decrease to zero by 2012.

Aquaculture comprises approximately 18 percent of New Zealand's total seafood exports, and Greenshell mussels accounted for 68 percent of New Zealand aquaculture exports in 2010. Currently worth about \$250m, the industry objective is to be worth \$1b in sales by 2025.

The joint venture's growth objectives support the New Zealand Government's aspirations for New Zealand to be a world-leader in supplying high-quality seafood products and to increase value-add exports to Asia. Pure New Zealand Greenshell Mussels has received funding from New Zealand Trade and Enterprise to develop scale in exploiting the growth potential in the Chinese market. The company was recently opened by New Zealand's Ambassador to China in Shanghai.

“The sheer size, complexity and potential benefits of successfully accessing this market as a united group, coupled with the implementation of the New Zealand-China Free Trade Agreement, provided the perfect catalyst.” says Eric Barratt, Sanford Limited Managing Director and Chairman of Pure NZ Greenshell Mussels. “The previously diverse companies saw the potential benefits of working together with New Zealand Trade and Enterprise to expand markets for New Zealand Greenshell Mussels at a time when there were severe price pressures in other markets. The development of the Pure New Zealand Greenshell Mussel brand, backed by quality specifications and in-market service and promotion has helped the company get off to a flying start.

(continued next page)

*Wholly Foreign Owned Enterprises (WFOE) are limited-liability companies organised by foreign nationals and capitalised by foreign funds. The advantages of operating as a WFOE in mainland China include total management control without interference by joint venture partners and increased trademark and intellectual property protection under international law.

Renminbi on the Rise

The Chinese currency – the renminbi (RMB) or yuan – will inevitably become a major international currency and a large market in the currency could be operating within only a few years.

Since 2003, banks in Hong Kong have been allowed to conduct limited personal RMB business such as deposit-taking and remittances. In July 2010, the “People’s Currency” made a quantum leap when RMB was allowed to travel outside China as part of the progressive deregulation and internationalisation of the Chinese economy.

As a result, in just six months, cross-border trade settlement witnessed a 10-fold increase to RMB101b (NZD19.8b) per month in December 2010, compared with RMB10b (NZD2b) in June.¹

This meteoric ascent of the RMB in cross-border settlement is evidence of the RMB’s progress towards becoming one of the world’s principal trading currencies.

While trade deals with China have historically been undertaken in US dollars, RMB is now more readily accessible to New Zealand importers and exporters². In April 2011, ANZ New Zealand leveraged off its extensive capability in Asia to complete its first trade deal in RMB for Wellington company NAC Trading.

This has established a trend that will likely be the way of the future. Dealing in RMB will help reduce conversion costs and also potentially give importers and exporters here a competitive advantage, as Chinese customers are likely to be more comfortable trading in their own currency.



With China now New Zealand’s second largest trade partner, the opportunities are immense. Once the RMB is adopted as a common settlement currency by exporters and importers, a large and liquid market could be operating within only a few years.

As a result, New Zealand managers need to become as familiar with the RMB as they are with the USD, AUD and the Euro.



Official opening of Pure New Zealand Greenshell Mussels in Shanghai

Cultivating Success in China (continued)

The company now has an office and two staff in Shanghai, and is actively promoting the benefits of Pure New Zealand Greenshell Mussels. Sales started strongly and now the hard work is underway building long term confidence in the product, pricing and supply availability in both the retail and foodservice sectors.”

Having a strong relationship with the leading consortium members and being the only trans-Tasman bank that has a licence to operate in China made ANZ the obvious choice to provide banking solutions to the newly-created joint venture.

Chris Mouat, Head of Asian NZ Relationships says ‘We are seeing more and more examples of collaboration between New Zealand companies who are

recognising that the best way to take on large markets like China is to join forces with their New Zealand competitors. In general, New Zealand businesses don’t have the size to compete with each other and with multi-nationals on a global scale”.

“By working together, companies can leverage the benefits of brand New Zealand and ensure they get a share of the market without eroding their margins to get it.”

¹ Trading with China: The Rise of Offshore Renminbi Business, prepared by ANZ and Asia Society AustralAsia Centre, March 2011.

² RMB is subject to availability and payments in RMB are subject to the regulatory requirements of the People’s Bank of China.

Keeping your cash under control (continued from page 3)

Currency movement can cost you money

If your company is buying or selling goods internationally or has an interest in a foreign owned company, then it is important to consider ways to reduce your exposure to currency fluctuations. This is the risk that the exchange rate between currencies will move in a way that is unfavourable to one party in the time between when the terms are agreed and when the payment is made.

Foreign exchange markets can be volatile and the cost of even a few cents' movement can erode your profit margin.

Thornton Williams, Senior FX Dealer at ANZ says "To ensure your risk management strategy provides effective protection, it's important to understand your own business and the risks that it is exposed to."

In order to understand your foreign exchange exposure, Thornton suggests asking the following questions:

- > What is my profit margin and how quickly can this be eroded by foreign exchange movements?
- > What proportion of my foreign exchange risk do I want to manage?
- > For what time period should I manage this risk?
- > How sensitive is my industry and my competition to changes in foreign exchange rates?
- > How responsive is my product's price to movements in foreign exchange rates?
- > What accounting treatments do I need to consider with my foreign exchange strategy?
- > How much foreign exchange movement can my business sustain before I am uncompetitive?

