



Inland Revenue
Te Tari Taake

IR3NRG
July 2023

Non-resident income tax return guide 2023

Please read page 4 of this guide to check if you have to complete an IR3NR.

This guide is based on New Zealand tax laws at the time of printing and does not take into consideration any double tax agreements that may apply.

A large, white, stylized graphic of the letters 'i' and 'r' is positioned in the lower right quadrant of the page. The 'i' is a simple vertical bar with a circle above it, and the 'r' is a curved shape extending from the right side of the 'i'.

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Important changes

Questions 8 to 10 - Jurisdiction and TIN numbers

From the 2023 year you are required to provide your jurisdiction of tax residency and tax identification number (TIN).

Question 22 - Total residential income

'Total residential income' has been separated into the following 3 boxes:

- Gross residential rental income Box 22A
- Net bright-line profit (excluding losses) Box 22B
- Other residential income Box 22C.

For more information about how to complete these boxes, see Question 22 Income and expenses from residential property on page 14.

Use this guide with your return

If you need help filling in your return, please contact us. You can do this by:

- sending us a message in myIR
- calling us on 64 951 2020, or
- the postal address below:

Inland Revenue
PO Box 39010
Wellington Mail Centre
Lower Hutt 5045
New Zealand.

You can complete your return online at ird.govt.nz

If you lose your return, you can download a copy from our website. Please do not use anyone else's preprinted copy.

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Non-residents

We've sent you an IR3NR return or message to complete your return in myIR because our records show you as a non-resident for tax purposes.

This generally means you have not been personally present in New Zealand but have earned income from New Zealand sources.

If you're not sure about your residency status see our guide **New Zealand tax residence - IR292**.

Who has to send in an IR3NR income tax return?

You must complete and send in an IR3NR if you were a **non-resident for the full year** but received income from New Zealand. For example:

- interest, dividends, taxable Māori authority distributions or royalties*
- rents
- earnings from self-employment
- directors' fees for services performed in New Zealand
- income from an estate, trust or partnership, or
- superannuation for past services in New Zealand (this may be exempt if a double tax agreement applies).

* You probably **will not** have to complete a return if your only income is from interest, dividends, or royalties, and NRWT was deducted at the correct rate - see page 6.

Part-year non-residents

If you were a non-resident for part of the year between 1 April 2022 and 31 March 2023, **you have to complete an IR3** and make a list showing your income earned as a resident and as a non-resident. Attach this list to your **IR3 return**.

If you need an IR3 return and/or do not need to complete an IR3NR please contact us - see page 2.

Your return is due to us by 7 July 2023

If you have to complete a return and you do not send us one, we'll charge a late filing penalty - unless you get an extension of time.

Income year

The information in this guide is based on the tax year 1 April 2022 to 31 March 2023. If your income year is different you can still use the guide, but work out your income and expenses for your income year. If you need more information, contact us - see page 2.

How are non-residents taxed?

In an individual's annual assessment, NRWT is assessed on income from interest, dividends and royalties - see pages 6 to 10. All other income is added up and tax is calculated at the current tax rates.

The 2 amounts of tax are added together. Credit is then allowed for any tax deducted by the payer of the income, for example NRWT, PAYE, RWT on dividends, Māori authority credits, schedular payment credits and tax paid by trustees.

Questions 1 to 6 Personal information

This information helps us to contact you. Please make sure we have your details correct. If you've changed your name or address, let us know so we can update our records. You can also update your personal information in your myIR account.

Postal address

If you use your tax preparers postal address leave this address panel blank, even if your postal address has changed. Your tax preparer will let us know if they change their address.

If your address is a New Zealand PO Box number, please show your box lobby if you have one. If you're unsure of your box lobby number please contact New Zealand Post.

Date of birth

We ask for this so we do not mix up people with the same name.

Question 7 Bank account number

The fastest and safest way to get any refund is to have it direct credited to your New Zealand bank account. If your bank account number is not preprinted on the return form, write it in Box 7.

If your suffix has only 2 digits, enter them in the first two boxes.

Question 8 Jurisdiction of tax residency

This is the foreign country or territory (jurisdiction) where you are a tax resident.

Question 9 Tax identification number (TIN)

This is your tax identification number (TIN), used by the tax authority in the tax jurisdiction you're resident in.

If you are not required to hold a TIN in that jurisdiction, or the jurisdiction does not issue TINs, tick one of the boxes at question 10 and leave this field blank.

Question 11 New Zealand Superannuation (NZ Super)

If you received standard NZ Super during the year, you must include it in your return. Work and Income deducts tax from payments to you. Copy the details from your Summary of Income (SOI) to Question 16 of your return. For more information about the SOI - see page 11.

NZ Super paid to you as a resident of another country is known as "portable New Zealand Superannuation". Work and Income does not deduct tax from payments of portable superannuation when it is paid to you, and you do not have to include it in your return.

For information about pensions, see page 11.

Non-resident passive income

NRWT

NRWT is deducted from a non-resident's New Zealand income. The types of income (non-resident passive income) and the maximum rates of NRWT are:

- dividends 30%
- interest 15%
- royalties 15%.

Expenses **cannot** be claimed against non-resident passive income.

Non-resident passive income has been extended to include non - resident financial arrangement income (NRFAI). NRFAI applies in certain circumstances where there is a financial arrangement between related parties.

More information is available on our website ird.govt.nz in **Tax Information Bulletin (TIB) Vol 29 No 5**.

Note

If you're a non-resident and have a "fixed establishment" in New Zealand, interest is not liable for NRWT but you have to include it in your return. A fixed establishment is a fixed place where a non-resident has a business, such as a shop, farm or factory. It does not include property that produces rental income only.

New Zealand has double tax agreements (DTAs) with a number of countries. These agreements may allow for different rates, you can check the rates on our website ird.govt.nz/nrwt

If you need more information you can check NRWT on our website or contact us.

Use the "other countries" rates if:

- the country you live in is not on the list
- you do not know your country of residence, or
- you have no country of residence.

You do not need to send in a return if:

- your only New Zealand income was from interest, dividends or royalties
- NRWT has been deducted at the correct rate, or
- if your interest income has been zero-rated under the approved issuer levy (AIL) rules. See page 8 for details.

If you are not sending in a return, please write to us, see page 3 so we can record that:

- NRWT/AIL has been deducted correctly
- you're no longer a non-resident, or
- you no longer receive any New Zealand-sourced income.

This will save us from contacting you later. Remember to write your name and IRD number on the letter.

Question 12 New Zealand interest

Did you receive any New Zealand interest between 1 April 2022 and 31 March 2023:

- in cash or by cheque
- credited or added to your account
- compounded and added to your investment, or
- earned by a partnership, estate or trust, or from Inland Revenue.

You must show all New Zealand interest you receive. Include interest from banks, building and investment societies, credit unions, other securities and any loans you've made. Also include interest from Inland Revenue.

Do not include any interest that has:

- had NRWT deducted at the correct rate, or
- been zero-rated under the approved issuer levy rules (AIL). See page 8 for details.

Interest on broken term deposits

If you've broken a term deposit during the year, you may have negative interest to account for. This is interest you've repaid on the term deposit. It may reduce the amount of interest you need to declare on your return.

If you broke the term deposit in full, or it was business-related, deduct the negative interest from the gross interest amount on your **New Zealand NRWT withholding certificate - IR67**. Deduct the allowable negative interest component using the worksheet below before entering the gross amount at Question 12B.

Worksheet: Interest on broken term deposits

Copy your gross interest from your NRWT withholding certificate to Box 1.

1 ▶

\$

Print any negative interest you've paid in Box 2.

2 ▶

\$

Subtract Box 2 from Box 1 and print the answer in Box 3.
Include this amount in the total shown at Box 12B on your return.

3 ▶

\$

What to show in your return

The interest payer will send you a statement or a **New Zealand NRWT withholding certificate - IR67**. It will show the gross interest paid and the amount of tax deducted.

From each interest statement or certificate, copy the name of the payer, add up the amounts of tax deducted and the gross interest and print the totals in the boxes at Question 12.

Do not send us your interest statements or certificates. Keep them in case we ask for them later.

