



New Zealand Equivalent to SIC Interpretation 25

Income Taxes—Changes in the Tax Status of an Entity or its Shareholders (NZ SIC-25)

Issued November 2004 and incorporates amendments to 31 January 2026

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ISBN 1-877430-68-4

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New Zealand Equivalent to SIC Interpretation 25 *Income Taxes—Changes in the Tax Status of an Entity of its Shareholders* (NZ SIC-25) is set out in paragraph 4.

NZ SIC-25 should be read in the context of the Basis for Conclusions on SIC-25.

Any New Zealand additional material is shown with either “NZ” or “RDR” preceding the paragraph number.

Reduced Disclosure Regime

Tier 2 for-profit entities must comply with all the provisions in NZ SIC-25.

The following is available within New Zealand on the XRB website as additional material

BASIS FOR CONCLUSIONS ON SIC-25

New Zealand Equivalent to SIC Interpretation 25

Income Taxes—Changes in the Tax Status of an Entity or its Shareholders (NZ SIC-25)

References

- NZ IFRS 18 *Presentation and Disclosure in Financial Statements*
- NZ IAS 8 *Basis of Preparation of Financial Statements*
- NZ IAS 12 *Income Taxes*

Issue

- 1 A change in the tax status of an entity or of its shareholders may have consequences for an entity by increasing or decreasing its tax liabilities or assets. This may, for example, occur upon the public listing of an entity's equity instruments or upon the restructuring of an entity's equity. It may also occur upon a controlling shareholder's move to a foreign country. As a result of such an event, an entity may be taxed differently; it may for example gain or lose tax incentives or become subject to a different rate of tax in the future.
- 2 A change in the tax status of an entity or its shareholders may have an immediate effect on the entity's current tax liabilities or assets. The change may also increase or decrease the deferred tax liabilities and assets recognised by the entity, depending on the effect the change in tax status has on the tax consequences that will arise from recovering or settling the carrying amount of the entity's assets and liabilities.
- 3 The issue is how an entity should account for the tax consequences of a change in its tax status or that of its shareholders.

Consensus

- 4 A change in the tax status of an entity or its shareholders does not give rise to increases or decreases in amounts recognised outside profit or loss. The current and deferred tax consequences of a change in tax status shall be included in profit or loss for the period, unless those consequences relate to transactions and events that result, in the same or a different period, in a direct credit or charge to the recognised amount of equity or in amounts recognised in other comprehensive income. Those tax consequences that relate to changes in the recognised amount of equity, in the same or a different period (not included in profit or loss), shall be charged or credited directly to equity. Those tax consequences that relate to amounts recognised in other comprehensive income shall be recognised in other comprehensive income.

Basis for Conclusions on SIC-25

5–8 [Paragraphs 5–8 do not form part of NZ SIC-25.]

Effective Date

This Interpretation becomes operative for an entity's financial statements that cover annual accounting periods beginning on or after 1 January 2007. Early adoption of this Interpretation is permitted only when the entity complies with NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* for an annual accounting period beginning on or after 1 January 2005. Changes in accounting policies shall be accounted for in accordance with NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

NZ IAS 1 (as revised in 2007) amended the terminology used throughout New Zealand equivalents to IFRSs. In addition it amended paragraph 4. An entity shall apply those amendments for annual periods beginning on or after 1 January 2009. If an entity applies NZ IAS 1 (revised 2007) for an earlier period, the amendments shall be applied for that earlier period.¹

Framework: Tier 1 and Tier 2 For-profit Entities, issued in November 2012, amended extant NZ IFRSs by deleting any public benefit entity paragraphs, deleting any differential reporting concessions, adding scope paragraphs for Tier 1 and Tier 2 for-profit entities and adding disclosure concessions for Tier 2 entities. It made no changes to the requirements for Tier 1 entities. A Tier 2 entity may elect to apply the disclosure concessions for annual periods beginning on or after 1 December 2012. Early application is permitted.

¹ In May 2024 the New Zealand Accounting Standards Board of the External Reporting Board issued NZ IFRS 18 *Presentation and Disclosure in Financial Statements* and carried over these requirements in NZ IAS 1 *Presentation of Financial Statements* to NZ IFRS 18.

HISTORY OF AMENDMENTS

Table of Pronouncements – NZ SIC-25 *Income Taxes—Changes in the Tax Status of an Entity or its Shareholders*

This table lists the pronouncements establishing and amending NZ SIC-25. The table is based on amendments approved as at 31 January 2026.

Pronouncements	Date issued	Early operative date	Mandatory date (annual reporting periods... on or after ...)
NZ SIC-25 <i>Income Taxes—Changes in the Tax Status of an Entity or its Shareholders</i>	Nov 2004	1 Jan 2005	1 Jan 2007
NZ IAS 1 <i>Presentation of Financial Statements</i> (revised 2007) ²	Nov 2007	Early application permitted	1 Jan 2009
<i>Framework: Tier 1 and Tier 2 For-profit Entities</i> ³	Nov 2012	Early application permitted	1 Dec 2012
NZ IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	May 2024	Early application permitted	1 Jan 2027

Table of Amended Paragraphs in NZ SIC-25		
Paragraph affected	How affected	By ... [date]
References	Amended	NZ IFRS 18 [May 2024]
Paragraph 4	Amended	NZ IAS 1 [Nov 2007]
Effective date	Amended	NZ IAS 1 [Nov 2007]
Effective date	Amended	<i>Framework: Tier 1 and Tier 2 For-profit Entities</i> [Nov 2012]
Effective date (footnote added)	Amended	NZ IFRS 18 [May 2024]

² Superseded by NZ IFRS 18 *Presentation and Disclosure in Financial Statements*.

³ This pronouncement amended extant NZ IFRSs by (i) deleting any public benefit entity paragraphs, (ii) deleting any differential reporting paragraphs, (iii) adding scope paragraphs for Tier 1 and Tier 2 for-profit entities, and (iv) adding RDR disclosure concessions.