

AGENTS ANSWERS

Inland Revenue's tax agents' update

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REMINDERS

7 July: 2017 income tax returns are due for clients with a standard balance date and no extension of time.

20 July: Quarterly FBT returns and payments due.

28 July: GST returns and payments due for the 30 June period.

If you have any suggestions for topics you'd like covered in this newsletter, email agents.answers@ird.govt.nz

Update on GST online changes

We've received a lot of very useful feedback from many of you following the launch of new GST online services in myIR. Thank you.

We started the transformation with a single tax type – GST – before moving onto more complex stages. Your feedback has been factored into future plans.

We acknowledge there are opportunities to improve the overall design, and for the next stage of the transformation, we will include tax agents in the design process right from the start.

One area we know we can improve quickly is communication. Each month we'll provide you with an update on changes or enhancements that have been completed, are in progress, what improvements we will make and when they will happen. Your account managers will continue to provide you with any immediate support you need.

Stage 1 fixes

We've already made some fixes as a direct result of your feedback. Anything that is not working as it should will be fixed. We are also prioritising some enhancements that will make things simpler for tax agents.

Since the GST changes in February, we've resolved a large number of issues you have raised. Here are a few examples of what's been fixed as a direct result of your feedback. We have:

- reduced the number of letters being sent about the same topic
- allowed tax agents to re-link to old (former) clients
- fixed incorrect due dates when the 28th falls on a weekend
- moved 'Cease this GST account' link to the quick links
- added the client's name to the messages list.

We are currently reviewing how we can improve notifications, linking and delinking, reports and print outs, visibility of client data, transfers and payments. We'll update you on this in the next issue of *Agents Answers*. Thank you for your patience.

Quick Tips

1. Find our updated Tax Agent Support Guide at www.ird.govt.nz (search keywords: videos and guides).
2. To get back to the "old" myIR from the GST area, click on the myIR logo.
3. To filter your clients into alphabetical order, click on "Accounts", click "More", then click the "Name" column. This will give you the option of viewing your clients alphabetically or search for one client by IRD number or add part of their name, or IRD number into the search bar.
4. To find out when clients' returns are due, click "Client Accounts", go to "Quick Links" and click "Manage payments and returns". Select "Returns" from the drop down box, and "Not Filed". Clients with returns that need to be filed will be displayed. If you only want to look at clients who have returns that need to be filed for a certain period then enter that period in the search field.

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What's next

We're going to be working hard over the coming months to improve the overall customer experience. We'll be inviting some of you to user labs (up to 50 agents per week) and crowd testing (up to 200 each week) to gather feedback on future designs.

For example, we recently met with two groups of tax agent administrators in Hamilton. The honest feedback from this session has helped us to understand more about how notifications and alerts work practically for tax agents.

Also, three tax agents are being seconded into our programme to work alongside our design and development team to make sure we have a clear understanding of the tax agents' world.

Non-individual using non-standard date from first year - no transitional year

The Commissioner has determined that s39 of the Tax Administration Act 1994, "the transition period", does not apply to new non-individual taxpayers starting business who elect to file returns based on a non-standard balance date. This occurs when we approve the election starting from the taxpayer's first year of operation.

For example, a dairy farming company incorporated and started business on 16 May 2017. They were granted a 31 May balance date but are required to file an income tax return for the period of 16 days to 31 May 2017.

Previously they would instead file a 13-month return from 16 May 2017 to 31 May 2018 and be treated as having a transitional year.

If you intend applying for a change of balance date in the first year of business, we suggest you do so as soon as possible after the business has started.

Making tax simpler

The Government has released the discussion document, *Making Tax Simpler: Better Administration of Individuals' Income Tax*, for public consultation. The document contains proposals to reduce the number of people who have to provide income information to Inland Revenue.

Proposals include:

- Automatically calculating and issuing refunds or tax debts for individuals with straightforward sources of income, such as salary, wages, interest and dividends paid by NZ companies
- Setting the threshold levels at which Inland Revenue should issue refunds or tax debts
- Direct crediting refunds to bank accounts
- Working with individuals during the year to ensure they are on the right tax code
- Making it easier to claim tax credits for donations.

Visit individuals.makingtaxsimpler.ird.govt.nz to read more about the proposed changes and have your say.

Consultation is open until 28 July 2017.

Applying for an IRD number just got simpler

If you need a new IRD number for a club, trust, society or other company entity, there's now a simple and fast way to apply.

Apply online and you'll have the IRD number in 48 hours. You can attach all the documents we need in myIR instead of having to post or fax them

You can also apply online for GST, PAYE, FBT, RWT, LTC and Māori authority.