RWT

If RWT was deducted from your interest, include it in the RWT column. Tell the organisation paying you interest you're a non-resident and the country you're resident in - the payer will then deduct NRWT at the rate for that country.

NRWT payable on your interest

Refer to ird.govt.nz/nrwt to find the NRWT rate on interest for your country of residence. Multiply that rate by the amount in Box 12B of your return and print your answer in Box 12C.

The credits attached to the gross interest will be offset against the NRWT payable.

Approved issuer levy (AIL)

From 1 August 1991 "approved issuers" (financial institutions) pay interest to non-residents free of NRWT. They have to pay a levy for the right to issue securities subject to a zero rate of NRWT.

The levy, known as approved issuer levy, is calculated at a rate of 2 cents for every dollar of interest paid for the security.

Note

Do not include in your return any interest zero-rated under the AIL rules.

Interest of \$20 or less

If the total interest you received for the year is \$20 or less, you may not receive a certificate or statement, but you still need to show the gross interest and NRWT. Get the details from your bank statements.

More than three certificates

There's space in the return for details from 3 interest statements or certificates. If you have more than 3, add up all the NRWT and gross interest amounts from all your certificates and print the totals in Boxes 12A and 12B.

Interest on joint accounts

If you hold a joint account, you must show your share of the interest in your return.

Interest paid or charged by Inland Revenue

If we paid you interest, include it at Box 12B for the income year you received the interest.

If you paid us interest, include it as a deduction in the income year the interest is paid.

Question 13 New Zealand dividends

Did you receive any New Zealand dividends between 1 April 2022 and 31 March 2023?

Show them at Question 13. Include dividends earned by a partnership or estate or distributed by a trust.

Do not include dividends received which are fully imputed and from a company in which you have a 10% (or greater) direct voting interest. The NRWT rate on these dividends is 0%.

Do not include any dividends that have had NRWT deducted at the correct rate.

Note

If you received fully imputed cash dividends the rate of NRWT is 15%.

Credits attached to dividends

A New Zealand company may attach several types of credits to dividends.

- NRWT - 30% or 15% of the dividend is deducted when it is paid to you.
- Imputation credits - a portion of the tax paid by the company on its profits.

You cannot claim imputation or franking credits from dividends paid to you while you're a non-resident but you can claim any excess imputation credits you received while you were resident in New Zealand because these can be offset against tax payable on "other income". If you have excess imputation credits to bring forward - see page 27.

- If the dividend does not have NRWT deducted, RWT would generally be deducted at 33%.

What to show in your return

From each dividend statement, show at Question 13:

- the name of the company
- the dividend credits (by adding up the NRWT and RWT), and
- the gross dividend (by adding up the dividend paid, NRWT and RWT).

Add up the amounts and print the totals in Boxes 13A and 13B.

Do not include any imputation or franking credits shown because they do not apply to you.

Do not send us your dividend statements, but keep them in case we ask for them later.

RWT

If your dividends have had RWT deducted, include this in Box 13A. Tell the payer you're a non-resident and the country you're resident in. The payer will then deduct NRWT at the rate for that country.

NRWT payable on your dividends

Refer to our website at ird.govt.nz/nrwt to find the NRWT rate on dividends for your country of residence. Multiply that rate by the amount in Box 13B of your return and print your answer in Box 10C.

The credits attached to the gross dividends will be offset against the NRWT payable.

Shares instead of dividends

If you received shares from a taxable bonus issue or a non-cash dividend, include them as income at Question 13. Write the amount as if you received dividends instead of shares.

More than three statements

There's space on the return for details from 3 dividend statements. If you have more than 3 dividend statements, add up all dividend credits (NRWT and RWT) and gross dividends from all your statements and print the totals in Boxes 13A and 13B.

Question 14 New Zealand royalties

Did you receive any New Zealand royalties between 1 April 2022 and 31 March 2023 that were paid, credited or otherwise dealt with on your behalf?

Show all royalties from New Zealand sources at Question 14, including royalties received by a partnership, estate or trust.

Do not include royalties that have had NRWT deducted at the correct rate.

What to show in your return

From each royalty statement, copy the total amounts of tax deducted and the gross royalties to the boxes at Question 14.

Do not send us your royalty statements, but keep them in case we ask for them later.

NRWT payable on your royalties

Refer to our website at ird.govt.nz/nrwt to find the NRWT rate on royalties for your country of residence. Multiply that rate by the amount in Box 14B of your return and print your answer in Box 14C.

The credits attached to the gross interest will be offset against the NRWT payable.

Other income

Question 16 New Zealand income with tax deducted

Did you receive any of these types of income from New Zealand sources between 1 April 2022 and 31 March 2023:

- salary or wages
- schedular payments
- accident compensation payments related to earnings
- standard NZ Super, or
- taxable pensions, annuities or superannuation.

What to show in your return

In late May 2023 we'll send you a **Summary of Income (SOI)** for the year 1 April 2022 to 31 March 2023. Use this to complete your return.

If you had income from salary, wages, benefits, taxable pensions or schedular payments, add totals 11E and 12A from your SOI and print the total in Box 16A. Add totals 14B and 15C and print the total in Box 16B.

If you have extinguished tax credits for payroll donations, the PAYE deducted figure on your SOI has been adjusted to show this.

You do not need to attach your SOI to the return unless you're making changes to it.

Pensions

Do not include these pensions or annuities in your return:

- non-taxable pensions or annuities from superannuation schemes registered with the Financial Markets Authority (for example government superannuation) or life insurance funds - the tax on these is already paid by the fund
- completely tax-free pensions, such as war pensions or a portable veteran's pension, or
- portable NZ Super.

Note

Portable NZ Super or portable veteran's pension paid while residing overseas are tax exempt and will not need to be included on your return.

Schedular payments

If you received any schedular payments, read the notes on page 26 to see if you can claim expenses.

If you're registered for GST, your gross schedular payment may include GST. Enter the GST-exclusive amount at Question 16B.

If your employer received and passed on the wage subsidy as part of your schedular payments with tax deducted at source no further action is required for this wage subsidy receipt.

If your employer received the wage subsidy and passed this on to you without tax deducted at source you will need to include the amount in the government subsidies box at Question 27.

Question 17 Māori authority distributions

Māori authorities can make various types of distributions.

Complete Question 17 if you received any taxable Māori authority distributions between 1 April 2022 and 31 March 2023. The Māori authority that paid you the distributions sends you a statement.

Credits attached to distributions

The Māori authority may attach a credit to the distribution it makes to members. This credit will be classified as a Māori authority credit and is part of the tax already paid on the profits, so the distributions are not taxed twice.

What to show in your return

Your Māori authority distribution statement shows:

- the amount of the distribution made to you, including what portions are taxable and non-taxable, and
- the amount of Māori authority credit.

These amounts, not including any non-taxable distributions, will need to be transferred to the relevant boxes at Question 17.

Example

A Māori authority makes a pre-tax profit of \$10,000. It pays tax on this profit of \$1,750 (Māori authority tax rate of 17.5%) and distributes the entire profit to its 10 members. So, each member will receive \$825 as a cash distribution and \$175 of Māori authority credits.

Each member of the authority who has to complete an IR3NR return would show the following information at Question 17:

Box 17B - \$1,000 (made up of \$825 + \$175)

Box 17A - \$175

Non-taxable distributions

Any other distributions received from a Māori authority, which are not taxable in the hands of a Māori authority member, do not need to be included in the IR3NR return. These amounts are classed as non-taxable distributions and cannot have credits attached.

For more information see our guide [Māori authorities - IR487](#).

Question 18 New Zealand partnership income

If you received any partnership income between 1 April 2022 and 31 March 2023, show it at Question 18.

What to show in your return

Print your share of the partnership's tax credits in Box 18A. Print your share of the partnership's income in Box 18B.

If your partnership income includes:

- interest and any tax credits, show this at Question 12
- dividends and any credits, show this at Question 13
- royalties and any tax credits, show this at Question 14,

- income and expenses from residential property including rental income and net bright-line profit - show these at Question 22
- other rental income - show this at Question 24, or
- government subsidies - show this at Question 27.

