

# COMMUNITY WISE

Inland Revenue's community update

December 2011 • IR 160

## Our contact centre hours during the holiday season

Our contact centre will be closed over the Christmas and New Year break from 5 pm Friday 23 December 2011 until 8 am on Wednesday 4 January 2012.

Remember you can always visit [www.ird.govt.nz](http://www.ird.govt.nz) for information any time during the holiday season and all year round.

Our opening hours during this holiday season are given below.

Holiday dates	Our availability
<b>Working for Families Tax Credits, student loans, personal tax, tax agents and business tax enquiries</b>	
Friday 23 December	8 am to 5 pm
Saturday 24 December to Tuesday 3 January	Closed
Wednesday 4 January	8 am to 8 pm
<b>Child support (0800 221 221)</b>	
Friday 23 December	8 am to 5 pm
Saturday 24 December to Tuesday 3 January	Closed
Wednesday 4 January	8 am to 6 pm
<b>KiwiSaver (0800 549 472)</b>	
Friday 23 December	8 am to 5 pm
Saturday 24 December to Tuesday 3 January	Closed
Wednesday 4 January	8 am to 6.30 pm

### Counter services

All our counter services will be available until 4.30 pm on Friday 23 December, but no appointments will be made after 2 pm.

Our normal hours resume at 8 am on Wednesday 4 January with the exception of our Greymouth office which reopens Monday 9 January.

## Student loans are changing

Changes to student loans are underway with the enactment of the Student Loan Scheme Act 2011. The changes will improve the way student loans are administered, managed and repaid.

Most of the legislative changes take effect from 1 April 2012, with the remainder taking effect from 1 April 2013. Additional proposed changes may be introduced in April 2012.

### Viewing your student loan

From April 2012, StudyLink will transfer loan account information to Inland Revenue each day. You'll be able to keep track of your total student loan account either through our secure online services or the statements you receive from us.

(continued on next page)



Inland Revenue  
Te Tari Taake

### Welcome to Community Wise

In this issue: Our contact hours during the holiday season, student loans are changing, payments for Working for Families Tax Credits over December and January, tax codes for students working over the summer, Heartland Services, what do you think about *Community Wise*, child support annual assessments, changes in family circumstances, annual report for student loan scheme, Working for Families Tax Credits income details, new phone service for individual customers, changes to Working for Families Tax Credits rates, tax payments due 7 February.

If you have any suggestions for topics you'd like covered in this newsletter, email [communitywise@ird.govt.nz](mailto:communitywise@ird.govt.nz)

## Season's greetings

We'd like to wish you and your families a happy and safe holiday season.

Have a wonderful break and if you're travelling, travel safely. We look forward to catching up again in the New Year.



### Repayments

All borrowers earning over the pay-period repayment threshold must make student loan repayments. For the 2013 tax year (1 April 2012 to 31 March 2013), the repayment threshold is \$367 a week or \$19,084 a year.

If you earn over \$367 a week and have a student loan, you generally have to add "SL" to your tax code and have student loan repayments deducted from your salary or wage.

From 1 April 2012, the student loan deductions taken from your salary or wage every payday will be treated as your repayment obligation. For most borrowers earning salary or wages, this means no longer having a "square-up" on their student loan at the end of the tax year.

You may qualify for an exemption from deductions, but there are conditions and you need to apply for this. Please see "Exemption from repayment deductions" over the page.

### Under-deductions

If there's a significant under-deduction, we'll ask you and your employer to make "catch-up deductions" in addition to the usual loan repayments from your salary or wage to make up the shortfall.

We'll tell you how much your catch-up deductions will be. Make sure your employer identifies this additional payment in your deductions using the new "SLCIR" repayment code.

### Over-deductions

If there's a significant over-deduction, you may be entitled to a refund, or have the extra payments applied towards your student loan.

The student loan system is designed to help you repay your loan "as you go". You need to make sure your employer is deducting the right amount every payday—not too much and not too little.

### Additional repayments

If you'd like to pay more off your student loan, you can ask your employer to deduct extra amounts

each pay period, even if you're earning under the repayment threshold. Make sure your employer identifies this additional payment in your deductions using the new "SLBOR" repayment code. You can also make repayments directly to us.

