



Availability of L letters

Just a reminder that we will be "turning off" the L letters at the end of January and the service will be available again in early August 2004. This means you won't be able to request that an L letter be sent to your client during that time.

The September issue of *AGENTSanswers* explains why we are turning L letters off early this year.

If you have any clients who have not yet provided you with their records and you would like us to send them an L letter, you will need to make your request through INFOexpress before the end of the month.

Remember that by issuing an L letter, the client is removed from your performance statistics until the return is filed.

Trans-Tasman imputation legislation enacted

The Taxation (GST, Trans-Tasman Imputation and Miscellaneous Provisions) Act 2003 received Royal assent on 25 November 2003. As a result, effective for the 2004 (1 April 2003 to 31 March 2004) and future imputation years:

- eligible Australian companies may elect to maintain an imputation credit account (ICA) in New Zealand, and
- wholly owned groups of Australian and/or New Zealand companies may elect to form a group for imputation purposes only.

Details of the legislation will be published in the February issue of the *Tax Information Bulletin* or visit the "Trans-Tasman imputation" page of our website at www.ird.govt.nz/othertaxes/transtasmanimputation/ for background information and details on how to elect. We'll be updating this site as more information becomes available. You can also contact us by:

- phone on 0800 443 773
- email at transtasman@ird.govt.nz

Australian rules that allow a New Zealand company to choose to enter the Australian franking system became law on 30 June 2003. The rules are contained in the Australian Taxation Laws Amendment Act (No 6) 2003 and identical application dates to the New Zealand legislation apply. More information for New Zealand companies considering election is available from the "For Businesses" section of the Australian Taxation Office (ATO) website at www.ato.gov.au or you can contact the ATO by:

- phone on 0061 13 2478
- email at transtasmanimputation@ato.gov.au

Signing tax returns

It is a legal requirement that all tax returns must be signed.

When a tax return is filed in writing to Inland Revenue, the paper return we receive must be signed.

When a tax return is filed electronically, for example through E-File or online, a signed hard copy of the return must be kept. This is part of the E-File Terms of Reference you agree to in writing when you register for E-File.

In both cases, either you (if you hold written authority from the taxpayer) or your client can sign the return or hard copy of the return. However, a stamped signature on a return is not acceptable.

Sending an unsigned return to Inland Revenue may cause delays while we request a signed return to be provided. Until a signed return has been received, it is deemed that no return has been filed.

There may also be other consequences of sending an unsigned tax return to Inland Revenue. If a signed return has not been received by the due date, a late filing penalty could be imposed. Also, the time bar provisions of the Tax Administration Act 1994 apply from the end of the income year in which a tax return has been provided. If a signed return has not been received, the time barred period will not have commenced.

The best way to avoid any unnecessary problems is to ensure that all tax returns have been signed before they are sent to Inland Revenue.

Help us test our new Natural Language Speech Recognition technology

We are making it easier to order stationery over the phone. Soon you'll be able to use your voice to place orders, instead of having to use the keypad on your touch tone phone.

We are introducing Natural Language Speech Recognition (NLSR) technology to enhance our INFOexpress stationery line and would like you to help us test it by placing an order with your voice. As we are only trialling it at this stage, you won't actually receive the stationery you order, but you will help us to fine tune the service. Your participation will help us ensure the NLSR system recognises different voice types and orders when it goes live early this year.

NLSR technology is easy-to-use with high speech recognition rates for publication names and numbers. It will enable customers to interact with Inland Revenue's automatic services in a more natural way, but will not replace other self-service options, such as online services.

Initially, NLSR technology will only apply to the general stationery line—ordering stationery over the tax agents' 0800 line will not change. However, we do intend to extend NLSR to all INFOexpress 0800 lines sometime in the future.

If you would like to trial the new NLSR system for ordering stationery, please phone **0800 220 014**. You'll need your IRD number.



Have your say on FBT

Streamlining the taxation of fringe benefits, a government discussion document released in mid-December, invites comment on proposed changes to the fringe benefit tax rules. The proposals have emerged from the recent government review of FBT, the first major review of the tax since it was introduced in 1985.

Aimed at making FBT more consistent, fairer and less expensive to comply with, the proposals cover work-related motor vehicles, carparks, exemptions, business tools such as cellphones and laptop computers, the treatment of minor fringe benefits and other issues.

The changes will affect businesses differently, resulting in savings for many but increased costs for some, and will cost the government an estimated \$10 million a year in foregone revenue.

The closing date for submissions on the document is 27 February 2004. The discussion document can be found at www.taxpolicy.ird.govt.nz and www.treasury.govt.nz

Response to *Making Tax Easier for Small Businesses*

We were pleased with the level of response to the discussion document *Making Tax Easier for Small Businesses*. We'd like to thank all those who sent in their views.

There were 50 formal submissions made, 800 responses through feedback forms and 80 responses to the internet survey. Further feedback came from tax agents visited by our agent account managers.

We also gained more information through associated research, including phone interviews of 1,550 small and medium employers and provisional tax payers.

The responses have been analysed and we have reported to the Ministers.

Family assistance adjustments in E-Filed returns

Taxpayers who receive family assistance may need to provide information at the end of the year for certain business adjustments, such as depreciation add-backs, that must be made to calculate their family assistance entitlement correctly.

When a paper IR 3 return is filed, the business adjustment information is included separately on an *Adjusting your business income for family assistance (IR 215)* form which is sent in with the return.

When an IR 3 return is E-Filed, details of any business adjustments need to be sent to us as E-File correspondence attached to the return. This information does not form part of the return and cannot be transmitted within the return details.

When we receive the business adjustment details, we'll calculate the family assistance entitlement for the year to which the return applies.

The January 2003 issue of *AGENTSanswers* includes information on how the business adjustments for family assistance have been simplified for the 2003–2004 and future years. You can find this on our website at

<http://www.ird.govt.nz/library/newsletters/aanswers/2003/2003jan.html>

Returns for deceased taxpayers (including estates)

Just a reminder that from the 2002–2003 income year the non-filing provisions have been extended to include IR 6 estate income tax returns as well as returns filed on behalf of deceased taxpayers by executors and administrators (date of death returns).

This change only applies where the taxpayer would not have been required to file a return or be issued a personal tax summary had they been alive.

For more information about this, see the "Tax simplification measures" article in the *Tax Information Bulletin*, Vol 14, No 11 (November 2002).

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

Email: agents.answers@ird.govt.nz

AGENTSanswers is also on our website:
www.ird.govt.nz/library/newsletters/aanswers/2004