

# LARGE ENTERPRISES UPDATE

## Inland Revenue's corporate update

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**Inland Revenue**  
Te Tari Taake

### REMINDERS

**31 May:** The following returns are due:

- *Fringe benefit tax quarterly return (IR420)* for quarter ended 31 March 2016
- *Fringe benefit ordinary employee annual tax return (IR422)*
- *RWT on interest reconciliation statement (IR15S)* with certificates
- *RWT reconciliation statement - Dividends treated as interest/Māori authority distributions 2016 (IR17S)* with certificates
- *NRWT on interest, dividends and royalties reconciliation statement (IR67S)* with certificates.

**30 June:** *IR853 Annual reconciliations* and *IR854 Investor certificates for PIEs* with an early or 31 March balance date are due.

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

## Sharing information to combat global tax evasion

The Government has signed up to the Global Automatic Exchange of Information (AEOI) initiative led by the OECD. We're one of 100 countries that will automatically share some financial account information about foreign tax residents. All countries will use the Common Reporting Standard (CRS) to identify and report on financial accounts held or controlled by foreign tax residents.

The countdown is now on for **1 July 2017** when the CRS requires financial institutions who report in New Zealand to:

- Commence due diligence to identify accounts held or controlled by foreign tax residents. They will also have to collect prescribed identity and financial account information about the identified accounts, and report this information to us annually by 30 June.

The term 'financial institution' is broadly defined. Apart from more obvious entities such as banks, this can also include 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).

### How we're helping you to prepare for the CRS

We'll have a new CRS section on our website in early May.

We'll be running a targeted public **awareness campaign** during June and July to highlight the changes and impacts.

**Information sessions** will be held in early June - the key focus on these sessions will be a general implementation update. Let us know what CRS topics you would like to hear about by emailing us at [global.aeoi@ird.govt.nz](mailto:global.aeoi@ird.govt.nz)

The following information sessions will be held:

- **Wellington** - Wednesday 7 June, 10am to 12pm in the Grand Dining Room at the Wellesley Hotel
- **Auckland** - Thursday 8 June, 1pm to 3pm, 2 Takutai Square, Britomart, hosted by Ernst & Young
- **Teleconference** - week beginning 15 June, 10am to 12pm, dial in details to follow.

We welcome your questions and feedback, and you can sign up to implementation updates via [global.aeoi@ird.govt.nz](mailto:global.aeoi@ird.govt.nz)

For more information, please refer to our:

- **Special Report on automatic exchange of information**
- **Draft guidance on the automatic exchange of information**

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You can also go to the OECD's **Automatic** Exchange Portal at and refer to the:

- **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**

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## Interest cancellation

Because interest is calculated daily, we have a 30 day grace period so you can pay the balance on your notice or statement without receiving any further interest charges.

The grace period starts from the date we issued either:

- your notice of assessment dated before the due date, or
- your statement of account dated after the due date.

You'll also have a 30 day grace period from the date we reassess a return. After the due date, we'll also cancel interest if payment for the amount on the notice is made within 30 days.

The interest cancellation only applies to interest charges. Penalties may still be added within the 30-day period. If you don't pay the amount in full within the 30 day period, interest will be applied to the arrears, and will be showing on the next statement we issue.

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## Late payment grace periods

A grace period stops late payment penalties, and gives you more time to arrange full payment of an outstanding amount before late payment penalties are imposed. A grace period becomes available after 24 months of paying in full and on time (for all IRD numbers allocated to the entity). Use-of-money interest is still charged on unpaid amounts.

If you have an outstanding amount covered by a grace period, we'll send you a letter confirming your grace period has been used. If you don't pay the outstanding amount in full by the date on the letter, penalties will be added back to the account and interest re-calculated.

Most tax types can be covered by a grace period, except for:

- receiving carer and liable parent child support payments,
- student loan borrower payments,
- donation tax credits,
- provisional tax payments and
- voluntary employer contributions for KiwiSaver, including contributions prior to 1st April 2009.

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## Interest calculated incorrectly on non-resident companies

All non-resident contractor companies, non-resident entertainers and agents for foreign insurers with balance dates between October 2016 and February 2017 will have incorrect use-of-money interest (UOMI) calculations. This is because of a system miscalculation at our end. Please call 0800 443 773 or if overseas call +64 4 916 7118 to get your account corrected.

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## Instalment arrangements

If you can't pay an amount in full, contact us before the due date. We may be able to accept an instalment arrangement so you can pay it off over time and get back on track.

You can propose an instalment arrangement online at **www.ird.govt.nz** (search keywords: propose instalment).

Remember, employee deductions and GST are Government funds you collect on its behalf. This money should not be used for business expenses.

## ACC online changes

ACC is working to improve their business customers' online experience. They're developing a new website with new content and tools, and a new online self-service – MyACC for Business.

Both of these services are being developed in stages.

### Beta.acc.co.nz

As part of the upgrade of their website, a test site – **beta.acc.co.nz** – has been developed. The new content has been written from the reader's perspective, developed with the input of a number of business customers.

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

ACC's new online self-service for businesses – MyACC for Business – is now available to all sole trading ('s' account) self-employed customers. Further features will be developed and access will be extended to other business account types, and intermediaries, throughout the year.

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## Use-of-money interest (UOMI) rate change

Effective 8 May 2017 the UOMI rates on underpayments and overpayments of tax will 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.

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## Value of rental accommodation

We have released a Commissioner's Statement CS 16/02 that provides guidance for employers on working out the taxable market rental value of accommodation provided by an employer to employees. You can read the full statement at [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: market rental value).

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## Changes to the rules for paying contractors

Changes to the schedular payment rules took effect on 1 April.

Some of the changes are:

- Contractors receiving schedular payments are now required to complete the new *Tax rate notification for contractors (IR330C)* form instead of the IR330. They need to complete this form when starting a new contract. They can also now elect their own tax rate on this form, subject to minimums.
- Payments made to contractors under a labour hire arrangement by a labour hire business are now classed as schedular payments.
- Contractors who aren't already required to have tax deducted from their payments can opt to have their payments treated as schedular payments, with the payer's agreement.

**Find out more about the changes on our website**

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## 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.

