

AGENTS ANSWERS

Inland Revenue's tax agents' update



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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.

COVID-19 and UOMI

We understand the effect that COVID-19 has had on the income and businesses of many of our customers. We acknowledge that many customers will be coming under increasing financial pressure to pay their taxes in full and on time.

This might mean that to maintain a business's long-term viability, arrangements might need to be made about a business's ability to pay their tax.

In response to this we've clarified what support is available to taxpayers and we've updated our Covid-19 use of money interest (UOMI) webpage at ird.govt.nz (search keywords: covid-19, uomi).

2020 end of tax year process

From mid-May to the end of July we'll be running the automatic end of tax year process for most New Zealanders.

This year all individual clients of tax agents (excluding IR3 filers) will receive an 'income tax – more information request' letter.

If you have your clients mail redirected you will receive this letter, otherwise, your clients will receive this themselves. We are sending the letters in batches so you will not get them all at once.

You are required to review and finalise your clients' income tax assessment for the tax year ending 31 March 2020. In myIR, you can add additional income and/or expense information and finalise the assessment.

For clients with an extension of time you have until 31 March 2021 to do this.

Remember, for quicker processing of refunds you can update your clients bank account details in myIR.

Gifting donation tax credits

A law change that applies for the 2008-09 and later income years clarifies that:

- donation tax credits for individuals, and
- gift deductions for companies and Maori authorities

are not available for gifts to donee organisations when they are made by way of a full or partial debt forgiveness. They are limited to gifts of cash or cash equivalents such as payments made by bank transfers, credit card or cheques.

The amendment brings the law into alignment with the policy intent. It also includes a savings provision for taxpayers who have already filed a donation tax credit claim or an income tax return before 17 December 2019 relying on the previous law.

Research & Development tax incentive credits

We are making urgent updates to the 31 March 2020 supplementary return to introduce broader refundability measures, so access through myIR is temporarily closed. We will let you know when the return is available.

You can still apply for General Approval for the 2020-21 year or elect to be a Significant Performer.

We are also producing a webinar to help you complete the 2019-20 end of year supplementary return. You and your clients may find this a valuable resource.

Granting a permanent easement – tax treatment

A provision in the Taxation (KiwiSaver, Student Loans, and Remedial Matters) Act 2020 amends the tax treatment of a one-off payment for the grant of a permanent easement.

Periodic payments for a permanent easement and any payment for the grant of a non-permanent easement (whether one-off or periodic), remain taxable. However, one-off payments for the grant of a permanent easement are not taxable.

This amendment applies retrospectively from 1 April 2015.

Type of payment	Permanent easement	Non-permanent easement
Periodic payment	Taxable	Taxable
One-off payment	Non-taxable	Taxable

Investment income reporting - custodial institutions

The definition of a custodial institution is set out in the Taxation (KiwiSaver, Student Loans, and Remedial Matters) Act 2020.

The law now details the responsibilities of certain custodial institutions to withhold and pay tax and report on investment income to Inland Revenue.

Reporting is required to be made for payments made on or after April 1, 2020. For more information please contact investmentincomereporting@ird.govt.nz

ACC invoicing delayed until October

ACC are also providing support and assistance during this challenging time. Invoices for the 2020-21 financial year would usually have been sent from 1 July but will now be issued in October. Other invoices issued throughout the year will also be on hold for 3 months. Payment options will be available once they send invoices.

For up to date information about their response visit the ACC website acc.co.nz/covid-19/businesses



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