Expenses

You may be able to claim expenses against your share of the partnership income not claimed in the **Partnership's income tax return - IR7**, for example interest on capital borrowed to purchase a share in a partnership. Claim these expenses at Question 30.

Losses from limited partnerships

If you're claiming a loss from a limited partnership and you need help working out the amount you can claim, please go to ird.govt.nz/partnerships

Question 19 New Zealand estate or trust income

If you received estate or trust income between 1 April 2022 and 31 March 2023, show it at Question 19.

There are 3 types of estates or trusts:

- complying
- foreign
- non-complying.

Only include the trust's distributions to you as beneficiary income. Do not include any other sort of distribution.

For more information see our guide **Trusts' and estates' income tax rules - IR288**.

What to show in your return

Print your share of the tax paid by the trustees in Box 19A and the estate and trust income in Box 19B.

If your estate or trust income includes:

- interest and any RWT, show it at Question 12
- dividends and any credits, show it at Question 13
- royalties and any tax credits, show it at Question 14.

If you received a wage subsidy payment from the Trust which did not have tax deducted at source you will need to include the amount in the government subsidies box at Question 27.

Note

There's a special rule for non-resident beneficiaries who become residents again. It applies if you became resident in New Zealand within 5 years of leaving, and you received beneficiary income or taxable distributions from a non-complying or foreign trust while not resident. That income is assessable on the day you became a New Zealand resident again. Contact us (see page 2) if this situation applies to you.

Question 20 Look-through company (LTC) income

If you received any tax credits and/or income from an LTC write the details at Question 20.

Note

The LTC will normally supply information about non-allowable deductions and any other information required to complete your return.

Deductions (expenses) against LTC income may be limited if the owner (shareholder) does not have sufficient owner's basis (equity) in the company. This will only apply if the LTC is in a partnership or joint venture which includes another LTC.

If you had any non-allowable deductions brought forward from last year, you may be able to claim some or all, of the brought forward amount this year. Print the amount claimable in Box 17D.

Do not include:

- interest and RWT - include these at Question 12
- any imputation credits, dividend RWT and gross dividends - include these at Question 13
- any overseas income
- income and expenses from residential property including rental income and net bright-line profit - include these at Question 22
- other rental income - show this at Question 24
- government subsidies - show this at Question 27.

What to show in your return

Add up all other tax credits received from the LTC and print the total in Box 20A. Add up all LTC income not already included elsewhere and print the amount in Box 20B. Add up all non-allowable deductions this year and print the amount in Box 20C. Add up all prior year non-allowable deductions claimed this year and print the amount in Box 20D.

If you have an amount in Box 20C, add this to Box 20B and put the total in Box 20E.

If you have an amount in Box 20D, subtract this from Box 20B and put the total in Box 20E.

If you do not have any amounts in Box 20C or Box 20D, copy the amount from Box 20B to 20E.

You can find more information about LTCs in our guide **Look-through companies - IR879**.

Question 22 Income and expenses from residential property

This question applies to non-residents who own New Zealand residential property, that have:

- income subject to the residential property deduction rules
- net income from a bright-line sale
- income in relation to a loan in a foreign currency
- depreciation recovery income from disposed assets
- net income from the taxable disposal of a residential property outside the residential property deduction rules because it is held on revenue account.

Residential property deduction rules

Most residential rental properties are subject to the residential property deduction rules (also known as the ring-fencing rules). When they apply, your residential rental deductions generally cannot be more than your residential property income.

If your deductions are more than your income, the difference must be carried forward to the next year you earn income from your residential property, including income from properties held on revenue account.

Any rental income or loss and net income or loss from a taxable disposal is fully excluded from the rules if the property is:

- the main home
- subject to the mixed-use asset rules (for example, a holiday home rented out part-time and not used for at least 62 days in the income year, or 62 working days in the income year if it's usually only used on working days), or
- certain employee accommodation.

For these types of property, any rental income or loss is shown at Box 24 and net income or net loss from a taxable disposal shown in Box 26B.

Any rental net loss and net loss from a taxable disposal is partially excluded from the rules if it is for:

- property that will always be taxed on sale, being revenue account property of a person in the business of building, developing or dealing in land, or
- other revenue account property the person has notified us they want the exclusion to apply to.

For these types of property any rental net loss is shown at Box 24 and taxable disposal net loss shown at Box 26B.

The residential property deduction rules also apply if you borrowed money to acquire an interest in certain entities that have significant rental property holdings - a residential land-rich entity - and you have interest expenditure on the borrowed money.

Residential land-rich entity - a close company, partnership or look-through company that holds more than 50% of its assets by value in residential land, directly or indirectly. These entities come under the interposed entities rules as part of the residential property deduction rules.

For more information about the interposed entity rules, see page 60 of the **Tax Information Bulletin Vol 31 No.8 September 2019**.

Read our **Rental income - IR264** guide for more information on:

- when the rules apply
- how to calculate your income
- the amount of deductions you can claim this year, and
- the amount of any excess deductions that must be carried forward.

Completing your return

You will use question 22 to record residential income and deductions that are subject to the residential property deduction rules.

Tick the method you have used to calculate your residential property income and deductions.

You can use 1 of the following methods:

- Portfolio basis - combine income and deductions for all rental properties in the portfolio.
- Individual, property-by-property basis - income and deductions of individual property calculated separately to other property. You need to maintain separate records for each property to choose this option.
- Combination of the individual basis and portfolio basis - choose to apply different methods to different property. Some properties are held in a portfolio and others are held on an individual basis.

If you are an owner of a look-through company (LTC) and have attributed residential income and/or residential rental deductions, you need to use the same method the LTC uses (portfolio or individual property basis) for the residential properties owned by the LTC. If you are a partner in a partnership and have attributed residential income and/or residential rental deductions, you do not need to use the same method the partnership uses.

For LTCs and partnerships, the residential property income and deductions calculations are made at the owner or partner level as they may have other residential income and deductions that need to be included. An LTC or partnership does not need to calculate its net residential income and excess deductions. Instead, the LTC or partnership's residential income and deductions are attributed to the owners or partners, who then calculate their net residential income and any excess deductions and enter those amounts on their income tax return. An LTC must complete the IR7L form and a partnership must complete the IR7P form to attribute amounts to the owners or partners.

You need to calculate and identify the amounts for Boxes 22A to 22I using the method you have chosen for your rental properties. For the portfolio basis, the allowable deductions from all of the properties in your portfolio can be offset against income you earn from all of the properties in the portfolio.

Calculate your rental income and deductions as usual, as shown at Boxes 4 and 14 on the **Rental income - IR3R form**.

You can then enter these figures in the **Residential property deductions worksheets - IR1226** to help calculate the figures required to be entered in your return. You can print a copy off our website ird.govt.nz/forms-guides

Write the gross residential rental income from the portfolio and/or individual property in Box 22A.

Don't include rental income or losses from properties excluded from the residential property deduction rules. Enter those amounts in Question 24 instead.

Box 22B Net bright-line profit

The bright-line property rule needs to be considered when none of the other land sale rules at Question 26 apply to the disposal of the property.

This rule for residential property looks at the length of time a property is owned. If you sell or dispose of a residential property within a certain timeframe and no exclusion applies, then your profit on the sale will be taxable. This applies no matter what your reason was for buying or selling the property or what kind of buyer you are.

The bright-line property rule applies if you sell or dispose of a residential property you have owned for less than:

- 5 years for properties acquired between 29 March 2018 and 26 March 2021.
- 5 years for properties acquired as a result of an offer made on or before 23 March 2021 and that offer was not able to be revoked or withdrawn before 27 March 2021.
- 5 years for properties acquired on or after 27 March 2021 that qualify as a 'new build'.
- 10 years for all other properties acquired on or after 27 March 2021.

For tax purposes, a property is generally acquired on the date a binding sale and purchase agreement is entered into (even if some standard conditions like getting finance or a building report still need to be met). This date will determine which bright-line period (5 or 10 years) applies for your property.

For more information on when a property is acquired, see our **Question we've been asked (QB) 17/02: Date of acquisition of land, and start date for 2-year bright-line test** at taxtechnical.ird.govt.nz

There are other dates that are relevant for figuring out whether your property sale is taxable under the bright-line property rule. Generally, your bright-line period starts when the legal title is transferred to you and ends when you enter into a binding sale and purchase agreement to sell the property. Where land is acquired or disposed of in a way that does not follow the standard land sale process, for example if you purchase "off the plan", there are some different rules that apply to the bright-line period start and end dates.