Go to our website to apply www.ird.govt.nz (search key words: ird numbers).

Re-banking cheques

When you send a cheque back to us for re-banking, please make sure to send the top part of the cheque "Notice of refund". If you don't have the notice of refund please give us the customer's IRD number, the revenue type and the period. Including these details will stop any possible delays in processing.

Public Rulings work programme

Each year Inland Revenue publishes guidance on various tax issues where the law is unclear. The items that will be considered each year are listed in the Public Rulings work programme. You can find our current and previous work programmes at www.ird.govt.nz (search keywords: work programme).

If you'd like to find out more or suggest an item for our 2017-2018 work programme, please email public.consultation@ird.govt.nz and we'll send you a Public Rulings work programme form.

KiwiSaver - yearly member tax credit

The member tax credit (MTC) is a government contribution to KiwiSaver retirement savings.

If members qualify, the Government contributes 50 cents for each dollar a member saves, up to the maximum MTC of \$521.43 to their KiwiSaver account.

Members who qualify for the MTC:

- are aged 18 to 64, and
- mainly live in New Zealand.

How it works

The MTC is worked out for a year that begins on 1 July and ends on 30 June. It's paid into accounts after 30 June.

The amount of MTC is worked out using the number of days in the year members qualify. If they only qualify for part of a year, they'll only get part of the MTC. For example, if they joined KiwiSaver on 1 May 2017, MTC is worked out from 1 May to 30 June 2017.

How a member can get the maximum MTC

To get the maximum MTC, members should save at least \$1,042.86 a year (from 1 July to 30 June) to their account. Employer or Government contributions don't count towards the \$1,042.86.

How to work out if members have put in enough

Members should qualify for the maximum MTC if they're in KiwiSaver for the full year (from 1 July to 30 June) and either:

- they're employed, and
- earn more than \$35,000 a year, and
- save at least 3% of their gross (before tax) salary or wages in KiwiSaver

or they've been saving \$20 a week, on average, for the full year (from 1 July to 30 June)

or they've made one or more lump sum contributions that total at least \$1,042.86 between 1 July and 30 June.

If members haven't saved enough to get the maximum

If members haven't saved \$1,042.86 before 30 June each year, they can top up their KiwiSaver account to bring it up to \$1,042.86 before 30 June.

2017 Australian share exemption list now available

We've replaced the *Australian share exemption list (IR871)* with an easier to use online tool. Simply enter the ASX ticker code and choose the tax period, we'll confirm if the income from the company qualifies under the Australian share exemption.

The new tool is available on our website www.ird.govt.nz (search keywords: IR871 2017).

Sharing information to fight global tax evasion

In the June edition of Agents Answers we ran an article about the Automatic Exchange of information (AEOI). This month we're reminding you about this OECD led global initiative and pointing you to more sources of information.

We're among 100 countries which will use the Common Reporting Standard (CRS) to identify and report on financial accounts held or controlled by foreign tax residents.

From **1 July 2017**, reporting New Zealand financial institutions must begin due diligence to identify accounts held or controlled by foreign tax residents. They also have to collect prescribed identity and financial account information about the identified accounts, and report this information to Inland Revenue annually by 30 June.

Financial institutions which must report include:

- banks
- non-bank deposit takers
- collective investment entities
- mutual funds
- private equity funds
- hedge funds
- discretionary investment managers
- certain brokers and trusts (including some managed family trusts).

We're running a targeted public awareness campaign until mid-July which highlights the changes and impacts. You can find the campaign and a two minute video explaining AEOI at www.ird.govt.nz/infoshare.

Resources to help you prepare for the CRS

Go to www.ird.govt.nz (search keywords: CRS) for useful information. It's a one-stop-shop with all the important AEOI and CRS documents including:

- Inland Revenue's Special report on the automatic exchange of information
- Draft guidance of the Automatic Exchange of Information.

This site also has links to guidelines and reports from the OECD's website such as:

- Standard for Automatic Exchange of Financial Account Information in Tax Matters, Second edition
- Standard for Automatic Exchange of Financial Account Information in Tax Matters: Implementation Handbook
- CRS-related Frequently Asked Questions

We also have a new factsheet *Automatic Exchange of Information (IR1033)* for account holders. It explains their obligations if they hold or control financial accounts. We're encouraging financial institutions to use this factsheet in their customer conversations.

More factsheets about family trusts, trusts, CRS due diligence and reporting are being developed.

We welcome your questions and feedback. You can sign up to AEOI updates by e-mailing global.aeoi@ird.govt.nz

