

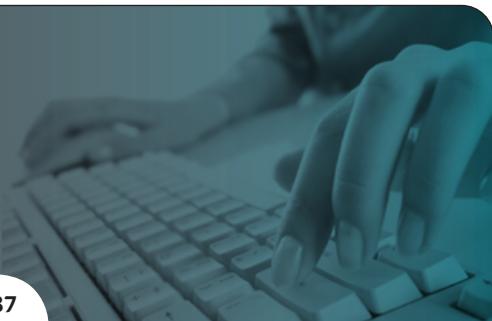
AGENTS ANSWERS

Inland Revenue's tax agents' update



Inland Revenue
Te Tari Taake

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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.

Haven't filed your clients' companies tax returns yet?

The due date for companies with an extension of time to complete their 2019 tax year IR4 was 31 March 2020. If you haven't already filed your clients' returns, it's time to do it.

We know this year has been tough for a lot of businesses, but they still need to file a return. If they cannot pay their business taxes on time due to the impact of COVID-19 we may be able to help. The best thing to do is to get in touch with us as soon as you can.

If your clients have not traded for more than 12 months, let us know by completing a **Non-active company declaration - IR433**. You can do this in myIR; go to I want...**More** (you'll need the customer master link).

Go to ird.govt.nz/IR4 for more information.

Customer master link

The customer master link is only available to tax agents and only one tax agent can have it at a time. To link at customer level, you must hold an authority to act (A2A) that allows you access to all tax types. This link controls whether you are authorised to receive mail at a customer level rather than at account level.

If you:

- don't have the customer master link, or
- have the customer master link without mail being set to redirect to your agency

the summary of account (and all mail issued at customer level) will be issued to your client.

Any mail that contains multiple tax types, relates to the client themselves, rather than a particular tax type, or anything that may be of a sensitive nature, is generally sent at the customer level. Examples of letters issued at customer level include:

- confirmation of an instalment arrangement
- change of balance date
- pre-audit review
- no objection to strike off.

The customer master link also allows you to:

- change your client's address at the customer level as opposed to the account level in myIR
- action a non-active company or trust declaration.

If you hold an A2A (as above) you can also apply for an IRD number on behalf of your client.

To check if you have the customer master link, run your Client List report.

(continued on next page)

Please note that there are still some letters issued at the customer level that will continue to go to your client, even if you have the customer master link in place with mail redirected to your agency. For example, Linking/delinking letters and notice of direct credit.

Read the full list of correspondence that will be sent to the client at ird.govt.nz/updates/news-folder/letters---tax-agent-redirect

Changes coming for paid parental leave in March 2021

A number of proposed changes will allow New Zealand families to manage their paid parental leave in myIR.

Most of these changes impact the person applying for paid parental leave. Some customer details for self-employed people, such as contact details will be pre-populated, but the customer will still need to provide us with their income details.

A regulation change will mean tax agents (or anyone with the authority to sign a statutory declaration) will no longer need to verify income details for clients applying for paid parental leave.

Go to ird.govt.nz/ppl-changes for more information about the changes.

Upcoming webinars

Our new webinar series will tell you about some of the changes you can expect to see in 2021. You don't need to register and they're available to watch at your convenience.

The first webinar is an introduction to the key changes coming next year, it is aimed at tax intermediaries.

Keep an eye on our website for more videos arriving at ird.govt.nz/webinars

L Letters reminder

If your client has not provided you with the information needed to complete their tax return, you can issue a reminder letter (L letter):

- in myIR from the tax preparer tab, or
- by calling our 0800 456 678 self service line.

L letters are available from 1 August to 14 February.

Where D-deferred status was approved for the 2019 return filing year, the L letter will not issue for 2020 in myIR. This is a known issue we are currently investigating. You can still issue the L letter through the self-service line, provided your client has an extension of time for 2020.

E-File to be decommissioned April 2021

E-File will be decommissioned on 16 April 2021. This change impacts tax agents who currently use E-File.

Returns can be filed through E-File up until 16 April 2021, but we'll be encouraging tax agents that use E-File to file their clients' tax returns before 31 March 2021.

E-File is being replaced with an array of new Gateway Return Services which software providers are building into their systems. They are selecting which aspects to build before E-File is decommissioned, focusing on those that are most critical for their customers. They will be talking to you about this functionality.

We have been working closely with the software providers to ensure a smooth transition.

The new services are designed to improve customer experience, providing similar functionality to E-File but also a lot more. For example:

- we can pre-populate the information we already hold in returns
- you can upload and send supporting documents to us when filing a return
- some of the feedback we've had from intermediaries about things that could be improved are addressed, such as allowing up to 20 transfers on a return.

If you have any questions about the new functionality, please talk to your software provider.

You can also check out our webpage for general updates: ird.govt.nz/topics/intermediaries/e-file

New tax technical items published

We have recently published these 2 items:

- **COV 20/12: Variation in relation to the definition of "finance lease" in s YA 1 of the Income Tax Act 2007**

This COVID-19 variation determination was issued on 5 November 2020. It applies for the period 5/11/2020 to 31/3/2021.

Lessors and lessees may have agreed to extend lease terms (or intend to do so) due to the financial impacts of COVID-19. The time period in the definition of "finance lease" has been extended using s 6I of the Tax Administration Act 1994 to allow certain extended leases to continue to be treated as operating leases.

- **COV 20/11: Variation of section 15D(2) of the Goods and Services Tax Act 1985 for applications to change GST taxable period**

This COVID-19 variation determination was issued on 4 November 2020. It applies for the period 4/11/2020 to 31/3/2021.

The determination recognises that the impact of COVID-19 means some taxpayers may now wish to file on a one-monthly basis to provide earlier access to any GST refunds. It allows the change of taxable period to take effect much sooner than would otherwise be the case.

You can find them on our website taxtechnical.ird.govt.nz/ Enter the number in the search box, eg COV 20/12.



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Agents Answers comments generally on topical tax issues relevant to tax agents. Every attempt is made to ensure the law is correctly interpreted, but articles are intended as a brief overview only. The examples provided are not intended to cover every possible factual situation.

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