

AGENTS ANSWERS

Inland Revenue's tax agents' update



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Campaign for residential rental property interest limitation rules

New interest limitation rules have been introduced which phase out the ability to allow interest paid on loans as deductible expenditure when the loan was for a residential rental property.

We did an initial awareness campaign in March and we're now also running targeted online and radio advertising. Direct marketing (letters and emails) is planned for early June.

The campaign targets potentially impacted customers:

- confirming the rules have been passed into law, and
- directing them to information and tools to help them understand if and how they may be affected.

Customers with a redirect to a tax agent will be excluded from the direct marketing communications.

Flu vaccine vouchers and FBT

With flu season underway, a reminder that FBT is not payable on flu vaccine vouchers provided by an employer to a staff member to get their vaccination done at their doctor (or some other clinic).

These vouchers are exempt under section CX 24 *Benefits related to Health and Safety* of the Income Tax Act 2007.

Updating our trusts content on the website

With the recent legislative changes, we are aware that you have some questions about trusts. We will be updating our content on the website over the next few weeks to answer some of the questions you've asked us. In the meantime, if you have any urgent questions, please continue to email them to your agent account manager.

Our improved newsletters will give you more choice

Soon we'll be introducing a new-look newsletter with subscription options so you can choose what interests you and how often you want to receive it.

This includes the various tax policy, tax technical and tax agent publications.

We have listened to customer feedback and we've heard you would like a:

- similar experience across all of our publications
- visual design that matches our websites and makes working between the 2 easier
- "one-stop shop" so you can consolidate various mailing lists and receive information all in one place
- central place to view and amend your subscription options.

We're combining the Tax Intermediaries Update and Agents Answers into the "Tax Agents Newsletter". There will be options to include Tax Technical headlines and a list of the current public consultations. Important Messages will receive a refreshed look and will also be available on our website.

This new design will reduce duplication of information and ensure the updates you receive are the most current.

You do not need to do anything – your existing subscriptions to the newsletters you receive will remain the same. However, you will now have the option to consolidate what you receive from us, and choose whether to receive this weekly, fortnightly or monthly.

We'll be in touch with more information closer to the time, including a link for updating your subscription options (should you choose to do so).

Variation in relation to the definition of “finance lease” in s YA 1 of the Income Tax Act 2007

This recently released variation applies to lessors and lessees who may have agreed to extend lease terms (or intend to do so) because supply chain constraints resulting from COVID-19 have made it difficult to obtain new assets or replacement assets (e.g. motor vehicles) when existing leases expire. 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.

You can find it at taxtechnical.ird.govt.nz/determinations/covid-19-variations/cov-22-16



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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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