



## Information on clients' interest/dividend income

Currently, Inland Revenue replies to tax agents who request details of their clients' interest and dividend income. With the introduction of our new eCase system, the information that was previously available in our old case management system (TACTICS) will no longer be readily available, as this system is being phased out.

Inland Revenue still collects information on interest and dividend income from financial institutions. However, it is no longer stored in a format that makes it readily accessible for Inland Revenue to provide to tax agents.

Under self-assessment, taxpayers must determine their correct tax position including any interest or dividend income. Tax agents now should request this information directly from their clients, not from Inland Revenue.

## Amendment to the IR 3 guide

The 2006 IR 3 guide contains conflicting information about GST on withholding payments and expenses which may cause confusion.

The "Note" box on page 21 currently reads, "If you are registered for GST, your gross withholding payment may include GST. Enter the GST-exclusive amount and include the GST at Question 26".

Unfortunately this is incorrect. All expenses at Question 26 should be GST exclusive as the inclusion of GST will incorrectly reduce the tax liability calculation. However, the instructions on page 43 about completing of Question 26 are correct in that GST should be excluded.

The PDF version of the guide, available from our website, has been corrected. We apologise for any inconvenience this may have caused.

## Certificate of exemption

This year we're introducing a new style certificate of exemption from withholding tax.

- The certificate is now a convenient credit card size.
- It has more security features.
- Exemption periods range up to five years.

The new certificate takes effect from 1 April 2007. Contractors who successfully re-applied for an exemption certificate from January 2007 onwards will receive their new certificate over the next few weeks.

### Why have we changed the certificate?

In the past, some people used their certificate to evade tax. The new style certificate reduces the risk of tax evasion.

If a contractor has a very good tax record, we may give them an extended exemption period. This will reduce their costs of doing business.

### Who qualifies?

The eligibility criteria for a certificate of exemption remain the same. A contractor qualifies for a certificate if they have a good record of filing returns and paying their tax on time.

### Exemption periods

A contractor may qualify for an exemption period of up to five years. Under the withholding payment regulations, Inland Revenue has the discretion to determine the appropriate period in each case. We will make our decision after carefully considering the contractor's tax history.

### What do I, as a tax agent, need to do?

You may receive a client's certificate of exemption in the mail. If you do, please forward it to your client. Your client needs to show the original certificate to their employer on their first day of work, or shortly afterwards.

### Applying for a certificate

Contractors can apply for a certificate at [www.ird.govt.nz](http://www.ird.govt.nz)

### Any questions?

If you need more information about certificates of exemption, or withholding tax in general, please go to [www.ird.govt.nz/rwt/rwt-about](http://www.ird.govt.nz/rwt/rwt-about)



## GST and provisional tax alignment update

As you'll be aware, the GST return and payment due dates will be changing shortly to the 28th day of each month for taxable periods ending on or after 31 March 2007. This is the first step towards aligning the filing and payment of provisional tax with GST.

Concern has been expressed by the New Zealand Institute of Chartered Accountants and a number of you individually over the concentration of agents' workloads during the March filing period. As a result the due date for the March filing period is now 7 May.

The due date for the November filing period remains 15 January.

For more information, please visit the GST section at [www.ird.govt.nz](http://www.ird.govt.nz) and look out for our updates in future editions of *AGENTSanswers* and *GST News*.

## Viewing company LAQC or QC status online

You can view through Account Look Up whether the status of a company is a loss attributing qualifying company (LAQC) or a qualifying company (QC).

If the company is an LAQC the words loss attributing qualifying company starting dd/mm/ccyy will be displayed.

If it is a QC, regular qualifying company starting dd/mm/ccyy will be displayed.

This information appears on the income tax type summary page under the mailing address.

**Please note:** If the company is neither an LAQC or a qualifying company, no words will show.

### Income Tax Account Summary

Mr John Doe: 12-345-678  
Mailing Address: 1 Main Street  
Wellington

Loss attributing qualifying company started 01/07/2000

#### Earnings Information

The Balance is the sum of all transactions for the return period as at today's date. To view the details click on the balance:

Period	Balance	Debit/Credit Dr/Cr	Return/PTS Status
31 Mar 2004	0.00		
31 Mar 2003	299.49	Dr	DLN 31445415240S6 <a href="#">More</a>
31 Mar 2002	376.83	Dr	Return processed <a href="#">More</a>
31 Mar 2001	0.00		Return processed <a href="#">More</a>

You have other periods with a NIL balance. To view these click on Most Recent Period.

[Most Recent Period >>](#)

## New names for "Family Assistance"

This month we're starting to replace the name "family assistance" with "Working for Families Tax Credits".

There are also changes to the names of the component payments.

All tax agents with clients who are family assistance customers need to be aware of the changes and what they mean. Eligibility criteria remain exactly the same—the only change is to the names of the payments. The new names are:

**Working for Families Tax Credits** – replaces family assistance as the overarching name of the package.

**Family tax credit** – replaces family support. This is the main payment for people with dependent children who meet the eligibility criteria.

**In-work tax credit** – replaces in-work payment. This is the payment for families where one or both parents work a minimum number of hours per week.

**Minimum family tax credit** – replaces family tax credit. This is a top-up payment for lower income families to ensure a minimum annual income.

The new names are being phased in from mid-February this year. If you have clients who receive weekly or fortnightly payments, they will be advised of the name changes in mid-February, when they receive their certificates of entitlement for the 2008 tax year.

Because we are phasing in the new names there may still be instances where you see the old term, family assistance, in use. For example the IR 3, IR 541 and personal tax summaries. We will complete the transition to the new names in all our communications by April 2008.

If you have any further questions about the name changes please refer to [www.ird.govt.nz](http://www.ird.govt.nz), or talk to your agent account manager.

### Note from the editor

If your mailing details are incorrect, we have missed someone off the distribution list or you have suggestions for future topics, please contact:

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