The bright-line property rule does not tax any profit made while the property was your main home and to some other specific situations. Relief is also available for certain ownership transfers. For more information on exclusions to the bright-line property rule, ownership transfers and rollover relief go to ird.govt.nz/brightline or our guide **Bright-line property tax - IR1227**.

You can also use the property tax decision tool on our website to work out if you need to pay tax on the sale of your property. Go to ird.govt.nz/brightline

If you sell or dispose of a residential property and the sale is taxable under the bright-line property rule, the amount of the previously denied interest under the interest limitation rules is treated as if it were part of the cost of the property in the year of disposal. If this results in a net loss, the deduction for the net loss is limited under the current rule that applies to losses from the disposal of bright-line property. If the disposal is not taxable, the interest previously denied a deduction remains non-deductible.

For more information about the bright-line property rule, go to ird.govt.nz/brightline or our guide **Bright-line property tax - IR1227**. You can find our forms and guides at ird.govt.nz/forms-guides

Completing your return

Income and losses for property subject to the bright-line property rule are treated differently in the tax return. After a taxable bright-line sale:

- if you have net income from the sale of the property (a profit), the net income is included in Box 22B. Unless the property is part of a portfolio, expenses from other properties cannot be offset against the net income from the disposal.
- if you have made a net loss when the property is sold, the loss must be carried forward to a later income year when it can be used to offset net income from the land sale provisions, including from future disposals subject to the bright-line rule. A bright-line loss is not recorded in the tax return. Please keep your own record of any bright-line losses you have made.

Complete a **Bright-line residential property sale information - IR833** form for each bright-line property sold or disposed of and include it with your return. The form explains how to calculate the resulting profit or loss.

Complete the form even if the details have been included in a **Financial statements summary - IR10** or set of accounts, unless the income will be included in your return as part of your business income as a property speculator, property dealer, developer or builder.

Box 22C Other residential income

Write the total other residential income in Box 22C. This includes the total from the following amounts:

- income in relation to a loan denominated in a foreign currency from the portfolio and/or individual property
- all depreciation recovery income from assets disposed of from the portfolio and/or individual property
- net income from the taxable disposal of a residential property outside the residential property deduction rules because it is held on revenue account.

Write any net tax losses from disposals of rental properties that are excluded from the residential property deduction rules in Box 26B.

Box 22D Total combined residential income

The amount in Box 22D is the total amount of Box 22A, Box 22B and Box 22C.

Note

If you are a partner in a partnership or owner of a look-through company and have been attributed residential income at Box 27G on the IR7P or IR7L, include your share of that in proportion to your share in the partnership or effective look-through interest in the LTC in the following relevant boxes:

- Gross residential rental income Box 22A
- Net bright-line profit (excluding losses) Box 22B
- Other residential income Box 22C.

The amount in Box 22D will then include the total of your attributed residential income at Box 27G on the IR7P or IR7L.

Boxes 22E to 22I in your return

Write the total eligible deductions for the year for all ring-fenced residential rental properties in Residential rental deductions Box 22E.

If you are a partner in a partnership or owner of a look-through company and have been attributed residential rental deductions shown at Box 27M on the IR7P or IR7L, include that here at Box 22E.

Do not include purchase costs, capital improvements or costs incurred when disposing of the property here. They are included when calculating the net income for taxable disposals. This is the total before adjusting for excess deductions.

Note

Do not include the amount of interest expense denied under the interest limitation rules in Box 22E.

Write the total excess deductions brought forward from last year in Box 22F.

Write the total residential rental deductions claimed this year in Box 22G. This amount cannot exceed the lesser of the following:

- Total combined residential income Box 22D
- Residential rental deduction Box 22E plus Excess residential rental deductions brought forward Box 22F.

The amount cannot exceed the above unless you have sold an individual property or the last property in a residential portfolio and the sale was taxable.

The amount in Box 22H should equal Total combined residential income Box 22D minus Residential rental deductions claimed this year Box 22G.

Any losses are counted as zero unless the loss is the result of either:

- excess deductions released from either a taxable disposal of a property held on the individual property basis, or a taxable disposal of all properties or the last property held in a portfolio, or
- claimable interest paid on your investment in a residential land-rich entity. Refer to the **Rental income - IR264 guide**.

Write the amount of all excess deductions for the year to be carried forward to next year in Box 22I.

Note 1

If you sell or dispose of an individual property and the sale is not taxable; or you sell or dispose of the last property in a portfolio and at least 1 of the sales in the portfolio was not taxable, any excess deductions will transfer to another property or portfolio and be carried forward to a future year in which you earn income from a residential rental property (including properties on revenue account).

Note 2

If you sell or dispose of an individual property and the sale is taxable, or you sell or dispose of the last rental property in a portfolio, and the sale of all your rental properties in a portfolio were taxable, any remaining loss/excess deductions are released and can be offset against other income. However, this does not include any excess deductions transferred to the portfolio/property.

Note 3

If you want to claim that a property is held on revenue account where the sale may be taxable, you need to tell us the property details of the property. You will be stating the sale will be a taxable sale when the property is disposed of. You must be able to separately identify the deductions relating to the property.

For more information read the **Rental income - IR264** guide.

Residential land-rich entities

If you have an investment in a land rich entity, include:

- interest relating to the residential rental activity that is deductible under the interest limitation rules in Box 22E
- interest relating to the residential rental activity you can claim this year under the residential property deduction rules in Box 22G and any remaining amount carried forward in Box 22I
- a note attached to your income tax return advising the above amounts relate to an investment in a land rich entity, to ensure quick processing of your return
- the amount of interest paid that does not relate to the residential rental property in Box 24.

Question 23 Interest incurred from residential property

This question applies to owners of residential property subject to the interest limitation rules.

You do not need to complete this question for the following types of property:

- farmland
- hospitals, hospices, convalescent homes, nursing homes
- rest homes and retirement villages
- hotels, motels, inns, camping grounds, hostels.

For interest to be deductible, the general deductibility rules must be met. The interest will also not be deductible to the extent to which it is of a private or domestic nature.

From 1 October 2021, interest is not deductible for residential property in New Zealand acquired on or after 27 March 2021, unless an exclusion or exemption applies (see below).

For properties acquired before 27 March 2021, the ability to deduct interest on existing loans is being phased out between 1 October 2021 and 31 March 2025. For the 2023 tax year, you can claim 75% of the interest incurred from 1 April 2022 to 31 March 2023.

Interest on any new loans drawn down on or after 27 March 2021 is not deductible.

Special rules also apply for refinanced loans and for interest on revolving credit and overdraft facilities. Any interest on borrowings above the closing balance on 26 March 2021 is not deductible. For more information, go to ird.govt.nz/property/renting-out-residential-property

There are interposed entity rules to deny interest deductions for a customer who borrows to indirectly fund residential property through an interposed entity.

What to show in your return

Complete this question for any interest expense you are claiming in this income tax return at Boxes 22E and 24 in relation to a house, apartment, flat or other structure that could be used for residential accommodation, either short-term or long-term. This includes if you have an arrangement to build such a structure, and bare land that could be used to build such a structure under the relevant district plan.

Write the total interest on residential property in Box 23A. This is the total interest incurred on your borrowings for all your residential properties for this year. If you are using an IR3R form to prepare a summary for each rental property, this is the total of all the 7A Boxes.

Write the amount of interest expense claimed in Box 23B. If you are using an IR3R form to prepare a summary for each rental property, this is the total of all the 7B Boxes.

Note

If you are a partner in a partnership or owner of a look-through company that has incurred interest on residential property at Question 19 in the IR7, include your share of that here in proportion to your share in the partnership or effective look-through interest in the LTC.