How much can currency movement cost you?

The table below shows the amount of New Zealand dollars that USD100,000 would convert to, using the lowest, average and highest exchange rate during 2010. The dollar difference on USD100,000 between the high and low equates to NZD26,257.62

		EXCHANGE RATE	NZD	DIFFERENCE FROM AVERAGE (NZD)
USD100,000	Low	0.6588	151,791.14	11,925.68
USD100,000	Average	0.7150	139,865.45	
USD100,000	High	0.7966	125,533.52	-14,331.93

When Australian dollars are converted to New Zealand dollars, using the low, average and high of 2010, the difference between the high and low equals NZD 10,534.77.

		EXCHANGE RATE	NZD	DIFFERENCE FROM AVERAGE (NZD)
AUD100,000	Low	0.7581	131,908.72	4,978.78
AUD100,000	Average	0.7878	126,929.94	
AUD100,000	High	0.8239	121,373.95	- 5,555.98

Although less than the USD equivalent, there is still significant variation in the amount of New Zealand dollars received when converting AUD 100,000.

Managing the risk

One of the commonly used methods of mitigating foreign exchange risk are Forward Exchange Contracts. While these can be an effective method of managing risk, it is important to remember that decisions to

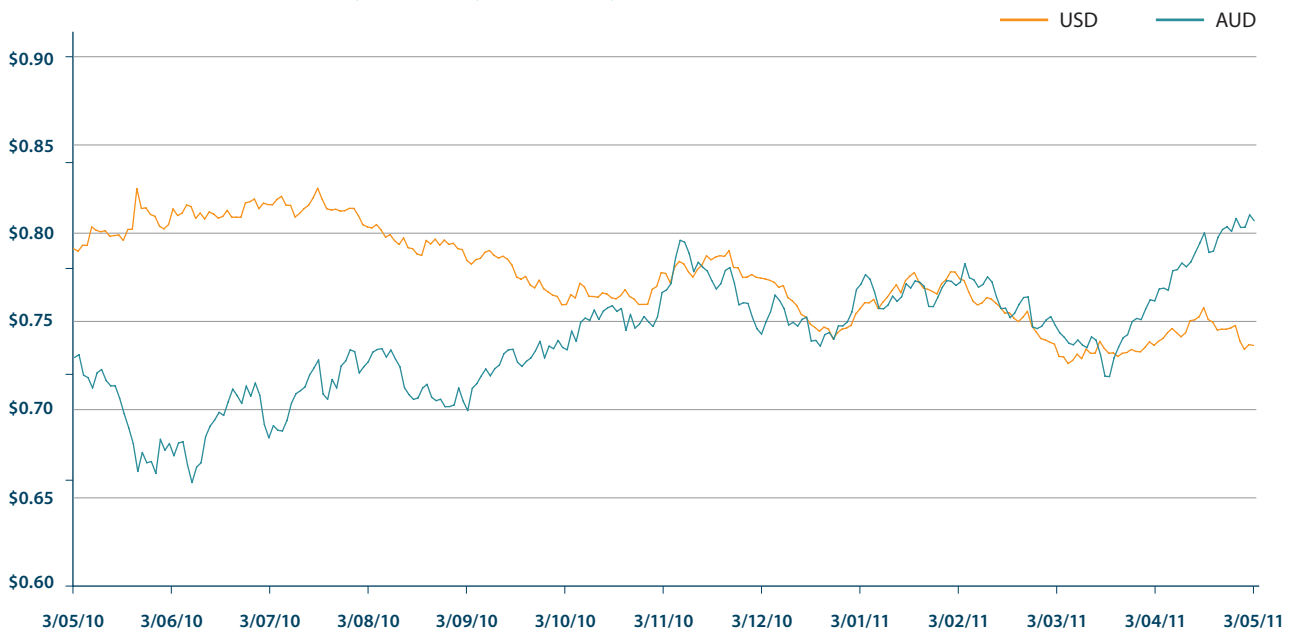
enter into a derivative or futures contract are very important. They often have significant consequences. It is recommended that you read all documents carefully, ask questions and seek independent advice

(including tax, legal and financial advice) before deciding whether a particular transaction is suitable for you.

The New Zealand Dollar – a picture of volatility

The chart below shows the New Zealand dollar against the Australian and US dollars for the last 12 months and demonstrates how much change there can be in a 90 day or even a 30 day payment cycle.

NZD against USD and AUD – daily prices May 2010 to May 2011



Source: Reuters

What are Forward Exchange Contracts?

Forward Exchange Contracts are typically an agreement to exchange an amount of one currency for an amount of another currency on a specified date in the future at an exchange rate that is agreed at the start of the contract.

The effect is that you will have certainty of the exchange rate for the duration

of the Forward Exchange Contract and therefore mitigate the risk of any unfavourable movement in that currency.

