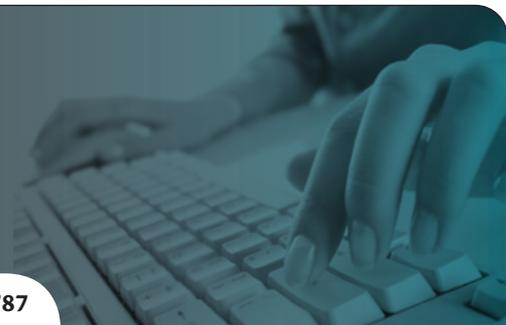


# AGENTS ANSWERS

Inland Revenue's tax agents' update



Issue No 233 • April 2020 • IR787



## REMINDERS

We have several planning calendars to help you meet your obligations. Remember that if a due date falls on a weekend or public holiday, we can receive your return and payment on the next working day without a penalty being applied. But for provincial anniversary dates, this only applies if you're in the province celebrating the holiday, and only if you usually make tax payments over-the-counter at Westpac.

## COVID-19 Coronavirus tax relief

Tax relief is available to people affected by the downturn in business due to the COVID-19 Coronavirus.

We have a range of ways to help depending on your clients' circumstances. Please work with your clients about what they need to do. There is more information on the tax relief available at [ird.govt.nz/roles/tax-agents/covid-19](http://ird.govt.nz/roles/tax-agents/covid-19)

### Drought relief for farmers

There is relief available for any clients who are affected by the recent drought conditions.

Find out more at [classic.ird.govt.nz/business-income-tax/income-equalisation/special-provisions/](http://classic.ird.govt.nz/business-income-tax/income-equalisation/special-provisions/)

### Key services unavailable

In just over a week we'll be making system changes to make tax more straightforward. This includes improvements to myIR, student loans, KiwiSaver and more.

From 3pm Thursday 9 April to 8am Thursday 16 April, myIR secure online services will be unavailable and our offices and phone lines will be closed.

**Please note:** If you have a return or eFile in draft or any draft messages in myIR these will be deleted. Be sure you complete and submit these before Thursday 9 April so you don't lose them.

Thank you for your patience while we make these improvements. We have worked hard to identify the best time to complete this work, considering filing dates and avoiding disruption around the 7 April due date.

Go to [ird.govt.nz/service-update](http://ird.govt.nz/service-update) for more information.

### Support available for you after changes are completed

Once the changes are completed and services are back online, there are several ways you can stay up-to-date.

- Go to 'Top solutions for tax intermediaries' webpage [ird.govt.nz/solutions](http://ird.govt.nz/solutions) We'll update this page regularly with fixes to any issues raised from the update.
- Call the tax agents self-service line on 0800 456 678
- Contact your Community Compliance Account Manager.

If you'd like more information on what's changed:

- Watch our webinars at [ird.govt.nz/webinars](http://ird.govt.nz/webinars)
- Consult your Day 1 Pack
- Sign up for our newsletters to stay informed at [classic.ird.govt.nz/aboutir/newsletters/](http://classic.ird.govt.nz/aboutir/newsletters/)

*(continued on next page)*

- Connect with us on social media:
  - LinkedIn
  - Facebook
  - Twitter

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## Avoid penalties or interest

If your client provides the wrong period date when paying tax it can take longer for their funds to go to the right place. This can lead to late payment penalties or interest.

The period date is not the due date or the date the payment is made, it's the end date of the taxable period that they are paying for. If paying online, the bank might ask for the 'Period ending' date, or it may need to be provided in the 'Payee Code' field.

For example, GST for the taxable period ending 31 May is due to be paid by 28 June. So, the payee code information would be "GST 31052020".

For more information on how to pay, check out [ird.govt.nz/pay](https://ird.govt.nz/pay)

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## Decommissioning KiwiSaver website

Over the last year and a half, we've been working to improve our website, by rebuilding it on a modern and enduring platform so we can give our customers a great online experience. More recently we've also been working to address concerns received when the core Inland Revenue website went live last April. These largely related to how easily content could be found and the omission of technical and targeted content on the site.

We've worked to address this feedback, including a full review of the income tax content and the application of a clearer structure, along with tools to help customers find what they're looking for. With these aspects largely addressed, and most content now on our new site, we're nearing the end of this journey. To complete this process, we're working to switch off the heritage (old) website and subsites in the coming months. One of these is the KiwiSaver subsite [kiwisaver.govt.nz](https://kiwisaver.govt.nz)

Last September we started testing re-written KiwiSaver content on our main Inland Revenue site. We're confident this new content meets the needs of our customers so we're looking to turn this subsite off on Wednesday 8 April.

