



2007 Annual returns

We will send you the following 2007 annual returns for your clients. You should receive them by the dates below:

Return type	Dates
<i>Companies income tax return (IR 4)*</i>	31 March
<i>Estate or trust income tax return (IR 6)</i>	31 March
<i>Partnerships income tax return (IR 7)</i>	31 March
<i>Māori authorities income tax return (IR 8)</i>	31 March
<i>Clubs or societies income tax return (IR 9)</i>	31 March
<i>Registered superannuation funds income tax return (IR 44)</i>	31 March
<i>Resident withholding tax on interest reconciliation statement (IR 15S)</i>	31 March
<i>Non-resident withholding tax on interest, dividends and royalties reconciliation statement (IR 67S)</i>	31 March
<i>Family assistance end-of-year statement for IR 3 filers (IR 541)</i>	5 May
<i>Summary of earnings (IR 544)**</i>	31 May
<i>Individual tax return (IR 3)*</i>	31 May
<i>Individual tax return for use by tax agents (IR 3A)*</i>	30 April
<i>Non-resident individual taxpayers income tax returns (IR 3NR)</i>	30 April
<i>Rebate claim form (IR 526)</i>	31 March
<i>Personal tax summary (IR 537) and (IR 538)</i>	30 June

*These returns can be filed online.

** Summary of earnings available through E-file 11 May

Use-of-money interest rates

Use-of-money interest rates for unpaid and overpaid tax will rise from 8 March 2007. The rate for unpaid tax will rise to 14.24%, while the rate for overpaid tax will rise to 6.66%.

For more information see the media statement:

<http://www.taxpolicy.ird.govt.nz/>

GST due dates and changes to our GST returns

GST return and payment due dates will be changing for taxable periods ending on or after 31 March 2007.

For most months, GST return and payment due dates will fall on the 28th (or the next business day) of the month following the end of the return period, **except** for the periods ending:

- 30 November – the due date remains 15 January
- 31 March – the due date will be 7 May.

This is the first stage of aligning the due dates for GST and provisional tax payments.

As part of this alignment we will be changing the GST returns in a two-stage process. The first change will occur in April 2007 with the removal of the carbon copy of the return.

You'll be able to access the latest details of your clients' GST accounts through Look at account information. If you haven't used this service before and are interested in registering, please contact your agent account manager.

Linking and delinking clients during April

To ensure that 31 March filing statistics are accurate, we won't action bulk transfer requests for client linking and delinking between 1 April and 15 April 2007. Requests for individual linking and delinking will not be affected.

The ability to link and delink through Client Maintenance will also be affected for this period.

You'll be able to link and delink clients through INFOexpress during these two weeks, but only clients who are not linked to another tax agent or agency will be updated immediately.

Requesting any bulk transfer of your clients' list prior to 31 March will avoid any delays in keeping your list current. Normal services will resume from 17 April 2007.

Please note:

- Letters issued to clients as a result of linking or delinking will not be processed until 16 April 2007.
- The AMBR1006 (weekly activity report) will not be processed on 6 and 13 April 2007. It will resume on 20 April 2007. This report will contain all clients linked and delinked between 1 April and 19 April 2007.



FBT update

Reduction of inserts included with FBT returns

We're reducing the number of *FBTnews*, FBT calculation sheets and fringe benefit tax return guides included with the FBT returns we issue to tax agents from five to three, as most agents are only filing returns for one or two clients.

Inserts for FBT quarterly return IR 420 for 31 March 2007:

- *FBTnews* March 2007
- *Fringe benefit tax return guide 2007 (IR 425)*
- *FBT multi-rate calculation sheet (IR 417)*
- *FBT taxable value calculation sheet (IR 427)*

Inserts for FBT annual return IR 422 for 31 March 2007:

- *FBTnews* March 2007
- *Fringe benefit tax return guide 2007 (IR 425)*
- *FBT multi-rate calculation sheet (IR 419)*
- *FBT taxable value calculation sheet (IR 429)*

If you need additional calculation sheets or return guides you can request these from StationeryXpress or download them from www.ird.govt.nz You can also complete the calculations online.

Updates

Tax agents' CD Rom

We have decided to discontinue the production of the CD Rom. This decision is based on the increased usage of all our online services and the low number of CDs that were ordered last year.

All forms and guides are available from our website, or you can order them through StationeryXpress.

AMBR 1005 (Provisional tax report)

This report is currently posted out to all agents twice a year. However, your feedback suggests that you don't find it very useful and most of you access Look at account information to receive up-to-date data relating to your clients. As a result of this we will no longer automatically post you this report but if you still require this report you can request it through your agent account manager.

Payment slips – 901CL

These are currently issued three times a year in May, August and January, or once a year in January to those of you who've asked to receive them annually.

The number of 901CLs we receive with payments is very low so we are discontinuing the automatic issuing of these slips. They will now only be available through supplementary requests scheduled for May, September and January.

