



## Third return filing date – 21 February 2003

The third extension of time (EOT) filing target date for clients' returns falls on 21 February this year. The percentages due to be filed by this date are:

● Standard target	80%
● E-File target	78.5%
● Late balance date target	75%

The EOT agreement for 2002–2003 sets out that tax agents who file less than 80% of their clients' returns by 31 March 2003, and who also failed to file 80% of their clients' returns by 31 March 2002, may have their EOT removed for next year. This will not be done without first issuing a notice in writing and discussing the matter with you.

Clients' whose 2002 income tax return is not filed by 31 March 2003 may also be charged a late filing penalty.

The 2002–2003 agreement is available on our website at [www.ird.govt.nz/library/publications/taxagents/ir9xa-2002.pdf](http://www.ird.govt.nz/library/publications/taxagents/ir9xa-2002.pdf)

If you have clients who have not yet provided you with the information needed to prepare their return, you can request us to send them an L letter using INFOexpress. When an L letter is issued to a client they are removed from your filing results.

Now may also be a good time to review your client list and let us know of any clients who are not required to file a 2002 income tax return, or who should be removed from your client list.

If you have any concerns about meeting your filing targets or about your client list, your agent account manager will be happy to discuss these with you.

## 7 March 2003 – provisional tax due date reminder

For clients with a standard balance date of 31 March, this is a reminder that 7 March 2003 is:

- the due date for payment of their 2003 provisional tax, and
- the last opportunity for clients to estimate (or re-estimate) their provisional tax for 2003.

Please also refer to last month's edition of *AGENTSanswers*, January 2003, for details of our online version of the *Provisional tax estimation (IR 309)* form.

## New legislation affecting company income tax refunds

In previous years delays have occurred in refunding overpaid income tax for companies around 31 March. A refund was often limited to the credit balance of a company's imputation credit account at the end of the most recently ended imputation year. For example, under previous legislation, if a 2002 income tax overpayment was being refunded on 2 April 2003, an imputation return to 31 March 2003 was required.

Now, if the imputation return for 2002 is filed by 31 March 2003, the 2002 imputation credit account balance will be used to determine whether the 2002 income tax overpayment can be refunded, no matter when the refund is being released.

The new legislation applies to refunds paid on or after 1 April 2002. More details on this change can be found in *Tax Information Bulletin (TIB)* Vol 14 No 11, which is available on our website at [www.ird.govt.nz/library/newsletters/tib/vol14](http://www.ird.govt.nz/library/newsletters/tib/vol14)

## Imputation account balances

On the subject of imputation credit accounts, with 31 March 2003 approaching, now is a good time to check company imputation account balances.

If a company's imputation credit account balance is in debit at 31 March they will be required to pay further income tax equal to the debit balance and will also be charged imputation penalty tax.

The penalty tax can be avoided by paying income tax by 31 March, sufficient to clear the imputation account debit balance.

## Higher income thresholds for student loans

Income thresholds for student loan repayments and full interest write-offs will rise from April 2003.

- The income level at which borrowers must start to repay their student loans will rise from \$15,496 to \$15,964.
- The income level under which part-time or part-year borrowers may have interest on their loans fully written off goes up from \$25,378 to \$25,909.

The new thresholds were approved by Order in Council on 16 December 2002.