If you have claimed an interest expense in Box 23B, at Box 23C tick the reason(s) for the interest expense claimed:

- **A Māori exempt company or not a residential land company** - The interest limitation rules do not apply to non-close companies or groups if less than 50% of its total assets consist of residential property (excluding development property but including shares in other companies that exceed this 50% test) at all times during the income year. A close company that is a Māori authority, eligible to be a Māori authority, or wholly-owned by an entity that is a Māori authority or eligible to be one is an exempt Māori company if it passes this 50% test.
- **Certain schedule 15 exclusions or property not in NZ** - The interest limitation rules apply to land in New Zealand only. Schedule 15 of the Income Tax Act 2007 also allows you to claim interest for the following:
 - main home – if a portion is used to earn income such as a flatting situation
 - business premises (for example, a villa now used as a dental clinic) except if the business premises is used for providing accommodation and it's not a person's main home
 - certain Māori land, papakāinga and kaumātua housing, and land transferred as part of settlement under Te Tiriti o Waitangi/Treaty of Waitangi
 - employee accommodation
 - student accommodation.
- **Loans drawn down prior to 27 March 2021** - From 1 October 2021, the ability to claim interest is being phased out for the following situations:
 - loans drawn down prior to 27 March 2021
 - property acquired before 27 March 2021 but the loan for the settlement of the property was not drawn down until on or after 27 March 2021
 - loans that relate to the purchase of a property acquired as a result of an offer made on or before 23 March 2021 and that offer was not able to be revoked or withdrawn before 27 March 2021.

In other situations where the property is acquired on or after 27 March 2021, interest cannot be claimed from 1 October 2021 onwards.

- **Emergency, transitional, social or council housing** - You can claim interest for loans if your property is used for emergency, transitional or social housing when leased to the Crown, for example to Te Tūāpapa Kura Kāinga - the Ministry of Housing and Urban Development (HUD) or Kāinga Ora, or to a registered community housing provider.
- **New build exemption** - A 'new build' is a self-contained residence that is issued a Code Compliance Certificate (CCC) under the Building Act 2004, confirming the residence was added to the land on or after 27 March 2020. The exemption generally applies for 20 years. For more information about what qualifies as a new build go to ird.govt.nz/property/renting-out-residential-property or our guide **Rental income - IR264**
- **Development or land business exemption** - The development exemption does not require you to have a 'land business' and applies to land that you develop, subdivide, or build on to create a new build. The development may be a one-off. The land business exemption applies to land held as part of a developing, subdividing, or land-dealing business, or a business of erecting buildings on land.
- **Approved build-to-rent exclusion** - This applies to land that meets the criteria of build-to-rent land and is approved by Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (HUD). You can claim interest for loans if your property is recorded on the build-to-rent asset register maintained by HUD.

Existing build-to-rent land has until 1 July 2023 to meet the requirements and to apply.

For more information about the interest limitation rules and how to calculate the amount of interest you can claim, go to ird.govt.nz/property/renting-out-residential-property or our guide **Rental income - IR264**. You can find our forms and guides at ird.govt.nz/forms-guides

Question 24 Income from other rental activities

Show income you received from other New Zealand rental activities between 1 April 2022 and 31 March 2023 at Question 24.

Only include net residential rental income or losses not included at Question 22 and commercial rental income in Box 24.

This includes rents from a New Zealand:

- bach or holiday home that comes within the mixed-use asset rules
- main home
- rental properties held on revenue account, such as part of a business dealing in land or building residences, and
- commercial property.

Prepare a summary of the details for each rental property. You can use either:

- a **Rental income - IR3R** form, or
- your own summary.

If you prepare your own summary, we need the following details:

- the address of the rented property
- the number of months it was available for renting

- total rents before expenses
- rates
- insurance
- interest
- agents' collection fees
- repairs and maintenance
- depreciation and contents, and
- total rents after expenses (your net rents).

These details are explained fully in our guide **Rental income - IR264**.

If you need an IR3R form, you can print a copy at ird.govt.nz/forms-guides

If you prepare your own summary, please refer to the IR3R form or our guide **Rental income - IR264** to see what to include.

Ongoing expenses

Claim ongoing expenses, such as rates, insurance and interest, in proportion to the number of months the property was available for renting. For example, if the property was available for 10 months, you can claim $\frac{10}{12}$ ths of these expenses.

Repairs and maintenance

You may claim property repairs and maintenance, but not additions or improvements. Expenditure relating to additions or improvements to the property must be capitalised and may be depreciated. However, if the additions and improvements form part of a residential rental building, the costs are added to the building's cost and depreciated at the same rate as the building, which is zero percent. If your property has been classed as a leaky home, write to us with the circumstance of the leaky building and the expense you want to claim. Go to page 2 to find out how to contact us.

Offshore mortgage

If you have an overseas mortgage on your residential rental property in New Zealand, you may need to pay non-resident withholding tax (NRWT) or approved issuer levy (AIL) on the interest paid to the overseas lender, unless the overseas lender is a bank that has a registered branch in New Zealand.

The withholding tax rate varies depending on whether New Zealand has a double tax agreement with the overseas country.

The financial arrangement rules may also need to be considered. This means any foreign exchange gain or loss may need to be included in your New Zealand income tax return.

If you are not sure how these rules apply to your situation, please seek advice from a tax professional.

What to show in your return

Add up the net rent (rent after expenses) and print the total in Box 24. Attach the IR3R, or your summary, to your IR3NR. Keep your receipts with your records in case we ask to see them later.

Question 25 New Zealand self-employed income

If you received any income from self-employment between 1 April 2022 and 31 March 2023, show it at Question 25.

If you received the wage subsidy, show the total wage subsidy amount received at Question 27 (this amount must be separated from your self-employed income).

Prepare a summary of details

You can use:

- your financial records
- the **Farming income - IR3F** form for agricultural businesses
- the **Business income - IR3B** form for other businesses
- the **Financial statements summary - IR10** form.

Attach one of the above forms to your return and print profit (net income) in Box 25.

IR10

The **Financial statements summary - IR10** is a short form of the financial statements of a business. Use an IR10 and speed up processing of the return. We do not need a set of financial accounts if you use the IR10. You still need to complete a set of financial accounts and keep them in case we ask for them later. For help with filling out the IR10, please see our **IR10 guide - IR10G**.

Keep your receipts with your records in case we ask to see them too.

Question 26 Income from taxable sale or disposals of property

Include all income and tax losses from land sales or disposals of other property not included at Question 22.

Profits from land sales are taxable if you bought a property for the purpose of reselling it or are in the business of buying and selling land and/or buildings.

The profits may also be taxable if you:

- are a builder and improved a property before selling it
- developed or subdivided land and sold sections, or
- had a change of zoning on your property and sold it within ten years of buying it.

Write the total profit or loss from the sale or disposal of other property in Box 26B.

Net profit from a bright-line sale is generally included in Box 22B. Only include in Box 26B the net profit from a bright-line sale excluded at Question 22, for example the bright-line sale of a mixed-use asset. Do not include any net loss from a bright-line sale.

For more information on the land sale rules, go to ird.govt.nz/buying-selling or read our guide **Tax and your property transactions - IR361**. You can find our forms and guides at ird.govt.nz/forms-guides

Box 26A Residential land withholding tax (RLWT) credit

If you are an Offshore RLWT person and have sold or transferred residential property located in New Zealand, RLWT may have been deducted from the sale price. You should have received a statement on the completion of the sale process showing the amount of RLWT deducted. You can claim a credit for any RLWT deducted. Show the amount of RLWT deducted, minus any RLWT paid back to you and/or transferred to outstanding amounts during the income year.

If there was more than 1 amount of RLWT deducted, show the combined amount, minus any RLWT paid back to you and/or transferred to outstanding amounts during the income year.

Attach a note with the name of your withholder(s) to your return.

Question 27 Government subsidy

The government subsidy box is used to report the TOTAL Covid-19 wage subsidy, wage subsidy extension, wage subsidy resurgence and wage subsidy March 2022 payments received by an individual where tax was not deducted at source and passed on to Inland Revenue, for example received by the employer and passed on as salary/wages with normal PAYE etc deductions.

The resurgence support payment (RSP) is not subject to income tax and therefore does not need to be included in this box as income. Where the RSP has been received you need to reduce your expenditure claims to the extent of the total RSPs you received.

If your employer received the wage subsidy on your behalf and continued to pay your salary/wages or contractor payments, and these have been reported in the gross earnings or schedular payments fields, you are not required to include the amounts in this box.