However, once you enter into a Forward Exchange Contract, you lose the benefit of a favourable exchange rate movement. You are also obliged to exchange

currencies on the specified Settlement Date, so you need to be confident with regard to your ability to make payment.



CASE STUDY 3

Pumpkin Patch

From garage to the globe

Pumpkin Patch is one of New Zealand's iconic and successful brands, and a genuine Kiwi success story, so it was little surprise when they won three awards at the 2010 NZTE International Business Awards, including the Judges' Supreme Award.



Beginning in 1990 as a mail-order business focussed on design-driven children's wear, Pumpkin Patch now operates in 22 countries and 85 percent of their annual turnover is generated offshore. Australia was the first international market that Pumpkin Patch entered and it remains key, accounting for 52 percent of sales.

"An important plank to our international success is understanding our customers in each market" says Matthew Washington, CFO for Pumpkin Patch. "This guides use of the appropriate sales channel, combined with a proven business model and a strong internal culture."

The underlying model for Pumpkin Patch has been to maintain in-house control over key aspects of the business, including merchandise design, store layout and experience, marketing and distribution.

While Pumpkin Patch's successful design teams are based in New Zealand, the company takes advantage of the scale of China's manufacturing facilities. Selected for their skills, quality and timeliness, the suppliers have long-standing relationships with Pumpkin Patch, which has assisted the company to achieve timely delivery of seasonal ranges while maintaining the required quality standards.

Pumpkin Patch's international expansion has come about through strategic planning of their growth in each market and proactively adapting to the changing market conditions while maintaining the fundamentals of being a successful retailer and managing a distinctive brand.

Pumpkin Patch has not been immune from the recent global impact on retail trading, as consumers reduce spending to counter-

act tough economic conditions. Says Matthew, "The strength of the Pumpkin Patch brand and effort directed at ensuring a sound balance sheet has provided the platform for international growth. This has allowed the company to focus on the longer term strategy of making Pumpkin Patch a global childrenswear brand."

ANZ Institutional Director, Grant Nicholls says "Pumpkin Patch is a great example of a New Zealand company successfully expanding internationally while maintaining its strong domestic base, culture and fundamentals. ANZ's role is to provide efficient working capital funding solution complemented by FX and trade finance solutions to mitigate operating risks".

International expansion – an adviser's perspective

"International expansion needs to be governed by the same thought process and management approach as any other significant investment" notes Hamish Bell, Private Client Services Partner at PWC. "Careful advance planning that takes into account tax and commercial considerations can help businesses avoid costly mistakes and maximise returns."

The decisions made regarding legal and operational structures, as well as funding models and product pricing can have a significant impact on the after-tax return to owners. Dealing with tax issues in offshore jurisdictions can be complex, so careful consideration should be given to areas such as repatriation of profits, withholding and other indirect taxes (eg capital gains tax in Australia), and transfer pricing implications of related-party transactions.

Businesses should start with a view on what structure is best from an operational perspective before overlaying the key tax considerations. From an income tax perspective, the key factor is whether the operational requirements will result in the business having a 'permanent establishment' ("PE") in the offshore market. If it does, the business will be liable

to pay tax in that jurisdiction. Where a PE exists, a business becomes exposed to the risk of double taxation on the profits earned offshore when these earnings are distributed back to the ultimate New Zealand owners.

The most common structures are

- 1) selling direct from the NZ business;
- 2) selling via an independent agent in the offshore territory;
- 3) selling via a Branch of the NZ business; and
- 4) selling via a wholly owned subsidiary.

Each structure has different tax implications and advice should be sought on specific circumstances. While the first two structures typically do not involve the business having a taxable presence offshore, every situation differs and issues can still arise, for example where contracts are substantially negotiated offshore or office or warehouse space is leased.

Where a taxable presence exists, businesses may look to manage their ultimate tax liability by limiting the taxable profits they earn in offshore operations. This is important in trying to limit the double taxation of offshore profits. One way this can be done is to charge management fees or to recharge other costs. These are subject to transfer pricing rules however, which require 'arms-length' prices are charged on all cross-border transactions between related parties.

Many businesses use inter-company debt to fund the offshore business. Using interest bearing debt can be a useful tool to minimise taxable profits in the offshore business. However, most countries have thin capitalisation rules that limit the amount of debt funding which can be used and these require careful consideration.

Another sensible approach to limit the level of offshore profits is through the appropriate pricing of goods and services transferred by the NZ business to the offshore business. This can often be done in a way which properly maximises the margin retained by the NZ business and limits the offshore business to a return which is commensurate with the functions and risks they take in that market.

Ultimately it comes down to careful planning up front. **"Proper planning from the outset ensures a business can correctly comply with its tax obligations in NZ and overseas while maximising the returns to its owners,"** says Brendan Catchpole, Tax Partner at PWC.

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How ANZ can help you expand internationally.

- ANZ Group has a presence in 32 countries around the world including 14 Asian countries.
- Our teams in ANZ have connections to their colleagues around the world and can introduce you to banking specialists who understand their country's particular requirements.
- Your ANZ Relationship Manager can introduce you to trade finance and FX product specialists in New Zealand. Our product specialists work with you and your Relationship Manager to understand your business to develop a complete banking solution.

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