### Exemption from repayment deductions

If you're a full-time student, you can apply for a repayment deduction exemption if you expect to earn less than the repayment threshold (\$19,084) over the coming year, even if you're earning more than \$367 a week.

If you qualify for the exemption, you will be able to apply through our online services from March 2012 so the exemption can take effect from 1 April 2012. You will need to give your employer a repayment exemption certificate, which will authorise them to stop making student loan deductions. You also won't need to add "SL" to your tax code.

### Secondary employment

If you have two or more jobs, you can apply to us for a special (reduced) deduction rate for your secondary earnings if you expect to earn less than the pay-period repayment threshold (\$367 a week) from your main job.

If you qualify, you will be able to apply for the reduced rate through our online services from March 2012 so the reduced rate can take effect from 1 April 2012. You need to give your employer a "special deduction rate" certificate showing the rate of student loan deductions they'll need to take from your salary or wage. You will need to review your estimate each quarter.

### Administration fee

From 1 April 2012, a \$40 annual administration fee will be charged on your account if you have a loan balance of \$20 or more with Inland Revenue, unless you've been charged an establishment fee by StudyLink in the same tax year.

Find out more about the changes at [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans)

## Payments for Working for Families Tax Credits over December and January

During the Christmas and New Year holidays there'll be some changes to when you'll receive your payments for Working for Families Tax Credits if the usual payment days fall on or near a public holiday.

If you receive weekly or fortnightly payments, the payment you'd usually receive on Tuesday 27 December 2011 will be available on Saturday 24 December 2011.

If you receive weekly payments, the payment you'd usually receive on Tuesday 3 January 2012 will be available on Saturday 31 December 2011.

The table below shows the actual payment dates for the holiday period.

If you're paid ...	then you'll receive your payments for December 2011 on ...	and your January 2012 payments on ...
weekly	6, 13, 20, 24 and 31 December	10, 17, 24 and 31 January
fortnightly	13 and 24 December	10 and 24 January

## Tax codes for students working over the summer

If you're working over the summer holidays you may need to make student loan repayments. If the amount you earn annually from all your jobs is over the repayment threshold (\$19,084), you must use M SL as the tax code for your main source of income. For all secondary sources of income you need to add SL to the secondary code that applies to you, eg, S becomes S SL, SH becomes SH SL and ST becomes ST SL.

If you use the S SL tax code for your second job you may end up paying too much towards your student loan, but if you only use the S tax code you may end up with a student loan bill at the end of the year. In this situation we strongly recommend you apply for a special repayment deduction rate, which we'll work out to best suit your individual circumstances. To apply you'll need to complete a *Special tax code/student loan special repayment rate application (IR 23BS)*. You can download a copy at [www.ird.govt.nz](http://www.ird.govt.nz) under "Forms and guides" and fill it in online. Once you've completed it, print it out and post it to the address on the form. You can also order a copy by calling our self-service line 0800 257 773.

For more information about selecting the correct tax code go to [www.ird.govt.nz](http://www.ird.govt.nz) (keywords: tax codes).



## Heartland Services

"Heartland Services" is a government-funded initiative that provides people in provincial and rural New Zealand with access to government services.

*Heartland Service Centres* deliver government services when department representatives are in town. These centres are mainly located in towns that serve as the administration centres of rural local authorities. Some isolated towns, such as Turangi, Murupara and Ruatoria, also have centres.

*Heartland Outreach Centres* involve a number of agencies visiting remote communities once or twice a month to provide a face-to-face service to rural clients.

Heartland Services coordinators can also provide access to government websites and toll-free government phone lines, and organise appointments with representatives of visiting government agencies.

For more information about Heartland Services go to [www.heartlandservices.govt.nz](http://www.heartlandservices.govt.nz)

## What do you think about *Community Wise*?

We'd like to know what you think about *Community Wise*. Please take a moment to answer the questions below and email us at [communitywise@ird.govt.nz](mailto:communitywise@ird.govt.nz) with your feedback.