If you received any wage subsidy payment that has not been dealt with via payroll as noted above, for example customers that received the wage subsidy payments due to loss of self-employed income, shareholder salary or partnership/LTC income; you will need to report it in this box.

Full details, including various scenarios that apply to wage subsidy receipts and what amount to report can be found at ird.govt.nz/covid-19/business-and-organisations

Question 28 Other New Zealand income

If you received any other income between 1 April 2022 and 31 March 2023, show it at Question 28.

This includes:

- the sale of shares or other property
- the sale or redemption of securities, and
- cash jobs, tips, payments made "under the table", bartering or income from an illegal enterprise.

Income from the sale of shares or other property

The profits are taxable if you bought:

- and sold shares or other property as a business
- shares or other property for the purpose of resale.

Write the total profit in Box 28. Attach a note with the details of your income and expenses from these sales to your income tax return.

If you're not sure if your income from the sale of shares or other property is taxable, go to page 2 to find out how to contact us.

Sale or disposal of assets

If you sold or disposed of a depreciated asset for more than its adjusted tax value, refer to our guides **Depreciation - IR260**, **General depreciation rates - IR265** or **Historic depreciation rates - IR267**.

Losses from shares or other property

If you made a loss and can show that if you'd made a profit it would have been taxable, you may be able to claim the loss as a deduction.

If you're not sure if you can claim a deduction for a loss, go to page 2 to find out how to contact us.

Investments in portfolio investment entities (PIEs)

If you have an investment in certain PIEs that use their investor's prescribed investor rate (PIR) to calculate the PIE's income tax, you're required to use the 28% PIR for the 2023 income year. This will mean that the income does not get included in your tax return. If you don't use this rate the PIE income is included in your taxable income in your tax return and taxed at your basic tax rate. You'll need to attach details to the return.

PIE tax credits are limited to the New Zealand tax payable on the PIE income.

Non-residents cannot claim a PIE loss.

If you are a notified foreign investor in one of the foreign investment PIEs the PIE will use the appropriate rate based on the income they attribute to you.

Question 30 Other expenses

If you had expenses against the income you earned between 1 April 2022 and 31 March 2023, you can claim here for:

- a fee you paid someone for completing your return
- expenses incurred in earning certain income which tax has been deducted from
- additional expenses incurred in deriving partnership income, for example interest on capital borrowed to purchase a share in the partnership, and
- premiums on loss of earnings insurance, provided the benefit from the insurance policy is taxable.

What to show in your return

Print the total of your expenses in Box 30. If you paid someone to complete your return, write the person's name in the panel provided. Attach a note with the details of other expenses and your name and IRD number to your income tax return.

You cannot claim expenses against:

- non-resident passive income, ie, interest, dividends, or royalties
- salary and/or wages
- taxable Māori authority distributions
- election day services
- casual agricultural work, or
- commissions if you're also paid a salary or retainer from the same employer.

If you're registered for GST:

- you must deduct any GST included in any gross schedular payment income, and
- you cannot claim the GST portion of your expenses.

Question 32 Net losses brought forward

There are 2 types of net losses you can bring forward.

Specified activity net losses

If you're claiming specified activity net losses and need help with this question, please contact us, see page 2.

Other net losses

Other net losses are all those incurred from the 1991 income year onwards and those not limited before 1991.

Where to find your net loss to bring forward

You can find the amount of net loss you have to bring forward on the "Loss/excess imputation credits carried forward" letter we sent you after your 2022 notice of assessment. If you do not have this letter, contact us and we'll send it to you.

What to show in your return

Add up all net losses to be brought forward to 2023 and print the total in Box 32A. Print the net loss amount you can claim this year in Box 32B.

Excess imputation credits brought forward

You can bring forward any excess imputation credits you received while you were resident in New Zealand because these can be offset against the tax payable on your other income.

If you have excess imputation credits to bring forward, you can find the amount on the "Loss/excess imputation credits carried forward" letter we sent you after your 2022 year notice of assessment.

To claim these credits, attach a note to the front of your return.

Tax calculation

Is your taxable income:	Calculate your tax on taxable income:
\$0.00 to \$14,000	below
\$14,001 to \$48,000	below
\$48,001 to \$70,000	on page 29
\$70,001 to \$180,000	on page 30
\$180,001 and over	on page 30

Question 35 Tax calculation

Use this worksheet if your taxable income is from \$0 to \$14,000.
If your taxable income is from \$0 to \$14,000, your tax rate is 10.5 cents in the dollar.

Copy your taxable income from Box 33 of your return to Box 1. **1** ▶ \$. 00

Multiply Box 1 by 0.105 (10.5 cents in the dollar).
 Print the answer in Box 2. **2** ▶ \$.

This is the tax on your taxable income. Copy it to Box 35B on page 5 of your return.

Use this worksheet if your taxable income is from \$14,001 to \$48,000.
Your tax is \$1,470 plus 17.5 cents for each dollar in this tax bracket.

Copy your taxable income from Box 33 of your return to Box 1. **1** ▶ \$. 00

2 ▶ \$ 14,000 . 00

Subtract Box 2 from Box 1. Print the answer in Box 3. **3** ▶ \$. 00

4 ▶ \$ 1,470 . 00

Multiply Box 3 by 0.175 (17.5 cents in the dollar). Print the answer in Box 5. **5** ▶ \$.

Add Box 4 and Box 5. Print the answer in Box 6. **6** ▶ \$.

This is the tax on your taxable income. Copy it to Box 35B on page 5 of your return.

Use this worksheet if your taxable income is from \$48,001 to \$70,000.

Your tax is \$7,420 plus 30 cents for each dollar in this tax bracket.

Copy your taxable income from Box 33 of your return to Box 1.

1 ▶ \$. 00

2 ▶ \$ 48,000 . 00

Subtract Box 2 from Box 1. Print the answer in Box 3.

3 ▶ \$. 00

Multiply Box 3 by 0.30 (30 cents in the dollar). Print the answer in Box 5.

4 ▶ \$ 7,420 . 00

5 ▶ \$.

Add Box 4 and Box 5. Print the answer in Box 6.

6 ▶ \$.

This is the tax on your taxable income. Copy it to Box 35B on page 5 of your return.

Use this worksheet if your taxable income is from \$70,001 to \$180,000.

Your tax is \$14,020 plus 33 cents for each dollar in this tax bracket.

Copy your taxable income from Box 33 of your return to Box 1.

1 ▶ \$. 00

2 ▶ \$ 70,000 . 00

Subtract Box 2 from Box 1. Print the answer in Box 3.

3 ▶ \$. 00

Multiply Box 3 by 0.33 (33 cents in the dollar). Print the answer in Box 5.

4 ▶ \$ 14,020 . 00

5 ▶ \$.

Add Box 4 and Box 5. Print the answer in Box 6.

6 ▶ \$.

This is the tax on your taxable income. Copy it to Box 35B on page 5 of your return.

Use this worksheet if your taxable income is \$180,001 and over.

Your tax is \$50,320 plus 39 cents for each dollar in this tax bracket.

Copy your taxable income from Box 33 of your return to Box 1.

1 ▶ \$. 00

2 ▶ \$ 180,000 . 00

Subtract Box 2 from Box 1. Print the answer in Box 3.

3 ▶ \$. 00

Multiply Box 3 by 0.39 (39 cents in the dollar). Print the answer in Box 5.

4 ▶ \$ 50,320 . 00

5 ▶ \$.

Add Box 4 and Box 5. Print the answer in Box 6.

6 ▶ \$.

This is the tax on your taxable income. Copy it to Box 35B on page 5 of your return.

Refunds and/or transfers

Question 36 Getting a refund?

If you're entitled to a refund, you may:

- have it direct credited to the New Zealand bank account shown at Question 7 or other deposit account, for example a building society account shown at Question 7
- transfer all or part of it to cover someone else's income tax debit, or
- transfer all or part of it to pay your 2024 provisional tax.

If you've made payments towards your 2024 provisional tax and, after completing this return, you find that you have less or no provisional tax to pay, the over payment can be included in the amount we refund or transfer. Attach a separate note to your return to request this.

