



Tax agent management system (TAMS)

Below are the expected dates that TAMS reports are scheduled for the 2004–05 filing period. Once these reports are produced they are automatically issued to you. You can also request a specific report at any time during the year by going to www.ird.govt.nz/taxagents/resources/tamsreports.html

Report	Description	Estimated run dates
AMBR1000 Client listings	<p>A list of the clients of a tax agent divided into two parts. The first part is divided into separate sections for each income tax return type. These provide information about clients linked for tax types that include income tax.</p> <p>Details are provided for each client's:</p> <ul style="list-style-type: none"> • return types linked, and • extension of time status. <p>The second part of the report provides details of clients linked for tax types other than income tax.</p>	<p>12/06/04 14/08/04 16/10/04 15/01/05 16/04/05</p>
AMBR1001 Outstanding returns	<p>A list of overdue income tax returns for the previous four years (not including the current year). This information is divided into those clients:</p> <ul style="list-style-type: none"> • with an extension of time • with no extension of time, and • with a deferred extension of time • with R EOT (two or more years outstanding). 	<p>30/10/04 23/04/05</p>
AMBR1002 Filing statistics	<p>A summary of client income tax return filing statistics for a specific year for each income tax return type. Totals include only those clients who are linked for income tax. This report provides the total returns required, total returns lodged and percentages filed for standard, early and late balance dates, and client's EOT status.</p>	<p><i>Approximately five days after each target date.</i> 25/09/04 27/11/04 26/02/05 16/04/05</p>
AMBR1003 Filing stats summary	<p>A summary of total lodgement performance for all return types for a particular target period or for the year to date. The information is divided by clients:</p> <ul style="list-style-type: none"> • balance dates, and • extension of time status 	<p><i>Approximately five days after each target date.</i> 25/09/04 27/11/04 26/02/05 16/04/05</p>
AMBR1004 Current year returns	<p>A summary of the current year returns required and still unfiled for clients of tax agents. This information is divided into those clients:</p> <ul style="list-style-type: none"> • with EOT • with D EOT • without EOT • with R EOT 	<p>26/02/05</p>
AMBR1005 Provisional tax listing	<p>Details of transactions on a client's account for a provisional tax year.</p>	<p>10/07/04 23/04/05</p>
AMBR1006 Activity report	<p>A list of clients that have been linked, delinked, transferred, had their EOT withdrawn or issued with an L-letter.</p>	<p><i>Issued weekly</i></p>





Rebates and donations

Duplicate filing of rebate claim forms for the same tax year

Some tax agents are e-filing a second rebate claim form where a change is required. This actually slows the process, because two forms cannot be lodged for the same period. If you have amendments to make to a client's rebate claim form please contact us on the tax agents, 0800 number or E-File correspondence with the details.

Tax agents can file claims for their clients without the need to include receipts. As a tax agent however, you must sight the receipts for donations, and the taxpayer is required to retain them for four income years after the income year to which the claim relates.

Non-individuals making donations

We are also receiving some *Claim for personal tax rebate (IR 526)* forms claiming donation rebates for companies and trusts. The IR 526 form is for individuals only. Companies that make a donation to a charity approved by Inland Revenue can claim a tax deduction for that donation. The maximum deduction a company can claim is 5% of the company's net income calculated before taking into account the deduction (section DJ 4 Income Tax Act 1994).

Close companies also qualify for this deduction, providing they are listed on the official list of a recognised exchange like the NZSE.

An amendment to section DI 2 of the Income Tax Act 1994 also allows Māori authorities to claim a deduction for donations. Trusts are not able to claim a deduction for donations made.

Tax payments – received in time

Our practice for accepting payments as received in time is set out in *Standard Practice Statement PRC-101 Tax payments—when received in time*. You can view this (SPS) in *Tax Information Bulletin* Vol 15, No 12 (December 2003). The following information provides an overview of this practice.

Payments by post

A payment will be accepted as being in time if postmarked on or by the due date. For clients on rural delivery, this does not mean placed in your personal mailbox – the payment or return must actually be received by New Zealand Post, or similar provider on the due date.

Payments posted from overseas

We cannot use an overseas postmark to determine the date a payment was made. So normally the time of actual receipt by Inland Revenue will be used.

