

AGENTS ANSWERS

Inland Revenue's tax agents' update

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REMINDERS

7 May: Final instalment is due for standard or estimated and ratio option provisional tax for the 2017 income tax year for clients with a 31 March balance date. Provisional tax estimations for 2017 must be received by this date.

Student loan interim payments are due.

31 May: All IR15S, IR17S and IR67S reconciliations are due and need to be filed. Remember to attach the relevant certificates, tapes and disks to your reconciliations.

Fringe benefit tax quarterly return (IR420) and Fringe benefit ordinary employee annual tax return (IR422) for the 2017 year due.

Forms and guides When you use our forms and guides, make sure you have the most up-to-date copy. To be sure you're using the latest version of all our products, we suggest you use our website and don't store paper copies. Using older versions can lead to processing delays.

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

Note: If a due date falls on a weekend, public holiday or provincial anniversary day, we can receive your return and payment on the next working day without a penalty being applied.

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

ACC is developing a new website

ACC is working to improve their business customers' online experience and they'd love your feedback. They're developing a new website with new content and tools and a new online service – MyACC for Business.

Beta.acc.co.nz

As part of the website upgrade, a test site - **beta.acc.co.nz** has been developed. New website tools of particular interest to businesses are:

- an invoice heat map outlining key sections of an ACC invoice, and
- a levy estimator to help new customers estimate how much their first invoice might be.

Check out the new site and let ACC know what you think of the new content and layout. There are feedback tabs on each page of the site so let them know if you think anything is missing, unclear or wrong. Keep checking it, there'll be more soon.

MyACC for business

MyACC for Business is a new online self-service and it's available for sole trading self-employed customers. ACC customers can self-register, check and update details, as long as there is an 's' at the end of their ACC number.

More features will be developed during the year and ACC will extend access to other business customers, including intermediaries.

MyACC for Business can be accessed at: **myacc.co.nz/forbusiness**

This is just the beginning of improvements to ACC's digital channels. If you'd like to be involved in shaping what they develop for tax agents and intermediaries, please get in touch. Email **digitaloperations@acc.co.nz**

Imputation credit account with a debit closing balance

This article is about the imputation credit account (ICA) debit closing balance at 31 March. It follows an article in Agents Answers issue 199, March 2017.

If the ICA is in debit at 31 March, your client must clear the account by paying "further income tax" and a 10% imputation penalty tax. Payments are due by 20 June.

"Further income tax" paid is offset against income tax. The offset creates a transfer in the income tax (INC) account for the financial year your client made the "further income tax" payment in.

For example:

2016 INC payment made 7 May 2016	=	credit entry in the 2017 ICA return
2016 "further income tax" ICA payment made 20 June 2016	=	credit "transfer" in the 2017 INC

When your client makes a payment to their ICA, the credit goes to any penalties and interest first. Any remaining credit goes towards the ICA balance and imputation penalty tax.

Payments made to clear the ICA assessment will show as a credit "transfer" in the following year's income tax account. But the credit "transfer" shown in income tax will not include any amount applied to penalties or interest.

Instead of paying "further income tax", your client may use an income tax payment to clear an ICA debit (see section OB 68 of the Income Tax Act 1994). For example:

A company with a 31 March balance date has an ICA closing debit balance at 31 March 2016 of \$4,500 plus 10% penalty tax of \$450 – due 20 June 2016.

The company chooses to use its P3 payment for 2016 provisional tax (PT) paid 7 May 2016 to clear the 2016 ICA debit balance.

2016 ICA account		
	\$4,500	ICA / debit closing balance
+	\$ 450	10% penalty tax
	\$4,950	Due 20 June 2016
–	(\$4,950)	Credit transferred from 2016 INC (P3) at 7 May 2016
	\$0.00	
2017 INC account		
+	(\$4,500)	Credit "transfer" (from 2016 ICA at 7 May)

The provisional tax payment clears the debit ICA balance of \$4,500 and the 10% penalty of \$450. Because the \$450 is a penalty this does not give rise to an ICA credit. This could also mean you have not paid enough provisional tax.

GST non-resident business claimants: change to the registration criteria

The Taxation (Annual Rates for 2016-17, Closely Held Companies, and Remedial Matters) Act 2017 contained changes to the criteria for non-resident business claimants registering under section 54B of the Goods and Services Tax Act 1985.

A non-resident business can register for GST and have their registration back dated to 1 April 2014, if certain criteria are met including:

- they don't make (or intend to make) taxable supplies consumed in New Zealand, and
- they are not (or don't intend to become) a member of a group of companies making taxable supplies in New Zealand.

As of now a non-resident business may also be able to register under these rules where the only GST they incur is an amount paid to the New Zealand Customs Service.

A further amendment means that a non-resident parent or branch of a New Zealand company registered for GST can also register under these rules if they meet the necessary criteria. Registering on a 6-monthly basis to reduce the number of returns required to be filed may be an option for clients eligible to back-date their registrations.

The *Non-resident business claimant registration (IR564)* form is updated with the changes.

For more information visit www.ird.govt.nz (search keyword: GST non-res)

More information will be published in an upcoming *Tax Information Bulletin*.

Missed the 7 April deadline?

Do you have clients with an end-of-year bill to pay for income tax, Working for Families Tax Credits or student loan? If they're concerned because they missed the 7 April payment deadline you can help them by reviewing our payment options.

You can find all our options for 7 April payments at www.ird.govt.nz/April7. You'll find a quick link to online payment options, including internet banking and debit or credit card payments. You can also suggest your clients visit this page.

If your clients can't make the payment in full they can submit a proposal to pay in instalments. Go to our website www.ird.govt.nz (search keywords: instalment arrangements).

New ACC rates

The ACC levies have been set by regulation for the 2017-2018 tax year.

The earners' levy is set at \$1.39 (GST inclusive) per \$100 liable earnings.

The maximum liable earnings has increased from \$122,063 to \$124,053.

Use-of-money interest (UOMI) rate change

Starting on 8 May 2017 the UOMI rates on underpayments and overpayments of tax change.

The new rates are:

- Underpayments - 8.22% (down from 8.27%).
- Overpayments - 1.02% (down from 1.62%).

Rates are reviewed regularly to ensure they are aligned with market interest rates.