To ensure customers clicking on an old URL will still get to the new KiwiSaver material, there will be temporary redirects in place for several months. Banners will also be placed across the heritage site, the KiwiSaver subsite, and our new site, in the days leading up to turning off the subsite, to inform customers that it will be turned off shortly.

### Set up new links now

With the KiwiSaver content on the new Inland Revenue website now, we suggest you visit and set up new links and favourites to pages you may refer to or visit often. Remember, the links you have set up to content on the old subsite won't work, or will temporarily redirect you to the new content, when we turn the subsite off.

Visit the new KiwiSaver material [ird.govt.nz/kiwisaver](https://ird.govt.nz/kiwisaver)

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## Using the 10% uplift to calculate provisional tax

We have received a number of queries from tax agents recently about provisional tax calculations where they were expecting the 10% uplift to be applied.

All these criteria for using the 10% uplift must be met as in section RC 5(3) of the ITA 2007:

- The customer must provide a return of income for the preceding tax year.
- The customer's return for the preceding tax year is not due to be filed on or before the date their first payment of provisional tax is due on, or they have been granted an EOT (either through their tax agent or individually by Inland Revenue)
- The tax return for the preceding tax year has not been provided on or before the date of their first instalment
- The date is not the date of instalment F for the corresponding income year.

Note that in some early balance date situations it is possible for a customer to meet the criteria of bullet point 2 above without having an EOT. For example, a customer with a 31 October balance date with 3 instalments and no EOT using the standard method is required to pay their first instalment of 2021 provisional tax on 28 March 2020.

The customer's 2020 return of income is not due to be provided until 7 July 2020. If the customer does not provide their 2020 return of income on or before 28 March 2020 they will use 110% of their 2019 RIT to calculate their 28 March 2020 provisional tax instalment amount.

## Transferring excess tax and effect on the ICA of a request for an effective date in the past

When you ask us to transfer a client's overpaid tax to a different period or to the tax account of a different taxpayer, and you choose an earlier date as allowed under Part 10B of the Tax Administration Act 1994, changes need to be made to any company imputation credit accounts for the transferor or the transferee.

The entries must be made as at the date chosen and not a later date, such as the date we process the request.

Consequential adjustments may then have to be made to ICA balances and returns back to that date (which could have further income tax, UOMI and penalty implications).

For more information on this, please see our recently published operational position *OP20/01 Commissioner's operational position on Part 10B transfers of excess tax, effective date for ICA entries*. [classic.ird.govt.nz/technical-tax/op-positions/op-2001-transfers-of-excess-tax-effective-dates-for-ICA-entries.html](https://classic.ird.govt.nz/technical-tax/op-positions/op-2001-transfers-of-excess-tax-effective-dates-for-ICA-entries.html)

### EOT dashboard in myIR

Reminder – if you are looking for your extension of time (EOT) dashboard in myIR you will find it under the **Tax Preparer TAB > Manage Agency**.

## New RWT exemption register

We recently published a new online RWT exemption register that lists the IRD number of all persons and organisations who are exempt from having RWT deducted from the interest and dividends they receive. The register replaces the need for RWT exemption certificates.

Find out more at [ird.govt.nz/Updates/News-Folder/rwt-exemption-register](https://ird.govt.nz/Updates/News-Folder/rwt-exemption-register)

### National standard costs of specified livestock

The costs for the 2019-20 year have recently been published on our website:

[classic.ird.govt.nz/technical-tax/determinations/livestock/national-standard/livestock-nationalstandardvalues-2020.html](https://classic.ird.govt.nz/technical-tax/determinations/livestock/national-standard/livestock-nationalstandardvalues-2020.html)

## New 'how to' video for payday filing: myIR - onscreen entry method

We've created a new 'how to' video for employers using the myIR onscreen entry method for payday filing. You and your clients can check it out at [ird.govt.nz/fileonscreen](https://ird.govt.nz/fileonscreen)

## Check out beta version of Tax Technical site now

We're building a new Tax Technical website to help people find tax technical answers more quickly.

A beta test version of the site is now available from the main Inland Revenue website. We encourage you to visit, familiarise yourself with the new look and feel, features and layout. You can also provide comments on the site by using the feedback button on each beta page. Feedback we receive will help us to improve the site before the first release, likely to be in late April.

We'll continue to improve the site in stages throughout 2020.



### Follow us on our LinkedIn page for tax professionals

We have a LinkedIn page dedicated to tax professionals. We share regular updates on tax law changes, upcoming due dates and more.

Follow our page today [linkedin.com/showcase/Inland-Revenue-NZ-for-tax-professionals](https://www.linkedin.com/showcase/Inland-Revenue-NZ-for-tax-professionals)