Electronic payments

Your payment will be received in time when it has been electronically paid or direct credited into an Inland Revenue account either on or before the due date for payment. Internet payments must be completed

before the end of the bank's online business hours to be recorded as received on that specific day. Internet payments after these online business hours will be processed on the next business day.

Although you can use internet banking 24 hours a day, each bank has a different cut-off time for processing these payments. Payments made after these times will be carried over and processed the following business day. If you are making an online payment on the last day for payment it is important that you check your bank's cut-off time to ensure your payment will not be late.

Electronic payments from overseas

A payment will be received in time when it has been electronically paid or direct credited into an Inland Revenue account either on or before the New Zealand due date.

Westpac payments

You may also make payments at most branches of Westpac Bank in New Zealand. Payments can be made over the counter or through drop-boxes. The payment is received in time if it is physically handed into a Westpac branch by the close of business on the due date.

Physical delivery

Your payment will be accepted as being received in time if it is deposited into an Inland Revenue drop-box by the close of business on the due date. Our offices close at 4.30pm Monday to Friday.

Post-dated cheques

We will not bank post-dated cheques until the specified date. If you send a post-dated cheque please highlight the date. A cheque that is post-dated after the due date, even though it is received on or before the due date, will be treated as late. This applies to payments that are posted or physically delivered.

Weekends and public holidays

For all tax payments except GST. If the due date for a tax payment falls on a weekend or public holiday (including a provincial anniversary day), you can pay on the next business day without incurring late payment penalties.

If you make an electronic payment on a weekend or public holiday your payment will be accepted as received in time when it is credited into an Inland Revenue account on the next working day.

GST payments

Your GST payment is due on the last working day of the month, so if the last working day is a public holiday then the payment is due on the last working day before that day.

GST payment due last working day of December

The one exception is the GST payment and return which would normally be due on the last working day of December—it is actually due on 15 January. If 15 January falls on a weekend, then the payment and return will be accepted as in time if mailed or handed to Inland Revenue on the next working day.



Filing the wrong FBT return

Our processing centres have advised us that they are receiving annual returns (IR 422s), for companies who should be filing an *Income year return (IR 421)* because they have shareholder-employees. Often, the *Annual return (IR 422)* is printed from our website or the tax agents' CD Rom. Some agents are also changing the period end date of the annual return (IR 422) from 31 March, to that of the company balance date.

Filing the wrong return may delay processing and result in unnecessary return policing letters being sent to you or your client. If you are uncertain which return to file please call us on the tax agents' 0800 number and we can tell you the correct return and due date and issue a return, if required.

Income year return (IR 421)

This return is for companies with shareholder-employees. It covers the same period as the company's accounting year. The due date for filing the return and payment is the same as that for paying end-of-year income tax. This will generally be 7 April, where the company's income tax return is filed by an agent under an extension of time.

If the company has an early balance date, you may not receive a return before the due date. If you don't receive a return you can request one by phoning the tax agents' 0800 number.

Annual return (IR 422)

This is the return for employers who have elected to file annual returns. The period covered by this return is from 1 April to 31 March. It is due on 31 May of the same year.

Some timely reminders

Requesting reassessments

First, check *Standard Practice Statement (SPS) INV-510* which you can find in *Tax Information Bulletin* Vol 14, No 8 (August 2002, page 12). For common or minor errors use a *Tax agents' request (IR 796)* form or write to us quoting section 113 of the Tax Administration Act 1994.

If the request doesn't fit within the criteria of the above SPS and it is within two months of the assessment being issued, or for GST, within two months of filing your return—use a *Notice of proposed adjustment (IR 770)*.

Please do not send in another return for the same period for your changes.

Re-estimating provisional tax

You can re-estimate any number of times up to your third instalment date. At this date your last estimate becomes final. Estimates post-marked with the due date will be accepted as in time. Once you have chosen to estimate your provisional tax you cannot change to the standard option for that year. See our booklet *Provisional tax (IR 289)* for more information.

Family assistance entitlement and 27 paydays

In the 2004 tax year clients who received fortnightly family assistance payments for the full year from Inland Revenue received 27 payments in total during the year. This happened because the first payment was made on 1 April 2003 and there were 27 pay dates for the entire year.

