



New Zealand in times of the pandemic

New Zealand, “go hard, go early”

New Zealand’s strategy against fighting Covid-19 has been “go hard, go early”. The first case of the disease in New Zealand was reported on 28 February 2020, the borders were closed on 19 March 2020 for anyone who is not a New Zealand citizen or permanent resident, and so far they have been kept closed under the same conditions.

The government’s determination to eliminate the virus allowed a quicker resumption of economic activity once it was stamped out. New Zealand enjoyed during 2020, 102 days without Covid-19 cases in the community between the first and second wave, and almost six months with no community cases after the second wave. Except for a few months, the population was able to work and move freely within the country for most of the year 2020. The control of the virus has been the same so far for the year 2021. As a result, New Zealand has been one of the most successful countries in the world in relation to the management of the pandemic.

New Zealand is one of the world’s most stable democracies. The political system is based on the British model and has demonstrated long term stability. In a turbulent world, New Zealand stands out as a reassuringly sturdy beacon of economic, political, and social stability.



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Economic recovery

The country's GDP shrank by 12.2% between April and June 2020 as the lockdown and border closures hit¹. However, New Zealand economy is exhibiting some promising signs of revival, keeping the country upbeat on the swift return to the pre-pandemic state.²

From the third quarter of 2020, New Zealand economy bounced back strongly from the recession achieving a so-called V-shaped recovery with fiscal and monetary stimulus fueled consumer spending³. The seasonally-adjusted unemployment rate fell to 4.9% in Q4 2020 from 5.3% in the previous quarter⁴.

In the years 2021-22, consumer sentiment is expected to increase by 7.5 index points, to 108.2 index points. Business confidence is expected to increase by 26.4 index points, returning to pre-pandemic positive territory. New Zealand's fast recovery from the Covid-19 pandemic, in combination with an overall improvement in global economic activity, is expected to drive stronger business investment⁵.



¹ <https://www.bbc.com/news/business-54186359>

² <https://www.scoop.co.nz/stories/BU2101/S00190/three-economic-indicators-defining-New-Zealand-recovery-from-covid-19-storm.htm>

³ <https://www.bloomberg.com/news/articles/2020-12-16/new-zealand-economy-surges-out-of-recession-amid-spending-spree>

⁴ <https://www.focus-economics.com/country-indicator/new-zealand/unemployment>

⁵ <https://www.ibisworld.com/industry-insider/coronavirus-insights/the-global-economic-outlook-for-2021-new-zealand/>



New Zealand foreign trust

Staying ahead of other jurisdictions by adapting to changes, allows New Zealand to have certainties in matters that are unclear in other jurisdictions (i.e. UBO public records, trust registrations, etc.).

For over 10 years, the Law Commission in New Zealand has been reviewing the legislation around trusts with the purpose of presenting a modern version of it and at the same time making it more transparent, understandable and accessible. This resulted in a new Trust Act that was approved in 2019, which came into force on January 2021. The main changes introduced in the new Trust Act see on:

- Maximum term of a trust
- Limitation of trustee liability
- Most effective administration
- Trustee duties
- Retention of trust documentation
- Disclosure of information

Times are changing constantly and circumstances around settlor's personal life may not be the same as they were when the trust was established. Trust structures should be constantly reviewed and any change on legislation is a good opportunity to review the purpose of the trust and evaluate the necessity to updates on the structure, the trust deed, or on the letter of wishes.

The increasing reputation of New Zealand as a jurisdiction and the ability of the government to provide clear and rapid respond has resulted in a renewed interest for high-net-worth individuals and their advisors to consider New Zealand for structuring their estate and wealth planning.





New Zealand residency

The good reputation, stability and quality of lives has created a growing interest for wealthy individual to obtain New Zealand residency. This interest, has grown considerably during the last year as result of the successful management of the pandemic. New Zealand offer two options of investor visa for those high-net-worth individuals looking to obtain New Zealand residency and do not necessarily want to permanently move their life to New Zealand.

Investor 1 regime

The key requirements under the Investor 1 regime are:

- a minimum investment of NZD 10 million in New Zealand over three years; and
- at least 88 days spent in New Zealand over the three-year investment period.

Last year there were almost 100 applications to the Investor 1 visa category.

Investor 2 regime

The key requirements under the Investor 2 regime are:

- minimum investment of NZD 3 million in New Zealand over four years;
- a minimum of three years business experience;
- satisfying English language requirements;
- being under 65 years of age; and
- at least 438 days spent in New Zealand over the four-year investment period.





Investing in New Zealand

The advantages of a fertile land and a well-educated, flexible workforce plus a government committed to growth and innovation, combined make New Zealand a great place for business.

The strongest and more competitive industries to invest in New Zealand are⁶:

- Advanced transportation, Food and beverage, Renewable energy, Tech and innovation, Tourism, Wood Processing

The attractions of New Zealand's business environment are recognised in a wide range of international indicators. For example:

- The World Bank's 'Doing Business 2020' report ranked New Zealand as the world's easiest country to do business in.
- The Legatum Institute ranked New Zealand second overall in its overall Prosperity Index.
- Forbes ranked New Zealand fifth on its Best Countries for Business 2019.
- Milkin's Global Opportunity Index ranked New Zealand the world's third most attractive destination for investors in 2016.

How can Corpag assist you in New Zealand?

With presence in Auckland, New Zealand, Corpag can assist you with a wide range of corporate and trustee services in the country.

If you would like to receive further information on investing in New Zealand or if you would like to know how Corpag can assist you on any of the above matters, please feel free to contact us.

⁶ <https://www.New Zealandte.govt.New Zealand/page/sectors-overview>



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