



Inland Revenue
Te Tari Taake

IR9G
March 2022

Clubs or societies return guide 2022

Read this guide to help you fill in your IR9 return.

Complete and send us your IR9 return by 7 July 2022, unless you have an extension of time to file - see page 4.



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

The information in this guide is based on current tax laws at the time of printing.

Contents

	Page
Introduction	4
Who has to file a return	4
Return due date	4
Questions	5
Q 2 Club or society's name	5
Q 3 Postal address	5
Q 6 Bank account number	5
Q 8 Incorporation	5
Q 9 Has the club or society ceased?	5
Q 10 Income and expenditure from residential property	6
Q 11 Interest incurred from residential property	12
Q 12 Income from taxable property sales/disposals	16
Q 13 Friendly societies	16
Q 14 Exempt income	17
Q 15 All other clubs and societies	17
Types of income for organisations - Q14 and Q15	17
Q 17 Donations	21
Q 19 Net losses	22
Q 21 Tax calculation	22
Q 22 Refunds and/or transfers	24
Q 23 Initial provisional tax liability	26
Q 24 2023 provisional tax	27
Not taking reasonable care penalty	28
Interest	28
Election to be a provisional tax payer	29
Change in balance date	29
Tax pooling	29
Payment dates	29
How to make payments	30
Late payment	30
Self-assessment by taxpayers	31
Services you may need	32
0800 self-service number	32
Need to speak with us?	32
Privacy	33
If you have a complaint about our service	33

Introduction

The questions in this guide follow the same numbering as in your return.

If you need more help, read these guides:

- **Charitable and donee organisations - IR255**
- **Education centres - IR253**
- **Provisional tax - IR289.**

Who has to file a return?

All New Zealand clubs and societies must complete a tax return each year unless they derive only exempt income.

If your organisation has a certificate of exemption from RWT (resident withholding tax) on interest and dividends this does not mean your income is exempt income. Contact us if you're not sure whether your club or society is required to complete a tax return.

If we've sent you a taxpack but your organisation is tax exempt, contact us so we can update our records.

If your club or society's income is not exempt but the organisation did not have income that was liable for income tax during the tax year from 1 April 2021 to 31 March 2022, just fill in:

- page 1 of the return, and
- the declaration on page 5.

All other organisations must complete all parts of the return.

Return due date

If the club or society has a 31 March balance date, you have until 7 July 2022 to send in the return, unless you have been granted an extension of time. If you have a balance date other than 31 March the return date may be different. Contact us if you're not sure of the filing date.

If the club or society is the client of an agent, you may have until 31 March 2023 to complete the return. Contact your agent for more information.

Questions

Question 2 Club or society's name

If the club or society has changed its name since the last time a return was completed, please provide proof of the name change details so we can update our records.

Question 3 Postal address

If you have a new postal address, write the details at Question 3. If your new postal address is a PO Box number, show your box lobby, if you have one. If you're unsure of your box lobby please contact New Zealand Post.

Leave this address panel blank if the club or society uses its tax preparer's postal address. The tax preparer will let us know if they change their address.

Question 6 Bank account number

The fastest and safest way to get any refund is to have it direct credited to your club or society's New Zealand bank account or other deposit account, for example a building society account. If your club or society's bank account number is not preprinted on the return form, include it at Question 6.

If your suffix has only 2 numbers, enter them in the first 2 squares of the suffix box.

Question 8 Incorporation

An organisation can be incorporated under New Zealand legislation, such as the Incorporated Societies Act 1908, Companies Act 1993 or the Charitable Trusts Act 1957. An organisation may also be incorporated under foreign legislation.

Make sure you complete this box as different tax rates apply for incorporated societies. See page 22 of this guide.

Question 9 Has the club or society ceased?

If the club or society has ceased, include a set of accounts (if accounts are required) to the date the organisation ceased.

If the organisation is registered for GST, or as an employer, you will need to complete a **Business cessation - IR315** form to finalise your records.

Question 10 Income and expenditure from residential property

This question applies to owners of residential property, including overseas property, that gives rise to net income from a bright-line sale, and property subject to the residential property deduction rules.