Direct credit

If you choose direct credit you get your refund faster and you can withdraw your money as soon as it is credited because there's no clearance time.

We pay any refund over \$1.00 direct into your New Zealand bank account as soon as we've processed your return. Make sure your correct account number is printed at Question 7 on the front page of your return.

Transfers

If you'd like your refund transferred to another account or to arrears being paid off through an instalment arrangement, you'll need to tell us the date you'd like your excess tax transferred (the "transfer date").

The date you can choose depends on what tax has been overpaid and whose account you want the credit transferred to.

Requesting transfers on your return

You can ask us to transfer a refund to another account by filling out the boxes on page 5 of your return. If you ask for a transfer on your return, we'll transfer your refund at 1 of the following dates:

Transfer to your own account or an account of someone associated to you, the later of:

- the day after your balance date (or 1 April if your balance date is before 31 March), or
- the due date in the destination account.

Transfer to an account of someone not associated to you:

- the day after your return was completed.

If you do not tell us the date you'd like your credit transferred, we'll transfer it at a date we think gives you the greatest advantage. If you'd like the credit transferred at a different date, you can contact us and ask for the transfer date to be changed (including if we've transferred your credit to cover a debt).

Associated taxpayers

The following are associated taxpayers for the purposes of transferring overpaid tax:

- a company you're a shareholder-employee in
- a partner in the same partnership
- a relative (for example child, parent)
- spouse or partner, or
- a trustee of a family trust you're a beneficiary of.

Transfers requiring a separate note attached to the return

If you are requesting a transfer at a future date, transfer to arrears being paid off by an instalment arrangement and transfers at a different date, you will need to attach a note with the below details to your return:

- the amount you want transferred
- the account you want it transferred to, for example name, IRD number, tax type and period end date (and if it is another person whether they're associated)
- the date you'd like the credit transferred, and
- if it is to be transferred to debt covered by an instalment arrangement.

Are you entitled to an early payment discount?

An early payment discount is available for people who:

- are either self-employed or a partner in a partnership
- are new in business
- derive income mainly from the business
- have no obligation to pay provisional tax in their current tax year
- made payments within the corresponding income year up to their balance date, eg, a standard balance date taxpayer, who has made a payment or payments on or before 31 March 2023 as income tax for the period 1 April 2022 to 31 March 2023
- elect by 31 March of the following year, e.g., a taxpayer electing for the year ending 31 March 2023, must elect on or before 31 March 2024.

The discount is calculated at the rate of 6.7% of either:

- the amount paid during the year, or
 - 105% of your end-of-year residual income tax liability,
- whichever is the lesser, and is credited against your end-of-year tax bill.

To check if you qualify, work through the flowchart on the next page.

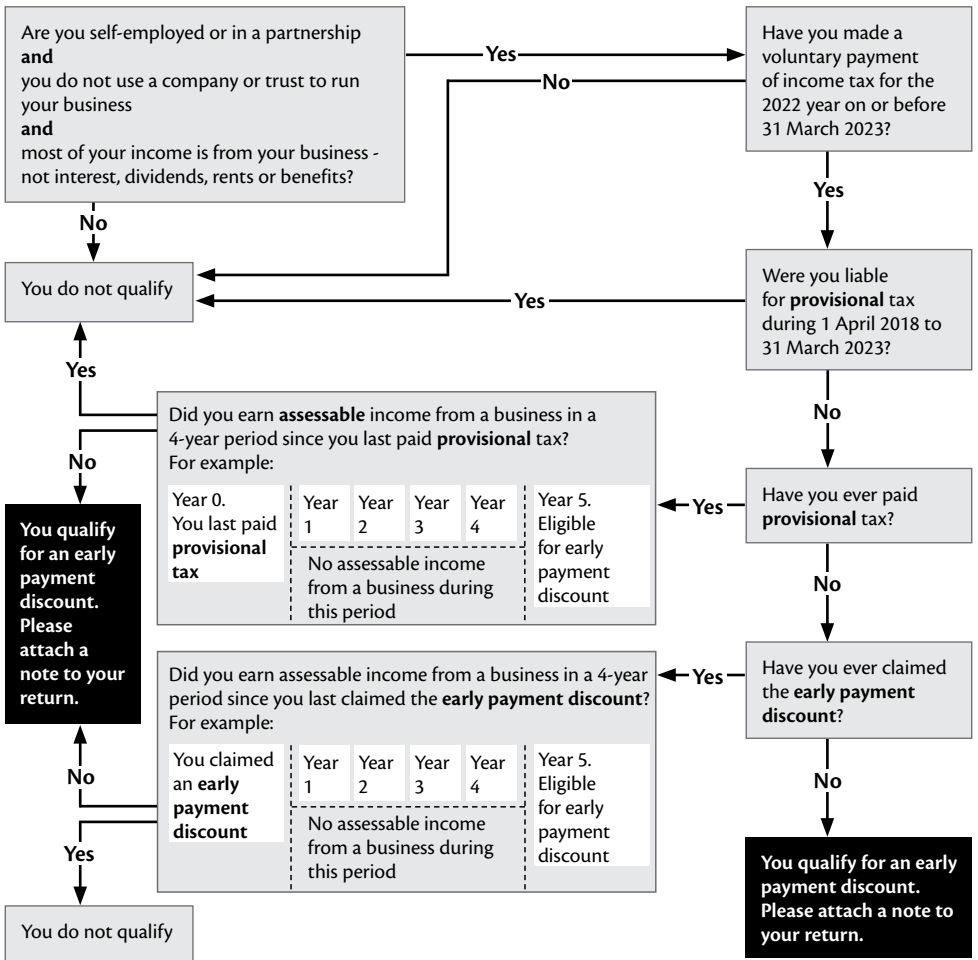
Terms we use

Provisional tax - this is tax paid in instalments during the year, based on what you expect your income to be, or what it was last year.

Assessable income - income that is not exempt income or excluded income (for example a government grant to a business). Assessable income includes undeclared business income you may have earned (for example cash jobs).

Year - as referred to in the diagram below, year means the standard tax year from 1 April to 31 March, unless you have an approved different balance date, in which case your income year will end then.

If you have any questions about your entitlement to the discount, please contact us.



Provisional tax

Question 37 Provisional tax

Provisional tax is generally payable because you earned income during the year that either:

- was not taxed, or
- was taxed at the wrong rate.

Provisional tax is usually payable in 3 instalments during the year. For example, if your 2023 residual income tax (RIT) (Box 35H of your return) is more than \$5,000, you'll become a provisional tax payer and will be liable to pay 2024 provisional tax.

For more information see our guide **Provisional tax - IR289**.

Initial provisional tax liability

Special rules apply when interest may be charged for an initial provisional tax liability.

You will have an initial provisional tax liability if:

- you begin to derive income from a taxable activity during the tax year
- your RIT in any of the four preceding tax years did not exceed \$5,000, (\$2,500 for the 2019-20 and earlier years)
- your RIT in any of the 4 preceding tax years did not exceed \$5,000, and
- your RIT for the current year is \$60,000 or more.

If this applies to you, please read our guide **Provisional tax - IR289**.

The date you cease employment determines when interest will be charged from.

You are not liable to pay provisional tax in the year you have an initial provisional tax liability. You may make voluntary payments to reduce your interest liability.

Payment dates

Provisional tax is payable on the instalment dates that fall more than 30 days after the date you ceased employment. If you have to pay provisional tax, you must pay it in:

- 3 equal instalments if you ceased employment more than 30 days before the first instalment date
- 2 equal instalments if you ceased employment 30 days or less before the first instalment date and more than 30 days before the second instalment date, or
- 1 instalment if you ceased employment 30 days or less before the second instalment date.

For the income year ending 31 March 2024, you'll pay:

- 3 equal instalments (28 August 2023, 15 January 2024 and 7 May 2024) if you ceased employment before 28 July 2023
- 2 equal instalments (15 January 2024 and 7 May 2024) if you ceased employment between 29 July and 16 December 2023
- 1 instalment (7 May 2024) if you ceased employment on or after 16 December 2023.