The other IR 901 series payment slips that can be ordered through StationeryXpress or INFOexpress are:

- IR 901 – a pad of 100 slips with three payment lines that can be used for payments for any tax type
- IR 901DL – one payment slip on an A4 page with three payment lines that can be used for payments for any tax type. Many of you have software that can print your customer's payment details onto this form.



Calculating PAYE

You've asked us to clarify what to do when the gross pay has cents and the exact amount of earnings is not shown in the PAYE deductions table.

What is the correct way to calculate the PAYE deductions and complete the "Gross earnings" panel on the EMS?

Answer

When an employee's gross pay has cents, you calculate the PAYE to be deducted using the nearest lowest figure in the PAYE deductions table.

However, when completing the EMS you show the employee's actual gross income for the period and just drop the cents ie don't round up or down.

Example Wage book

Fortnightly gross pay	\$1,051.76
PAYE to be deducted This will be on \$1,050 as this is the nearest lowest figure in the table	\$ 212.22
Nett pay	\$ 839.54

EMS

Gross earnings to be shown on the EMS	\$1,051.00
PAYE deducted	\$ 212.22

Temporary tax exemption on foreign income

Changes introduced last year to provide a temporary tax exemption for people who came to live in New Zealand on or after 1 April 2006 have been clarified in recent legislation.

Key changes include:

- certain interest and dividends from overseas are not treated as resident withholding income
- a provision to opt out of the exemption to receive other tax credits
- altering the criteria for qualification for the exemption from arriving in New Zealand to qualifying as a tax resident in New Zealand.

The relevant amendments are at section 147(1) and (2) and section 148 of the Taxation (Savings Investment and Miscellaneous Provisions) Act 2006.

The April 2007 edition of our *Tax Information Bulletin* will provide more information relating to these changes.

9 digit IRD and GST numbers reminder

By 1 April 2007 all IR systems will be ready to accept both 8 and 9 digit numbers. We've been working with all known payroll providers, banks and financial institutions to ensure their systems will also be ready. The first 9 digit number will be issued in April 2008.

You'll need to check that your provider's software and/or systems can also accept the extended 9 digit GST and IRD numbers.

The new payroll and RWT-NRWT specifications are available now at www.ird.govt.nz/payroll-employers/software-developers/software-specs/

We will be progressively updating our forms with the 9 digit number format. Later this year we will provide more information to our customers about the extended 9 digit range. Some points to note are:

- All current 8 digit IRD/GST numbers remain unchanged (12-345-678).
- From 1 April 2008, new customers will be issued with a 9 digit number (123-456-789).
- When you provide clients who have an 8 digit IRD/GST number with advice on how to complete our forms with 9 boxes, please advise them to leave the first box blank.
- If your client has an 8 digit GST number they only need to display the current GST number. If they set up a new company or subsidiary and get a 9 digit GST number, they will need to display this.

If you have any enquiries or questions, please email us at number.extension@ird.govt.nz or see our website.



Requesting reassessments

A taxpayer or their agent may ask Inland Revenue to amend an assessment to correct a genuine error. Common types of errors that may be corrected in this way include mathematical or transposition errors, and other errors that are clear and genuine.

Requests to amend an assessment can be made on the *Tax agent's request form (IR 796)*. You can find this under Forms and Guides on our website. Do not file an amended return to correct an error. You can, however, provide an amended tax calculation to support your request.

A request to correct a genuine error should include all relevant information, including:

- tax type and period containing the error
- amount of tax in error
- nature of the error
- how the error occurred
- how and why the error was identified
- action required to ensure correctness of the assessment.

We will amend an assessment when we're satisfied that:

- the request is clear
- all information has been provided
- we have verified the error
- the amendment is within the allowed time limits
- none of the other limitations set out in the standard practice statement apply.

If we're not satisfied that a genuine error exists, or we consider that a limitation applies, we won't amend the assessment and we'll advise you of our decision and the reasons for declining your request.

Changes to the IR 3, IR 3A and IR 3G for 2007

Please note the following changes:

Removal of keypoints in Questions 9 and 10

The tick boxes at Questions 9 and 10 have been removed and replaced with information about where to find the relevant information, if applicable.

New letter requirement for overseas losses

Clients who have any overseas losses in Question 17B are now required to attach a letter to page 3 of the return, giving details of their overseas income.

Movement of total rebates and the tax calculation to the guide

Question 33, "Total rebates", is now included in the tax calculation and has moved to page 42 of the guide. This Question has been replaced with "Excess imputation credits brought forward". Full details on excess imputation credits brought forward are in the IR 3G.

Reduced IR 3 guide size

In this year's guide we've reduced the number of pages from 88 to 64 to make the guide more manageable and user-friendly. We did this by removing repetitive information and information already available in other publications, eg our *Rental income (IR 264)* guide.

Enhancements to our online IR 3 service

From 2007, agents will receive a DLN letter instead of an IR 3A return if the client record shows a return filed online for 2006.

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:

The Editor
AGENTSanswers
Inland Revenue
PO Box 2198
Wellington 6140
Email: agents.answers@ird.govt.nz

AGENTSanswers is also at:

www.ird.govt.nz/taxagents/newsletters/agents-answers