Bright-line property rule for residential property

The bright-line property rule needs to be considered when none of the other land sale rules at Question 12 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 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. There are some different rules if you purchase "off the plan" in a new development, for example.

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

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 10A. 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.

If you sell/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.

If you are a New Zealand tax resident you'll need to pay tax on your worldwide income under New Zealand tax law. This includes any property sales both in New Zealand and overseas subject to the bright-line property rule or the other land sale rules.

For more information on the land sale rules, go to ird.govt.nz/buying-selling or read our guide **Bright-line property tax - IR1227**. You can find our forms and guides at ird.govt.nz/forms-guides

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 properties held on revenue account.

There are 2 levels of exclusions from the rules.

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

- the main home
- property 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, the existing rules apply with the rental income or loss shown at the applicable box 13, 14C or 15C and net income or net loss from a taxable disposal shown in box 12.

Any rental net loss and net loss from a taxable disposal is partially excluded from the new 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, net rental income and net income from a taxable disposal plus any depreciation recovered is shown as residential income at box 10A.

A taxable disposal net loss is shown at box 12.

Any rental net loss is shown at the applicable box 13, 14C or 15C.

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.

The residential property deduction rules also apply to any club or society that has borrowed money to acquire an interest in certain entities with significant rental property holdings (a residential land-rich entity) and has 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. They 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**.

Completing Question 10 in your return

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

Calculate and identify the amounts for Boxes 10A to 10F using your chosen method.

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 total residential income in Box 10A. This is the total of the following amounts:

- (a) all rental income from the portfolio and/or individual property
- (b) all depreciation recovery income from the portfolio or individual property
- (c) net income from the taxable disposal of a property in your portfolio (or individual property), and
- (d) all net rental income, depreciation recovery income and net income from the taxable disposal of the property from residential property excluded because it is held on revenue account.

Only include the net income from a disposal once.

Write the total eligible deductions for residential rental properties in Box 10B. Do not include purchase costs, capital improvements or costs incurred when disposing of the property here. These are included when calculating the net income for taxable disposals.

This is the total before adjusting for excess deductions.

Write the total excess deductions brought forward from last year in Box 10C.

Calculate the amount of allowable deductions you can claim this year adjusting for excess deductions. Write the total Residential rental deductions claimed this year in Box 10D. This should equal Box 10B plus Box 10C less the amount of excess deductions for each property and/or property portfolio shown in Box 10F.

The amount cannot exceed total residential income at Box 10A, unless there was a taxable sale/disposal of a rental property.

Combine the net income results (after adjusting for any excess deductions) for all properties and write the total in Box 10E. Your total Net residential income in Box 10E cannot be a loss, unless the rental property or all the properties in the portfolio have been disposed of as taxable sales.

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

either:

- excess deductions released as the result of either a taxable disposal of a property held on the property-by-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 10F.

This is calculated as Residential rental deductions Box 10B minus Residential rental deductions claimed this year Box 10D.

NOTES

Note 1

If you sell/dispose of an individual property and the sale is not taxable, or you sell/dispose of the last property in a portfolio and at least 1 of the sales in the portfolio was not taxable, any remaining excess deductions must be transferred to another property or portfolio and/or be carried forward to the next year you earn income from residential property including property held on revenue account.

Note 2

If you sell/dispose of an individual property and the sale is taxable, or you sell/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 (other than land that is acquired for purposes of business relating to land) where the sale may be taxable, you need to notify us of the details of the property by the return filing date. 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.

Question 11 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 2022 tax year, you can claim:

- 100% of the interest incurred from 1 April 2021 to 30 September 2021
- 75% of the interest incurred from 1 October 2021 to 31 March 2022.

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.

If you sell/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.