A legislative change was made to the Income Tax Act 1994 to allow an entitlement calculation for these cases. This change means that a tax credit for the additional payment is allowed where previously a debt would have been created.

You may find that when you receive the final family assistance assessment there may be a small increase to the entitlement from your calculation. The assessment includes the extra entitlement so there is nothing you need to do.

Dividend payments to Inland Revenue

Do you act as a company liquidator?

If so, we have a new address for you to send our dividend payments to:

Inland Revenue
PO Box 3754
Christchurch

Please send all of Inland Revenue's dividend payments to this address from now on. When you send us a dividend please include the following details in writing:

- that the payment is a dividend
- the IRD number of the entity in liquidation, and
- exactly what sort of dividend is being paid, eg payment for preferential debt.

All other Inland Revenue matters to do with liquidations remain unchanged.

Tax agents' dedicated phoneline

We have a special tax agents' freephone number so that we can:

- give your call a higher priority, and
- put your call through to staff with the right skills to answer your enquiry.

Use this number for all your client enquiries, including queries about correspondence you receive or to discuss a client's debt payment options, including a pre-emptive instalment arrangement.

Please do not give your clients the 0800 number dedicated for tax agents. If people other than tax agents use your dedicated number, fewer specialised staff will be available for tax agents and it will take longer to answer your phone calls.

Resetting agent's INFOexpress regular PIN

Did you know the agency's regular PIN can be reset through the master PIN? For the security of restricted information about the agency a principal or a senior staff member of your agency will have the master PIN.

To reset your regular pin through the master PIN

- Phone 0800 456 678
- Enter your tax agent IRD number and press #
- Press 2 and enter your master account PIN and press #
- Press 3, then press 3 again
- You will then be instructed to reset your PIN.

You can also find the instructions for this in the *Tax agents' guide to using INFOexpress (IR 355)* or the *INFOexpress calling aid* on our website.

Extension of time removed

If you are a tax agent with no extension of time agreement or have clients whose extension of time has been removed, income tax returns for the year ending 31 March 2004 were due on 7 July.

Extension of time (EOT) may be reinstated for the 2005 return if:

- The 2004 return and the outstanding prior year(s) return(s) are filed before the imposition of the late filing penalty on the 2004 year, or
- If it is unrealistic to expect the taxpayer to file their 2004 return before a late filing penalty is applied.

The tax agents' EOT agreement is available on our website. If you want to discuss reinstatement of your or your clients' extension of time please contact your agent account manager.

Release of operational statement OS-007 "Income tax treatment of certain expenditures on conversion of land from one farming or agricultural purpose to another"

This operational statement sets out the Commissioner's existing position in relation to the deductibility of expenditure incurred in the conversion of land from one farming or agricultural purpose to another. This is the final version of draft operational statement ED 0053.

The operational statement can be found in *Tax Information Bulletin* Vol 16, No 6 (July 2004) and is also available on Inland Revenue's website at www.ird.govt.nz

New auditing approach

From 1 July 2004 investigations staff are undertaking an enhanced approach to determine the type of audit activity that we undertake on taxpayers. This approach will entail a full risk evaluation at the beginning of all potential audit activity to identify compliance risks across all revenues, and consider implications around outstanding debt and returns. This will mean that audits are less likely to focus on single revenue issues. For example, an audit prompted by an application for a GST refund may result in queries on issues relating to other revenues, outstanding debt or returns.

This approach will enable us to target our audits more effectively and potentially reduce the number of audits conducted on taxpayers. We consider that by tailoring our audit activity at the outset, the effectiveness and efficiency of our audit activity will be enhanced.

Availability of L letters

The L letter facility assists tax agents in encouraging their clients to provide their records so that their income tax returns can be prepared and filed by 31 March each year.

The L letter facility is available for clients who have an EOT, and are late providing you with all the necessary information to complete their returns. An L letter is issued in the name of Inland Revenue, and will remind clients they have not provided their tax agent with enough information to file a return. By issuing an L letter, the client is removed from your performance statistics until the return is filed.

You can request an L letter through INFOexpress, and this service will be switched on from 6 August 2004. You may want to consider having L letters issued to any clients who have not yet provided their records.

More information about L letters is available in the *Extension of time (EOT) arrangements* on the tax agents' page of our website.

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/