

AGENTS ANSWERS

Inland Revenue's tax agents' update



Issue No 238 • September 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.

New GST payment option for some overseas businesses

Your overseas clients in Australia, the UK, many European countries, Canada and the US can now make direct debit GST payments through their myIR accounts.

To set up these payments:

- log in to myIR
- complete a direct debit mandate via settings – you only need to do this once
- choose the GST tax account
- select "Make a payment" on the summary screen
- follow the directions for setting up a direct debit payment.

Go to our website ird.govt.nz (search keywords: paying from overseas) for more details.

Income tax - more information request

If you receive an "Income tax - more information request" you (or your client) must review it, add in any additional income and expenses, if appropriate, and finalise it within the required timeframe:

- 31 March if the client has an extension of time
- 45 days after the date of issue if no extension of time (date will be in the letter).

For those not confirmed within the timeframe or where there is no additional information provided, we will finalise the income assessment based on the information we hold.

Steps to finalise the assessment

- Identify clients yet to have their "more info request" finalised. You can get this information by exporting your client list report and filtering the "Individual filing group" column to show "auto issued – more info".
- Look at each individual client to check if their "more info request" has been finalised. If this has been finalised in the income tax account in myIR you will see "ontime processed". If not you will see "request to complete."
- Confirm with your client their income sources for the 2019/2020 income year and finalise the assessment.
- Select the **Tax Preparer** tab> enter the client IRD number> select **access client**> click on the **Income tax** account> select the **periods** tab> click on **Request to complete**> Follow the prompts to complete the clients' assessment>submit.
- If your client has been selected for "more info request" and also has "other income" to submit you can enter the additional income at this step. Scheduling income expenses can also be included in the "more info request".

Once submitted the assessment will update to your client's income tax account.

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Note

If your client has been issued a "More information request" please do not electronically file an IR3 return. This will be recorded as a duplicate return and slow down processing. It can take up to 10 weeks to process.

Ensure your client's bank account details are up to date so that any credits can be refunded directly to their account.

If your client has a debit and an extension of the time, their 2020 terminal tax is due 7 April 2021. If your client has no extension of time, their 2020 terminal tax is due 7 February 2021.

For more help

Our On-demand webinar can help you through the process of reviewing and finalising assessments. Go to ird.govt.nz (search keywords: transformation webinars).

Find out more at ird.govt.nz (search keywords: clients of intermediaries).

Investment income monthly returns

From 1 April 2020 the reporting requirements for investment income changed. When you're completing monthly investment income returns for your clients, please follow the new requirements and make sure you have included the correct payer and recipient information.

When the correct information is included each month, income profiles for our customers are accurate, and there is no need for correction at the end of year.

Full details of the reporting requirements for investment income are on our website at ird.govt.nz (search keywords: reporting requirements after 1 April).

Foreign residential rental property ownership

We have recently published 3 items discussing tax issues arising from owning foreign residential rental property.

- **IS 20/06: Tax issues arising from owning foreign residential rental property.** This interpretation statement explains how to translate your client's foreign income and expenses into the correct amount for New Zealand tax purposes.
- **IS 20/07: Application of the financial arrangements rules to foreign currency loans used to finance foreign residential rental property.** This interpretation statement explains your client's obligations if your foreign residential rental property is financed with a foreign loan and you have to use the financial arrangement rules.
- **FX 20/01: Approval – foreign residential rental property amounts – currency conversion.** This determination approves some simplified methods and foreign exchange rate sources that you can use to convert your client's foreign residential rental property income and expenses to New Zealand dollars.

You can find them on our website taxtechnical.ird.govt.nz Enter the number in the search box, eg IS 20/06.



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