Completing Question 11 in your return

Complete this question for any interest expense you are claiming in this income tax return at Boxes 9B, 13, 14C or 15C 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 11A. 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 11B. 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 11B, at Box 11C 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 or interest incurred before 1 October 2021** - Interest incurred from 1 April 2021 to 30 September 2021 is fully deductible. 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, the Ministry of Housing and Urban Development or Kāinga Ora) or to a registered community housing provider.
- **New build exemption** - the exemption generally applies to new build residential properties for 20 years from the date a new build's Code Compliance Certificate (CCC) is issued under the Building Act 2004. A 'new build' includes a self-contained dwelling:
 - that received a CCC on or after 27 March 2020. The dwelling can be made from new or existing materials and can be constructed onsite or relocated onto the land
 - acquired off the plans that received a CCC on or after 27 March 2020
 - created by converting an existing dwelling into 2 or more dwellings, that received a CCC on or after 27 March 2020

- converted from commercial premises that received a CCC on or after 27 March 2020
- converted from a hotel or motel and building consent authority records show that the conversion was completed on or after 27 March 2020
- that has been removed from the earthquake prone buildings register on or after 27 March 2020, provided there is proof the remediation has been completed (either in the form of a CCC being issued, or local or building consent authority records showing the work has been completed and verified by a suitably qualified engineer)
- that was remediated because of weathertightness issues, provided more than 75% of the dwelling has been re-clad and a CCC was issued on or after 27 March 2020.
- **Development or land business exemption** - 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. 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.

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 read our guide **Rental income - IR264**. You can find our forms and guides at ird.govt.nz/forms-guides

Question 12 Income from taxable property sales/disposals

Include the total net income or loss from land.

Do not include net income or loss from a bright-line sale at Box 12. Bright-line sales are included under residential income at Question 10.

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.

Show the total profit or loss from other property in Box 12.

If you are a New Zealand tax resident you'll need to pay tax on your worldwide income under New Zealand tax law. This includes any property sales worldwide subject to the bright-line property rule for residential land, or the land sale rules.

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

Question 13 Friendly societies

An organisation is a friendly society if it's registered under the Friendly Societies and Credit Unions Act 1982.

The net income to be shown in Box 13 is income from business transactions with people who are not members of the society, less all allowable expenses related to deriving the taxable income from non-members.

Any interest from investments that a friendly society earns is exempt income, if it's not part of the income from a business the society runs.

Where taxable activities cover both members and non-members, the income and expenses must be apportioned to calculate the taxable portion.

Write the net profit from the business carried on with non-members in Box 13. If the figure is a loss, put a minus sign in the last box.

Question 14 Exempt income

The income of some types of club or society is exempt unless the funds can be used for the private benefit of any of the organisation's members. A list of these organisations is on the return.

Question 15 All other clubs and societies

A club or society's taxable income is based on its net profit or loss from revenue sources only, including:

- interest, dividends and rents (for residential rents read Question 10)
- taxable Māori authority distributions (see page 18)
- sponsorship and admission fees, and
- advertising revenue from club journals, magazines or other printed material.

Any membership subscriptions or levies are not income for tax purposes.

Certain transactions the club or society does with its members may be liable for income tax. This includes the purchase of trading stock and the supply of services. Deduct any costs incurred in earning income from taxable sources when you calculate the club or society's taxable income.

Types of income for organisations - Q14 and Q15

Interest and dividends

Show any gross net interest received in Box 14 or 15, and any dividends in Box 14A or 15A. Costs incurred in deriving the interest can be deducted before entering the amount in Box 14 or 15. This includes interest paid by Inland Revenue.

Interest on broken term deposits

If you have broken a term deposit during the year, there may be "negative interest" to account for. This is interest repaid on a term deposit. This may reduce the amount of interest to declare on the tax return.

If the term deposit was broken in full, or it was business-related, deduct the negative interest from the gross interest shown on the RWT withholding certificate.

Deduct the allowable negative interest component using the worksheet below before entering the gross amount at Question 14 or 15 of the return. In all other cases, the

negative interest is deductible in a later return when the term deposit matures.

Worksheet

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

1 ▶

\$:

Print any negative interest you have paid in Box 2.

2 ▶

\$:

Subtract Box 2 from Box 1 and print the answer in Box 3. Copy this amount to Question 14 or 15 of your tax return.

3 ▶

\$:

Interest paid or charged by Inland Revenue

If we paid you interest, include it in the income year you received it. If you paid us interest, include it as a deduction in the income year the interest was paid. If your overall interest is a negative amount, put a minus sign in the last box.

Taxable Māori authority distributions

Māori authorities can make various types of distributions. You're only required to declare taxable Māori authority distributions made from gross income that Māori authorities earned during the 2004-05 income year or subsequent income years.

