

AGENTS ANSWERS

Inland Revenue's tax agents' update

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Inland Revenue
Te Tari Taake

REMINDERS

28 June: First instalment of 2018 provisional tax is due for clients using the ratio option who have a standard balance date.

30 June: *Annual reconciliation return (IR853)* and *Investor certificates (IR854)* are due for PIEs with an early or standard balance date.

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

Tax agents support guide – GST online services in myIR: Please keep checking our website for the most up-to-date version.

Correspondence without an IRD number: In the first week of May we received over 600 pieces of correspondence without an IRD number. To avoid processing delays, please include the IRD number on your correspondence.

Contractors receiving schedular payments: For more information about the changes to schedular payment rules which took effect on 1 April go to www.ird.govt.nz (search keywords: contractor schedular payments).

Unauthenticated online GST return: 30 June is the last day your clients can use this unauthenticated form. Your clients can still file their returns online through their myR account.

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

Sharing information to fight global tax evasion

The government has signed up to the Automatic Exchange of Information (AEOI), a global initiative led by the OECD to help fight tax evasion.

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.

CRS due diligence obligations start from **1 July 2017**.

Financial institutions required to report, include:

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

There is a new section of our website where you can find more information www.ird.govt.nz (search keywords: AEOI, CRS)

To make sure there are no surprises for affected account holders, a targeted public awareness campaign will run during June and July.

There are information sessions in:

- **Wellington:** Wednesday June 7, 10am – 12pm in the Grand Dining Room at the Wellesley Hotel
- **Auckland:** Thursday June 8, 1 – 3pm, 2 Takutai Square, Britomart, hosted by Ernst & Young

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And by:

- **Teleconference:** Week beginning June 15, 10am – 12pm, dial in details to follow.

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

Kaikoura area earthquakes depreciation roll-over relief

The Government has introduced new relief provisions following earthquakes in the Hurunui, Kaikoura, and Wellington areas.

The provisions let your clients put off returning the depreciation recovery income they get from insurance or compensation payments for damaged depreciable assets.

The assets need to be beyond repair or unable to be used for its original purpose. Some assets which are uneconomic to repair are also included. Your client must plan to replace the assets.

Your clients include the income in their tax return in the income year(s) they buy replacement assets or when other specific criteria are triggered.

Clients who want to use the relief provisions must notify the Commissioner, by the later of:

- 31 January 2018, or
- the date they file their income tax return covering the deferred depreciation recovery income.

More information will be published in the *Tax Information Bulletin* Vol 29, No 5 (June 2017) and on our website under "News and updates" in early June www.ird.govt.nz

Calculating provisional tax where due date is a non-working day

For a provisional taxpayer, their provisional tax liability is calculated based on the returns filed by or on the due date for payment of the instalment at issue.

Where the due date for payment is a non-working day, the due date for payment is the next working day.

The 2nd instalment of 2017 provisional tax (using a standard balance date) was due on Sunday 15th January. Because this is not a working day, the due date became Monday 16th January. Standard calculation method used would be:

Date return filed	Standard calculation method
2016 Return file - 16 January or earlier	2016 Residual income tax plus 5% uplift
2016 Return file - 17 January forward	2015 Residual income tax plus 10% uplift

Mileage rate for motor vehicles increased

For the 2017 tax year (1 April 2016 to 31 March 2017), the mileage rate for both petrol and diesel fuel vehicles has increased to 73 cents per km.

This year we are also able to set mileage rates for hybrid and electric cars. The mileage rates for these vehicles are:

- hybrid - 73 cents per km
- electric - 81 cents per km.

Our data shows that the lower running costs of these vehicles are offset by higher fixed costs.

The Commissioner does not propose to amend the returns for taxpayers who have already filed their 2017 returns using the 2016 mileage rate.

For more information about mileage rates go to www.ird.govt.nz (search keywords: mileage rates).

Standard-cost household service for boarding service providers

For the 2017 income year:

- The weekly variable standard-cost for one to two boarders will be \$263 each, and
- The weekly variable standard-cost for third and subsequent number of boarders will be \$215 each.

The above amounts have been adjusted because of the annual movement of the Consumers Price Index for the twelve months to March 2017, which showed an increase of 2.2%.

For boarding service providers who have a standard 31 March balance date, the new amounts apply for the period from 1 April 2016 to 31 March 2017.

Standard-cost household service for childcare providers

For the 2017 income year:

- The variable standard-cost will be \$3.51 per hour per child, and
- The administration and record keeping fixed standard-cost will be \$343 per annum, for a full 52 weeks of childcare services provided.

The above amounts have been adjusted because of the annual movement of the Consumers Price Index for the twelve months to March 2017, which showed an increase of 2.2%.

For childcare providers who have a standard 31 March balance date, the new amounts apply for the period from 1 April 2016 to 31 March 2017.

Tips for faster processing of returns

Making some simple checks before you file your client's returns will help us process their returns faster. We've recently updated our "Tips for faster processing of returns" page with information to help you file your client's returns. Go to www.ird.govt.nz/ta-tips to see the tips for this quarter.