1. How useful is *Community Wise* to you and/or your clients? Please indicate which statement below applies and why:
  - a) contains something useful every issue
  - b) usually has something of interest
  - c) occasionally has content of interest
  - d) not often interesting.
2. Does *Community Wise* give you the information you need? If not, why and what else would you like to see?
3. Is the frequency about right, ie, should there be more or less issues each year? My ideal frequency would be:
  - a) two per year
  - b) quarterly (four per year)
  - c) every second month
  - d) monthly except January
  - e) periodically when there are enough items.
4. This issue was printed on lighter weight paper. Did this cause any problems for you?
5. Do you prefer to use our website for information?
6. If we moved to online-only (ie, no printed copies) would you prefer to keep to a set frequency or have information updated as it becomes available?
7. How would you prefer to be advised when a new issue or new information is available?
  - a) email
  - b) text message
  - c) note on our website
  - d) other (please specify).

This feedback will help us make *Community Wise* more relevant to you. Thank you for your time.

## Child support annual assessments

Every year in February and March we send customers information about their new child support assessment and entitlement.

Paying parents are sent a notice of assessment letting them know how much child support they'll need to pay in the coming year. These will be sent out in February and March.

Notices of entitlement are sent to custodial parents showing them how much they're entitled to receive in child support payments. These will be sent out in March.

The information we send to customers will show their child support assessment and entitlements from 1 April 2012 to 31 March 2013.

In March 2012 we'll also send out new employer deduction notices, informing employers of the new amount they need to deduct from their employees' wages.

## Changes in family circumstances

For many of us a new year brings changes that may affect our child support and/or Working for Families Tax Credits (WffTC) entitlements.

We need to know when:

- parents separate, reconcile or get a new partner
- a child leaves home (eg, to live with the other parent)
- a child joins the family
- a child finishes secondary school
- you get a different type of income, eg, a change from salary or wages to a benefit
- you change your weekly working hours
- your estimated family income increases or decreases
- there's a change in your shared care arrangements (child support and WffTC have different rules for shared care)
- a child becomes financially independent (eg, works on average for 30 hours or more each week or receives a benefit, student allowance or government assistance).

**Note:** Your child support and/or WffTC will be affected if your child meets the criteria for being financially independent regardless of how much they earn. If they work less than 30 hours a week it won't affect your entitlement to child support and/or WffTC.

If any of these changes have occurred, or you're not sure whether your change in circumstances affects your payments or entitlement, please contact us:

- for child support, call 0800 221 221
- for WffTC, you can update any changes by using your secure online services account at [www.ird.govt.nz](http://www.ird.govt.nz) or by calling us on 0800 227 773.

## Annual report for student loan scheme

Every year Inland Revenue, the Ministry of Social Development, Statistics New Zealand and the Ministry of Education work together to provide an accurate and relevant picture of the student loan scheme. The resulting report also provides forecasts of future loan participation and expenditure.

The key findings from the Student Loan Scheme Annual Report 2011 are as follows:

- The nominal value of loan balances was \$12.1 billion as at 30 June 2011.
- 212,000 students borrowed from the loan scheme in 2010 (74% of eligible students).
- As at 30 June 2011, 621,000 people had a student loan with Inland Revenue for collection.
- The median repayment time for those who left study in 2006 and remain in New Zealand was 5.2 years.

Read the full report at [www.educationcounts.govt.nz](http://www.educationcounts.govt.nz)

## Working for Families Tax Credits income details

From 1 April 2011 you're no longer able to deduct investment losses from your income to calculate your Working for Families Tax Credits (WffTC) entitlement. Losses will show as nil.

The way we calculate your family income for WffTC purposes also changed on 1 April 2011. We need to know if you receive income from any of the following:

- attributable trustee income—including income of a company controlled by the trust—if you're a settlor of a trust
- attributable fringe benefits—when 50% voting is held by shareholder employees or their associates
- PIE income—excluding superannuation funds or a retirement savings scheme
- passive income of children—includes interest, dividends and rent. Amounts over \$500 a year (per child) are included as family income.
- income of non-resident spouse—worldwide income
- tax-exempt salary or wages—under specific international agreements in New Zealand (eg, United Nations)
- main income equalisation scheme deposits—made by you, your trust or a company controlled by you or your trust
- certain pensions and annuities—includes 50% of payments from life insurance policies or a superannuation fund (excluding NZ Super)
- other payments—received from any person or entity and used for the family's day-to-day living expenses. This is only included if the total amount exceeds \$5,000 per family.