Fill in Box 14B or 15B if you received any taxable Māori authority distributions between 1 April 2021 and 31 March 2022. The Māori authority that paid you the distribution will send you a Māori authority distribution 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 the Māori authority has already paid on its profits, so the distributions are not taxed twice.

What to show in your return

Your Māori authority distribution statement shows:

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

These amounts, not including any non-taxable distribution, will need to be transferred to the following boxes:

- taxable Māori authority distributions should be shown in either Box 14B or 15B
- Māori authority credits should be shown in Other tax credits Box 21I.

Example

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

Each member of the authority liable to complete an IR9 return would show the following information:

Box 14B or 15B - \$1,000 (made up of \$825 + \$175)

Box 21I - \$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 IR9 return. These amounts are classed as non-taxable distributions and cannot have credits attached.

Other income

Print the net profit in Box 14C or 15C. The net income is the gross income less expenses related to earning the income, if it is a negative amount, put a minus sign in the last box.

Overseas income

You can convert all overseas income and tax credits to New Zealand dollars by:

- using the rates table available from ird.govt.nz/tools-calculators
- contacting the overseas section of a trading bank and asking for the exchange rate for the day you received your overseas income.

Australian dividends from non-foreign investment fund investments

If you hold shares in an Australian company which has elected to maintain a New Zealand imputation account, you may see a "New Zealand imputation credit" on your dividend

statement. It's possible for dividends to be paid with these credits attached. Show any Australian dividend income at Box 14A or 15A. Claim the New Zealand imputation credits in the dividend imputation credits box at Question 21C and include overseas tax credits at Question 21A.

This **does not** mean Australian imputed or franking credits can now be claimed. Inland Revenue approval may be required for an exemption from income tax.

Foreign-sourced dividends

Under the foreign investment fund (FIF) rules, dividends received from overseas companies may no longer be separately taxable. Generally, clubs or societies would use the default FIF income calculation method, called the fair dividend rate (FDR), which does not tax dividends separately. However, the foreign tax deducted from the dividend can be claimed as a credit against the tax payable on the calculated FIF income. To learn more about FIF rules go to ird.govt.nz/fif

Foreign rights

If you're calculating controlled foreign company (CFC) or FIF income you may be required to complete an additional disclosure form for that investment.

The types of foreign investment that may not require an additional disclosure are investments in countries New Zealand has a double tax agreement with as at 31 March 2022, which have used the comparative value (CV) or FDR method.

Full details of the disclosure requirements are available in our **Tax Information Bulletins (TIBs)**. The disclosure forms are available from ird.govt.nz/forms-guides

Contact us if you need help to find the appropriate disclosure form.

Portfolio investment entities (PIEs) and attributed PIE income/loss

Certain PIEs attribute their net income/loss, and tax credits they derive, across their investors. Clubs or societies that are investors include the attributed income or loss in their tax return.

Each year, the PIE is required to provide an investor statement setting out the details of the income/loss attributed to the investor for the year. The statement also shows the various types of tax credits associated with the income attributed.

These tax credits are subject to the tax credit limits calculated in relation to the tax on the attributed PIE income.

The attributed PIE income/loss is included in the club or society's return for the period that includes the end of the PIE's income year. Generally, PIEs will have a 31 March balance date.

Box 15E Income deduction for non-profit bodies

A non-profit body can claim a deduction of up to \$1,000.

This deduction is the smaller of:

- the amount at Box 15D, or
- \$1,000.

If the organisation's income is less than \$1,000 before the deduction, it will have no taxable income.

This deduction is not available to organisations covered by Questions 13 and 14.

If your organisation has an exemption from RWT as a non-profit body, it does not necessarily mean it has non-profit status and is exempt for income tax purposes.

Question 17 Donations

The following societies can claim a deduction for donations made to organisations with donee organisation status:

- friendly societies
- building societies, and
- societies that have been registered under the Incorporated Societies Act 1908, or the Industrial and Provident Societies Act 1908.

You can view the list of donee organisations at ird.govt.nz/donee

Note

State-funded tertiary education institutions, state schools and state-integrated schools do not have to be approved to have donee organisation status.

The deduction for donations cannot be more than the society's income after expenses (before the donation deduction is taken into account).