Standard provisional tax payment dates

If you have a standard balance date of 31 March your payment dates are usually:

First instalment	28 August 2023
Second instalment	15 January 2024
Third instalment	7 May 2024

Non-standard balance dates

If your balance dates differ from 31 March, your payment dates are the 28th of the month every 5th, 9th and 13th month following the balance date. For example, if your balance date is 30 June, your first provisional payment is due 28 November.

If you're registered for GST and complete your returns six-monthly, or you choose the ratio option, these payment dates will alter. If this describes your situation please read our guide **Provisional tax - IR289**.

Payment options

You have 3 options for paying provisional tax - the standard option (S), the estimation option (E) or the ratio option (R).

Standard option

Under this option, your 2024 provisional tax is the same as your 2023 RIT (where it is more than \$5,000) plus 5%.

Note

If your RIT is over \$60,000 special interest rules apply to you - please read our guide **Provisional tax - IR289**.

Use this worksheet to calculate your 2024 provisional tax using the standard option (S)

Copy your RIT from Box 35H of your return to Box 1.

1 ▶ \$. 00

Multiply Box 1 by 0.05 (5%). Print your answer in Box 2.

2 ▶ \$. 00

Add Box 2 to Box 1. Print your answer in Box 3. Box 3 is your 2024 provisional tax.

3 ▶ \$. 00

Copy it to Box 37B of your return and print S in Box 37A.

Divide the amount in Box 3 by the number of times you pay provisional tax each year to get the amount you must pay for each instalment. Record this on page 36.

If you're completing your return after 28 August 2023 your instalment amounts may be different. Please read our guide **Provisional tax - IR289**.

Estimation option

Anyone can estimate their provisional tax. If you expect your 2024 RIT to be lower than your 2023 RIT, estimating will keep you from paying more than you have to.

Your estimate must be fair and reasonable at the time you make it, and at each instalment date. You can be charged a penalty and/or interest if you do not take reasonable care when you estimate your provisional tax.

If you've chosen to pay your 2024 provisional tax using the standard option, you can still estimate your provisional tax any time up to and including your final instalment date. Once you've chosen the estimation option you cannot change back to the standard option in that income year. You can re-estimate any number of times up to and including your final instalment date. Your last estimate becomes final at this date.

Use this worksheet to calculate your 2024 provisional tax using the estimation option (E)

Print your estimated 2024 income in Box 1.

1 ▶	\$		•	
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Work out the tax on the amount in Box 1 (see page 28).
Print your answer in Box 2.

2 ▶	\$		•		00
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Print your estimated 2024 credits, for example tax credit,
RWT deductions, in Box 3.

3 ▶	\$		•		00
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Subtract Box 3 from Box 2. Print your answer in Box 4.
Box 4 is your 2024 provisional tax.

4 ▶	\$		•		00
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Copy Box 4 to Box 37B of your return and print E in Box 37A.

Divide the amount in Box 4 by three to get the amount you must pay for each instalment. Record this on page 36.

If you're completing your return after 28 August 2023, your instalment amounts may be different. Please read our guide **Provisional tax - IR289**.

Ratio option

If you're GST registered you may qualify to use the ratio option to calculate your provisional tax.

Only enter **R** at Box 37A if you've already elected to use the ratio option. Your application to use the ratio option must be made by phone or in writing before the beginning of the income year you want to use it in.

If you've already elected to use the ratio option and want to continue using it enter **R** at Box 37A.

Read our guides **Penalties and interest - IR240** and **Provisional tax - IR289** for more information.

Question 38 Is your return for a part-year?

Read the situations listed in Question 35 in your return. If any apply to you, tick the "Yes" option, then tick the situation that applies to you and fill in the start and end dates of the return period.

Question 40 Notice of assessment and declaration

You must read the declaration and sign the return as being true and correct.

Self-assessment by taxpayers

Taxpayers are required to assess their own liability as part of meeting their return filing obligations. We may amend your assessment if a correction is required.

If you dispute our assessment please go to ird.govt.nz/disputes for more information. The 4-month period for you to issue a notice of proposed adjustment (NOPA) to your self-assessment will start on the date Inland Revenue receives your return.

Are there any penalties?

You may face penalties and prosecution if you:

- are required to put in a return but do not
- give false or misleading information (including not showing all your income)
- leave out details on purpose so the information is misleading, or
- complete your return late.

Paying your tax

If you have tax to pay, you must pay it by 7 February 2024. If you have a tax agent and a standard balance date, you may have until 7 April 2024 - if this applies to you, please contact your agent. You can pay earlier if you want to.

If you have not received a statement from us by the last day for payment, please pay the amount you've calculated. When you receive a statement of account showing the amounts we've calculated, check them against your figures. If you have any questions please contact us - see page 3.

How to make payments

Go to ird.govt.nz/pay to pay online or find out about these other payment options:

- making electronic payments
- using a credit or debit card.

Late payment

We may charge you a late payment penalty if you miss a payment or it is late. We'll also charge you interest if you do not make your tax payment by the due date.

If you cannot pay your tax by the due date, please contact us. We'll look at your payment options, which may include an instalment arrangement, depending on your circumstances.

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

Your record of payment

When you've worked out how much you have to pay, write the amounts on the schedule below. Keep the schedule as your record so you do not miss a payment.

Payment schedule	
These dates may vary if you have a non-standard balance date, if you have a tax agent or if you are registered for GST on a 6-monthly filing frequency.	
Amount	Date payable
2023 income year	
Tax to pay (Box 35J) of your return	7 February 2024
\$ <input type="text"/>	
2023 income year	
Total provisional tax (Box 37B of your return)	
\$ <input type="text"/>	
First instalment (one-third)	28 August 2023
\$ <input type="text"/>	
Second instalment (one-third)	15 January 2024
\$ <input type="text"/>	
Third instalment (one-third)	7 May 2024
\$ <input type="text"/>	

Services you may need

Need to speak with us?

Have your IRD number ready and call us on one of these numbers.

General tax, tax credits and refunds	0800 775 247
Employer enquiries	0800 377 772
General business tax	0800 377 774
Overdue returns and payments	0800 227 771

We're open 8am to 6pm Monday to Friday, and 9am to 1pm Saturday. We record all calls.

Our self-service lines are open 7 days a week - except between 5am and 6am each day. They offer a range of automated options, especially if you are enrolled with voice ID.

Find out more at ird.govt.nz/contact-us

Self-service numbers

Our self-service numbers are open to overseas callers 7 days a week - except between 5am and 6am each day, New Zealand local time. Make sure you have your IRD number ready when you call.

For access to your account-specific information, you'll need to be enrolled with voice ID or have a PIN.

Order forms, guides and returns	+64 4 978 0767
All other services	+64 4 978 0775

When you call, confirm what you want from the options given. If you need to talk with us, we'll re-direct your call to someone who can help you.

Nominating someone to act on your behalf

You can nominate someone to act on your behalf to help you with your tax and entitlements. You can add a nominated person in myIR.

Having a nominated person does not change your responsibilities. You're still personally responsible for your tax obligations.

Privacy

Meeting your tax obligations means giving us accurate information so we can assess your tax and entitlements under the Acts we administer. We may charge penalties if you do not.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them, and
- Statistics New Zealand (for statistical purposes only).

You can ask for the personal information we hold about you. We'll give the information to you and correct any errors, unless we have a lawful reason not to. Find our full privacy policy at ird.govt.nz/privacy

If you have a complaint about our service

We're committed to providing you with a quality service. If there's a problem, we'd like to know about it and have the chance to fix it.

If you disagree with how we've assessed your tax, you may need to follow a formal disputes process.

Find out more about making a complaint, and the disputes process, at ird.govt.nz/disputes

ird.govt.nz

Go to our website for information and to use our services and tools.

- **Log in or register for myIR** - manage your tax and entitlements online.
- **Calculators and tools** - use our calculators, worksheets and tools. You can check your tax code, find filing and payment dates and calculate your student loan repayment.
- **Forms and guides** - download our forms and guides.

Forgotten your user ID or password?

Request these from the myIR login screen and we'll send them to the email address we hold for you.

How to get our forms and guides

You can get copies of our forms and guides at ird.govt.nz/forms-guides



Te Kāwanatanga o Aotearoa
New Zealand Government