For more information, including examples, on each of these income types go to [www.ird.govt.nz](http://www.ird.govt.nz) (keywords: wfftc adjustments).

### How to update your details

If you have any of the types of income listed above, please tell us as soon as possible so we can make sure we pay you your correct entitlement.

You can update your details using your secure online services account at [www.ird.govt.nz](http://www.ird.govt.nz) or by calling us on 0800 227 773.



## New phone service for individual customers

We're progressively introducing an added security feature to our phone service—"voice ID" (also known as voice biometrics). Initially it will only be available to individual taxpayers, including nominated persons. You may receive a flyer, letter or email encouraging you to enrol.

Voice ID can recognise you by your unique voice pattern. Identification is easier and faster because challenge questions aren't needed to prove who you are.

Enrolling for voice ID takes only a few minutes. Just call 0800 257 843 and follow the simple instructions. You'll need your IRD number and date of birth. Your unique voice print is recorded and held on file so it can be compared the next time you call.

Once you've enrolled all you need to do when you call is to say your IRD number and we'll know who you are. You can enrol at any time, seven days a week but your account won't be activated until after a verification check by our staff. More information is available at [www.ird.govt.nz/voiceid](http://www.ird.govt.nz/voiceid)

## Changes to Working for Families Tax Credits rates

Recent Orders in Council increased the family tax credits for under 16s and the minimum family tax credit. These increases apply for the 2012-13 and later tax years.

### Family tax credit

Three prescribed family tax credit amounts for children under 16 have been increased for inflation. In addition, the Working for Families abatement rate increases from 20 cents to 21.25 cents and the abatement threshold decreases from \$36,827 to \$36,350. These changes come into effect from 1 April 2012.

The family tax credit amounts per year before and after the increase are shown below.

Qualifying child	Current amount	New amount
First child if under 16	\$4,578	\$4,822
First child if 16 or over	\$5,303	\$5,303
Second child if under 13	\$3,182	\$3,351
Second child if 13 to 15	\$3,629	\$3,822
Second child if 16 or over	\$4,745	\$4,745

### Minimum family tax credit

The net income level guaranteed by the minimum family tax credit will rise from \$22,204 to \$22,568 a year from 1 April 2012.

## Tax payments due 7 February



If you have an income tax, student loan or Working for Families Tax Credits bill, payment is due on 7 February 2012 (unless you use a tax agent with a valid extension of time). If you can't pay, disagree with the amount due or wish to alter the details of an existing

arrangement, please contact us as soon as possible to discuss your situation.

Payments can be made:

- electronically, by internet banking or using your credit or debit card
- in person, by cash or cheque at any Westpac branch
- by post—send us a cheque using the payment slip attached to the reminder letter (please don't post cash).

If we don't receive your payment or hear from you by 7 February 2012, we'll charge interest and penalties on amounts over \$100.

### If you can't pay on time

Call us on 0800 227 774 as soon as possible, preferably before the due date.

We'll discuss your current circumstances, payment history and ability to meet future obligations to help you choose the best option for dealing with the amount due.

For more information on how to make payments go to [www.ird.govt.nz/payments](http://www.ird.govt.nz/payments)

## Need to update your subscription details?

*Community Wise* is produced for community agencies who work with Inland Revenue customers. It aims to keep community agencies informed about relevant social policy and individual taxation information, which they can then pass on to their customers.

Use this newsletter as a resource if you have customers needing key information about personal tax, child support, Working for Families Tax Credits and student loans.

Only community agencies, not individual taxpayers, can receive printed copies of this newsletter. Individuals can view current and past copies, as well as all our newsletters at [www.ird.govt.nz](http://www.ird.govt.nz) "Newsletters and bulletins".

If you need to update your postal details, want to add another agency to the mailing list, or if you have any ideas for articles please email us at [communitywise@ird.govt.nz](mailto:communitywise@ird.govt.nz)

# Contacting our Inland Revenue staff

We have staff who are responsible for educating customers on entitlements, obligations and compliance responsibilities, as well as providing seminars and workshops on request. Check the list below for staff in your area.