Calculate the society's donation deduction:

- If the amount in Box 16 is a loss, print nil in Box 17.
- If the donations made by the society exceed the amount

in Box 16, copy the amount in Box 16 to Box 17.

- If the donations made by the society do not exceed the amount in Box 16, print the donations in Box 17.

Question 19 Net losses

If you have a loss brought forward from a previous year, enter it in Box 19.

Question 21 Tax calculation

Incorporated bodies:

- are taxed at 28 cents in the dollar, and
- may be provisional tax payers, and so may have to make provisional tax payments - see page 27.

Unincorporated bodies:

- are assessed at individual tax rates but are not entitled to independent earner tax credits, and
- may be provisional tax payers, so may have to make provisional tax payments - see page 27.

If your organisation is an unincorporated body, calculate the tax on its taxable income using these rates.

Income thresholds	Income tax rates for the 2022 income year
\$0 - \$14,000	10.5%
\$14,001 - \$48,000	17.5%
\$48,001 - \$70,000	30.0%
\$70,001 - \$180,000	33.0%
\$180,001 +	39.0%

Claim any tax deducted from income paid to the organisation in Box 21A, 21C, 21G or 21I as appropriate.

Box 21D Excess imputation credits brought forward

If your organisation is unincorporated and had unused imputation credits in the 2021 return, they were unable to be refunded and must be brought forward and claimed against this year's tax payable. You can find the amount of excess imputation credits to be brought forward to 2022 in the "Loss/excess imputation credits carried forward" letter we sent you after your 2021 income tax return was assessed.

Print the amount in Box 21D of your return. Add up your total imputation credits from Boxes 21C and 21D and print the total in Box 21E.

Box 21E Imputation credits

If the imputation credits at Box 21E are greater than the amount in Box 21B, the difference cannot be refunded.

If the organisation is an incorporated body, the excess imputation credits must be converted to a loss and carried forward. To do this, divide the difference between Boxes 21B and 21E by 0.28. We'll send you a letter confirming the amount of net loss carried forward to the 2023 return.

If the organisation is an unincorporated body, the difference between Boxes 21B and 21E must be carried forward to the 2023 return and credited against the tax liability. We'll send you a letter confirming the amount of excess imputation credits carried forward.

Box 21GG Residential land withholding tax (RLWT) credit

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

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

Question 22 Refunds and/or transfers

If you're entitled to a refund you can:

- transfer it to arrears that are being paid off
- transfer all or part of it to your 2023 provisional tax, or
- have any balance direct credited to your club or society's bank account or other deposit account, for example a building society account shown at Question 6.

If you've made payments towards your 2023 provisional tax and, after completing this return, find you have less or no provisional tax to pay, the overpayment can be included in the amount we refund or transfer. Attach a separate note to your return to request this.

Direct credit

See page 5 for more information on how to have your refund direct credited to your bank account.

Refunds of less than \$1.00

If your refund is less than \$1.00 it will be carried forward to your next tax assessment. We'll offset it against any amount you may owe us or add it to any refund.

Transfers

If you'd like your refund transferred to another account or to arrears being paid off by an instalment arrangement, you'll need to tell us the date you'd like it transferred. The date you choose depends on what tax has been overpaid and whose account you want the credit transferred to.

If the transfer is to arrears being paid off through an instalment arrangement, you'll need to include a note with your return authorising the transfer. Please state clearly:

- that the transfer is to arrears currently under an instalment arrangement
- the name and IRD number of the taxpayer the transfer should be made to
- whether the taxpayer is an "associated taxpayer"
- the tax type and period, and
- the date you'd like the transfer to take place.

Associated taxpayers

When transferring overpaid tax, associated taxpayers are:

- a company you're a shareholder-employee in
- a partner in the same partnership, or
- a trustee of a family trust you're a beneficiary of.

You can ask for your credit to be transferred at any date as long as it's not before the relevant date shown below.

Future transfer dates

If you'd like your credit transferred at a date in the future, attach a note to the front of your return with details of:

- the amount you want transferred
- the account you want it transferred to, and if it's the account of an associated taxpayer, and
- the date you'd like it transferred.

