

AGENTS ANSWERS

Inland Revenue's tax agents' update

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Inland Revenue

Te Tari Taake

REMINDERS

8 September: This date is a guideline for having filed 40% of your clients' returns by this date unless you've negotiated personal filing dates.

30 September: End of FBT second quarter for clients - payment due 20 October.

Updating client details: We get a lot of requests to update client addresses. Also, to link and delink clients. These processes can be done by you in myIR, minimising the chance of delays for you and your clients.

Updates about secure mail: We've had a number of calls recently asking us for updates about the status of secure mail requests and queries. Please note that the timeframe to complete these remains 15 working days.

Phishing: We look into and act on reports of phishing. A lot of attempts can look like the real thing so treat unexpected emails cautiously. If you do get a suspicious email or SMS scam message please email phishing@ird.govt.nz

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

Tax agent webinar on GST enhancements

We're holding a webinar to update you on the enhancements made to GST in myIR.

Since the changes to GST on 7 February, tax agents have given valuable feedback on the new services.

In the webinar we'll:

- cover the enhancements made to GST in myIR so far
- check in with you to see if they've improved your experience and reduced effort
- explain what you can expect from the next round of enhancements
- take you through what we did to understand your pain points and prioritise enhancements
- take any questions you have about GST in myIR.

Webinar details

- Name - Recent GST enhancements in myIR 2017 (repeat)
- Date - 4 September 2017
- Time - 2:30pm to 3:15pm
- Cost - free

Webinar spaces are limited. Please register at www.cchlearning.co.nz (search keywords: myIR repeat).

Check out the August enhancements to My GST

1. **Transfers from GST to GST:** this will now include the account IRD number, tax type and the period. A transfer will now show if it has come from the other IR system (MyGST>Clients GST>31-May-2017>Transactions details).
2. **Transactions:** the detail page now includes a client header with the client name, account number and filing period. (MyGST>Clients GST>31-May-2017>Transactions details). We've added a "Previous/Next" to the Transactions screen only.
3. **Attachments:** can now be made to all secure messages.
4. **Client names:** are now displayed alongside their account number in web message lists for tax agents (MyGST>Message>Unread).

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5. **Registration details:** has replaced the name and address tab. It shows a client's accounting basis, filing frequency, tax agent name, if mail will be redirected and GST group registration information if it applies.

More enhancements reflecting your feedback will be launched on **7 September** - visit www.ird.govt.nz (search keywords: GST enhancements) for more information.

Drop box service

For safety reasons, the after-hours drop box service is ceasing on **31 August 2017** at the following sites:

- Hamilton
- Napier
- Palmerston North
- Upper Hutt
- Wellington
- Nelson
- Greymouth
- Christchurch (Durham St), and
- Invercargill.

You can still use the drop box in our customer services area during office hours.

Tax treatment for holiday back-pay

A recent law change by Order in Council confirms employers should treat a back-dated payment of underpaid holiday pay as an "extra pay" when they work out PAYE.

The law change relates to misinterpretation of the Holidays Act 2003 which resulted in some employees being paid less than they should have been. Employers are now starting to correct these payments.

Find out more about taxing a lump sum or "extra pay" www.ird.govt.nz (search keywords: taxing, lump sums.)

Time is running out to give your feedback

There's still time to give the Government your feedback on proposals to improve the way Inland Revenue manages Working for Families Tax Credits, child support and student loans.

The proposals aim to give families more certainty about what support they are entitled to, and what their payment obligations are throughout the year. They include basing Working for Families payments on recent actual income, instead of an estimate, and deducting child support payments automatically from the salary and wages of all liable parents.

The Government will consider all feedback before deciding how to move forward with changes, so go to socialpolicy.makingtaxsimpler.ird.govt.nz by **15 September 2017** to have your say.

IS 17/06 - Income tax - application of schedular payment rules to directors' fees

Interpretation statement IS 17/06 has been published. It talks about how the schedular payment rules apply to payments of directors' fees.

It covers when tax must be withheld from directors' fee payments and, where applicable, how much withholding tax must be paid to the Commissioner.

It doesn't cover withholding treatment of directors' fees paid to non-residents.

IS 17/06 is available on our website and will be published in the September 2017 *Tax Information Bulletin*.

Income adjustments

Business clients also registered for Working for Families Tax Credits (WfFTC) may need to file an *Adjust your income (IR215)* with their IR3.

For a list of types of income adjustments we need to know about go to www.ird.govt.nz (search keywords: income types and adjustments).

Changes to assessing provisional tax are coming

The new Accounting Income Method (AIM) is on track for delivery in April 2018.

AIM is a new option for your small business clients to manage provisional tax through approved accounting software. It offers significant benefits, such as automated refunds of overpaid provisional tax.

With AIM, businesses with a threshold of \$5,000,000 will only pay provisional tax when they're making a profit. If they make an unexpected loss, then their current year's provisional tax liability reduces. They won't be locked into payments based on profit they made two years ago.

When they file with us using AIM, we'll refund or transfer any overpaid provisional tax. There'll be no more waiting until the end of the year to get a refund.

Clients using AIM and filing correctly will have no exposure to use of money interest.

If your clients don't think AIM is right for them they can choose to carry on using one of the other methods to manage provisional tax. They can opt into AIM the following year.

Changes ahead for PAYE

In April 2018, we'll start collecting PAYE information in our new system. This means that in time we can start pre-populating income tax returns.

The Government is also proposing changes to rules around PAYE reporting. The main proposal would require employers, or the people who manage employers' payrolls, to report PAYE information every payday, rather than monthly. Filing would be done for every payday. The dates to pay PAYE and related deductions wouldn't change.

More regular reporting of PAYE information would give us more accurate and up-to-date information to use when calculating tax and entitlements.

Other proposals include lowering the threshold for compulsory electronic filing from \$100,000 of PAYE and ESCT a year to \$50,000 a year, and removing the existing payroll subsidy.

The proposals are currently moving through the parliamentary process, so we'll keep you up-to-date on how they're progressing.

If the changes become law, payday reporting could be done on a voluntary basis from April 2018, and will be mandatory from April 2019.

Not-for-profit news and updates

We've updated and refreshed the not-for-profit "News and updates" webpage.

We're highlighting new tax matters that could affect charities, clubs, societies or associations.

At the moment we have six topics listed:

- Simplifying tax - claiming donation tax credits.
- The interpretation of "wholly or mainly" for the purposes of the donee organisation test.
- The meaning of "gift" for state and integrated schools.
- Proposed changes to the tax rules when a charity deregisters.
- Changes when volunteers are paid honoraria.
- Changes for not-for-profits that are financial institutions and have foreign account holders.

We'll regularly update this page. To find out more go to www.ird.govt.nz (search keywords: non-profit news).

Public rulings work programme 2017-2018

The new work programme for this year includes some familiar items not finalised last year, as well as new items.

In setting the work programme, we've tried to strike a balance between tax types, with an overall focus on assisting with customer compliance.

The programme this year includes a review of IS 13/01 "Tax avoidance and the interpretation of sections BG 1 and GA 1 of the Income Tax Act 2007" and a number of new GST, property and *Public Information Bulletin* (PIB) Review Project items.