## Whangarei

Luana Poata	09 986 6028
Mary Beuker (Kaitakawaenga Māori)	09 986 6186
Jules Newman	09 986 6012

## Takapuna

Nicola Sharp	09 984 1641
Tangi Folau	09 984 1494
Donna Porter	09 984 1228
Fred Astle (Kaitakawaenga Māori)	09 984 1323

## Manukau

Helen Lisuia	09 984 2230
Christina Fifita	09 984 2376
Paul Tuisaula	09 984 2343
Mala Singh	09 984 2438
Latisha Moana	09 984 2141
Preetika Dean	09 984 2487
Dil Kaikobadi	09 984 2257
Maari Hiakita (Kaitakawaenga Māori)	09 984 2368
Meremaihi Aloua (Kaitakawaenga Māori)	09 984 2042

## Hamilton

Chris Novak	07 959 0267
Christine Greer	07 959 0655
Maureen Thornton (Kaitakawaenga Māori)	07 959 0238
Whare Ngatai (Kaitakawaenga Māori)	07 959 0725

## Tauranga

Lorraine Morten	07 927 5361
Angela Myers	07 927 5355
Anthea Te Moana (Kaitakawaenga Māori)	07 927 2761

## Rotorua

Edward Nathan	07 921 3824
Nikki Emery (Kaitakawaenga Māori)	07 921 3809
Kelly Henry (Kaitakawaenga Māori)	07 921 3822

## Gisborne

Danny Fong	06 986 2003
Ian Procter (Kaitakawaenga Māori)	06 986 2028
Joanne Westrupp	06 986 2036

## New Plymouth

Emma-Jane Lund	06 968 4124
Naida Tuirirangi (Kaitakawaenga Māori)	06 968 4026

## Napier

Gemma Hughes	06 974 6319
Krystal Haimona	06 974 6311
Chrystal Kireka (Kaitakawaenga Māori)	06 974 6419

## Palmerston North

Philippa McNae	06 953 3096
Jo Hiscox	06 953 3054
Aroha Rongo	06 953 3050
Charmaine Ratima (Kaitakawaenga Māori)	06 953 3026
Rhys Mohi (Kaitakawaenga Māori)	06 953 3105
Aroha Paranihi (Kaitakawaenga Māori)	06 953 3199

## Wellington

Iriea Williams	04 890 3294
Tracey Taylor	04 890 1153
Jason Ratima (Kaitakawaenga Māori)	04 890 1284
Jo Matiaha (Kaitakawaenga Māori)	04 890 4689

## Nelson

Margaret King	03 989 6158
Dayveen Stephens (Kaitakawaenga Māori)	03 989 6146

## Greymouth

Juliette Henry	03 906 0317
Tina Smith	03 906 0307

## Christchurch

Heather Anderson	03 968 0475
Mary Jane Heu (Kaitakawaenga Māori)	03 968 0792
Pip McArtney	03 968 0762

## Timaru

Linda Fraser	03 956 7027
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## Dunedin

Cindy Henry	03 951 2071
Christine Holtham (Kaitakawaenga Māori)	03 955 7482

## Invercargill

Rebecca Smith (Kaitakawaenga Māori)	03 948 4164
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## ✓ KEY DATES & EVENTS

### 7 February

End-of-year tax payments are due (if you don't have a tax agent with a valid extension of time) for income tax, Working for Families Tax Credits overpayments and student loan customers.

### February/March

#### Child support

Notice of assessment for paying parents (telling them what they'll be required to pay over the next year) is mailed out.

#### Student loans

Courses completed before 31 December 2011 are transferred from Studylink to Inland Revenue. Letters are sent to borrowers with full details.

#### March

Working for Families Tax Credits details are automatically transferred to the next tax year. Certificates of entitlement for 1 April 2012 – 31 March 2013 are sent to customers who

receive Working for Families Tax Credits payments weekly or fortnightly.

Notice of entitlement for child support custodians (telling them what they can expect to receive in the coming year) is mailed out.

Employer deduction notices, confirming the amount to be deducted from child support paying parent's income, are mailed out to employers and a copy to the paying parent.