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. Contact us if you'd like to change the transfer date and tell us if this transfer is to cover a debt.

Requesting transfers on the return form

Fill out the boxes on page 4 of your return if you'd like to transfer a credit to another account.

Transfer date

For credit transferred to your account or an associated person's account:

- If the credit is from excess tax deducted (for example PAYE deducted) it's the day after your balance date (or 1 April if your balance date is before 31 March).
- If the credit is from overpaid provisional tax it's the day you overpaid it.

For credit transferred to a non-associated person's account, it's the later of the day you requested the transfer, or the day after you complete your return.

Contact us if you'd like to change the transfer date. Include the account details you want the credit to be transferred to. If it's going to another person, tell us the transfer date.

Question 23 Initial provisional tax liability

An organisation has an initial provisional tax liability for a tax year if it:

- starts to derive income from a taxable activity in the tax year
- had not derived income from a taxable activity within the preceding 4 years, and
- had a residual income tax of \$60,000 or more in the current year.

Generally, organisations are not liable to pay provisional tax in their first year of operation. If you meet the criteria to have an initial provisional tax liability you may have to pay interest. The interest cost may be reduced by making voluntary provisional tax payments. Print the date the organisation started to derive income from taxable activity in Box 23.

Interest rules for an initial provisional tax liability

Special rules apply when interest may be charged if your club or society has an initial provisional tax liability. It may be charged interest from the first, second or third instalment date, which is determined by the business start date. For most organisations with a balance date of 31 March, the start date for interest will be:

- 29 August, if the taxable activity started before 30 July of the same year
- 16 January, if the taxable activity started between 30 July and 16 December of the previous year, or
- 8 May, if the taxable activity started on or after 17 December of the previous year.

For organisations with a balance date of 31 March, and registered for six-monthly GST filing, the start date for interest will be:

- 29 October, if the taxable activity started before 30 September of the same year, or
- 8 May, if the taxable activity started on or after 30 September of the previous year.

If the organisation has a balance date other than 31 March, the provisional tax payment dates will generally be the 28th day of the 5th, 9th and 13th months following the balance date.

There are special rules about how interest is calculated when a club or society has an initial provisional tax liability and has changed its balance date.

For more information read the **Provisional tax - IR289** guide.

Question 24 2023 provisional tax

2023 provisional tax is charged for income the organisation will earn in the 2023 income year. It's payable in instalments. If the organisation's 2022 residual income tax (RIT) is:

- \$5,000 or less, it does not have to pay provisional tax, but it can make voluntary payments
- more than \$5,000 but expected to be \$5,000 or less for 2023, it may estimate 2023 provisional tax at nil, or
- more than \$5,000 and expected to be more than \$5,000 for 2023, it must pay 2023 provisional tax using 1 of the payment options.

If you anticipate your RIT will exceed \$5,000 for the 2023 year, read the notes on interest - see page 28. You may be liable for interest from your first provisional tax instalment date.

All clubs or societies may choose 1 of the following 3 options to work out their provisional tax:

Standard option

If you use this option, write **S** in Box 24 of the return and the amount of 2023 provisional tax in Box 24A.

- For unincorporated organisations, 2023 provisional tax is the 2022 RIT plus 5%. If 2022 return has not been completed it will be 2021 RIT plus 10%.
- For incorporated organisations, 2023 provisional tax is the 2022 RIT plus 5%. If 2022 return has not been completed it will be 2021 RIT plus 10%.

Estimation option

An organisation can estimate its 2023 provisional tax as many times as it wants to up to and including its final instalment date. If the 2023 RIT is expected to be lower than its 2022 RIT, estimating may stop it from paying more provisional tax than it has to.

If the organisation estimates its provisional tax, write **E** in Box 24 on the return and the amount of 2023 provisional tax in Box 24A.

Note

An estimate must be "fair and reasonable" at each instalment it applies to if you use the estimation option. Read the notes on the not taking reasonable care penalty and interest on page 28.

Remember, when making your estimate, that incorporated and unincorporated bodies have different tax rates.

Incorporated bodies use the tax rate of 28%. For unincorporated bodies, see the tax rates on page 22.

Ratio option**Note**

If you're using the ratio option and select **E** at Box 24, you're electing to stop using this option.

If the club or society is GST registered, you may qualify to use the ratio option to calculate your provisional tax.

Only enter **R** at Box 24 if you've already elected to use the ratio option. You must apply in writing to use the ratio option 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 24.

You'll find more information about the ratio option in our guide **Provisional tax - IR289**.

Not taking reasonable care penalty

When you estimate the organisation's 2023 provisional tax, your estimate must be fair and reasonable. If the 2023 RIT is greater than the provisional tax paid, the organisation may be liable for not taking reasonable care and a penalty of 20% of the underpaid provisional tax will apply.

Interest

If the organisation has paid too much provisional tax, we pay interest, or if it has not paid enough provisional tax, we charge interest.

Interest the organisation pays is tax deductible, while interest we pay is taxable income.

For more information about interest and penalties, read our guide **Penalties and interest - IR240**.

Election to be a provisional tax payer

A club or society is a provisional tax payer for the 2022 year if its RIT for that year is more than \$5,000. If the 2022 RIT is \$5,000 or less, but the club or society paid provisional tax for the year, it may elect to be a provisional tax payer for 2022. This may affect the interest the organisation may be entitled to for 2022.

To elect to be a provisional tax payer for the 2022 year, attach a note to the front of the 2022 return.

Change in balance date

There are special rules about when provisional tax is due and how interest is calculated if there has been a change in balance date. You'll find more information about these rules in our guide **Provisional tax - IR289**.

Tax pooling

Tax pooling allows provisional tax payers to pool provisional tax payments, offsetting underpayments by overpayments within the same pool, reducing possible exposure to late payment penalties and use-of-money interest. The pooling arrangement is made through a commercial intermediary, who arranges for participating taxpayers to be charged or compensated for the offset.

For more information about tax pooling, including a list of intermediaries, go to ird.govt.nz/tax-pooling

Payment dates

2023 provisional tax

Generally, a club or society with a 31 March balance date pays provisional tax by the following due dates:

- First instalment 28 August 2022
- Second instalment 15 January 2023
- Third instalment 7 May 2023

A club or society with a balance date other than 31 March pays provisional tax on the 28th day of the 5th, 9th and 13th months after the balance date. There are 2 exceptions:

- An instalment due on 28 December will be due on 15 January.
- An instalment due on 28 April will be due on 7 May.

These dates will alter if:

- the club or society is registered for GST and the GST is completed six-monthly, or
- provisional tax is paid through the ratio option.

If one of these situations applies to you, please read our guide **Provisional tax - IR289**.

2022 end-of-year income tax

Clubs or societies with an agent and an extension of time may have until 7 April 2023 to pay their tax. If this applies, contact your agent for more information.

Otherwise, a club or society with a balance date between 1 March and 30 September must pay its end-of-year income tax and any interest by 7 February 2023.

A club or society with a balance date between 1 October and 28 February must pay its end-of-year income tax by the seventh day of the month before the following year's balance date.

How to make payments

You can make payments by:

- direct debit in myIR
- credit or debit card at ird.govt.nz/pay
- internet banking - most New Zealand banks have a **pay tax** option.

When making a payment, include:

- your IRD number
- the account type you are paying
- the period the payment relates to.

Find all the details of our payment options at ird.govt.nz/pay

Late payment

If you do not pay a bill on time, you may have to pay penalties and interest.

Contact us if you are not able to pay on time. We'll look at your payment options, which may include an instalment arrangement.

Find out more at ird.govt.nz/penalties

Arrangements

If you're unable to pay your tax by the due date, please call us. We'll look at your payment options, which may include an instalment arrangement, depending on your circumstances. Arrangements can be agreed on, before or after the due date for payment. There are greater reductions in the penalties charged if the arrangement is made before the due date. You can send us an instalment arrangement proposal online. Go to ird.govt.nz/instalments

Self-assessment by taxpayers

Taxpayers have to assess their own liability as part of 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 four-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.

Services you may need

0800 self-service number

Our 0800 self-service number, 0800 257 777, is open 7 days a week. 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.

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.

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. They offer a range of automated options, especially if you're enrolled with voice ID.

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

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



Te Kāwanatanga o Aotearoa
New Zealand Government