

More options with online services

GST returns online

The e-GST return is an electronic form accessible from the tax agents' page on our website. It closely resembles the paper return, including numbers that match the box numbers on the paper return. But being electronic it can do the arithmetic for you, so you don't have to complete so many boxes.

The benefits to you:

- The e-GST return arrives at Inland Revenue the same day as you send it.
- You get a time stamped receipt for the return as soon as you send it.
- The calculations are checked before you file.
- Any refund is paid earlier, subject to normal audit checks.

We assign a 14-character "Document Lodgement Number" (DLN) to every return. You need to know the number assigned to a GST return if you want to electronically submit it. The DLN is computer-printed on the top of your client's paper return. You will continue to receive a paper return for each client, so you have a new DLN each time.

If the DLN, GST number and period end date match our records, the details you send will update to our computer system overnight without any manual intervention. From there, the usual process will apply. You'll receive an assessment if we calculate a different result for any reason. Any refund will be paid either by direct credit or cheque, based on the instructions we hold.

If you want to comment about the form or the process, a feedback link can be found after submitting a return.

Provisional tax estimates

We have recently added another electronic form to our website which you can use to submit an estimate for provisional tax.

Instead of completing a *Provisional tax estimation (IR 309)* form and mailing it to Inland Revenue, you can now fill in the details of the estimate through an online form and send it through the internet.

You can find this form at

www.ird.govt.nz/cgi-bin/form.cgi?form=provtaxest

FBT elections

If your clients are eligible for an exemption from filing FBT returns or you want to change their filing option, you need to advise us in writing. You can do this by completing our *Fringe benefit tax election (IR 414)* form. This is now available to be completed and sent electronically through our website at

www.ird.govt.nz/cgi-bin/form.cgi?form=ir414

or you can order a copy by phoning INFOexpress on 0800 456 678.

Once we have processed the election we will let you know in writing the date the change becomes effective. Your client will still be required to file any returns we have already sent.

Clients with PSIS bank accounts

PSIS have recently advised us that they are closing their BNZ holding account and assigning their customers new individual account numbers.

If any of your clients have refunds direct credited to a PSIS account, we will need to be provided with the details of their new account number in writing. This can be done using our *Fast refunds – Direct credit authorisation (IR 587)* form which is available on our website at

www.ird.govt.nz/library/publications/generalinformation.html

7 February payment date for clients without an EOT

The 7 February end-of-year due date for clients **without an extension of time** is approaching again.

If you need details about a client's end-of-year liability, or you would like to discuss payment options, please phone us on the tax agents' freephone number. Client account balances are also available through INFOexpress.



L letter reminder

Another due date approaching is the final date for filing 2002 income tax returns—31 March 2003.

If you are having difficulty in obtaining records from a client to complete their return, remember you can have Inland Revenue send them an L letter by calling INFOexpress. Use the return and account information option (press 2 after entering your PIN number) and then press 5 to issue an L letter.

When an L letter is sent to a client, they are excluded from your filing statistics for the year.

For more information refer back to the December 2001 issue of *AGENTSanswers* which is available on the *Tax Agents' CD Rom* and from our website at

www.ird.govt.nz/library/newsletters/aanswers/2001

Group payment schemes and PAYE

The changes made to the PAYE system, effective 1 April 1999, meant that all employers were required to register and account for PAYE deductions. As such, group payment schemes ceased to exist at that date. These schemes allowed approved tax agents to pay PAYE deductions for a number of employer clients in bulk to Inland Revenue as if the tax agent was the employer.

A recent check made by Inland Revenue of a tax agent's payroll records has shown that they continued to operate a group payment scheme.

If you have also continued to operate such a scheme, please contact your agent account manager so that it can be corrected.

FBTnews

We have developed a new newsletter for FBT filers. Previously, we've included articles on fringe benefit tax in *Payroll News*. However, as *Payroll News* doesn't always get seen by the person who deals with FBT, we've decided to trial *FBTnews*.

We'll cover tax changes, due date reminders, returns completion, handy hints and topical issues relating to FBT. We plan to make this a quarterly newsletter and will include a copy with the FBT returns.

The first edition of *FBTnews* was posted to quarterly FBT filers with their return in December. Income year filers will receive a copy this month with their return.

Copies of each edition will be available on our website. This will allow annual or income year filers to view other editions issued during the year. Anyone can receive *FBTnews* electronically by subscribing to it on our website at

www.ird.govt.nz/subscriptions/fbtnews.html

Those who have an email address but don't have internet access can still receive *FBTnews* electronically by sending us an email at fbt.news@ird.govt.nz and we will subscribe for them.

Inland Revenue expands capacity for binding rulings

Last October, David Butler Inland Revenue's Commissioner announced at the ICANZ conference that we are planning to increase capacity to handle binding rulings.

From February this year, Inland Revenue's Corporates Unit will begin to handle applications for private and product binding rulings. Inland Revenue intends a gradual transition with volumes increasing as capability expands. Eventually, the Corporates Unit is likely to handle the majority of applications received from corporate taxpayers and their agents but certain types of ruling applications will continue to be handled by Adjudications and Rulings.

Reasons for the change include the need to:

- expand capability to meet increasing demand for binding rulings
- increase capacity within Adjudication and Rulings to concentrate on the most significant technical issues facing Inland Revenue
- support the increase in technical skills and ability across Inland Revenue.

The binding ruling service in Corporates will operate using the existing binding rulings processes. Some minor changes will be made to ensure the service continues smoothly in Corporates.

A project team, headed by National Manager Geoffrey Frost, has been put in place to look at how to achieve this. The team has met with ICANZ representatives, the Taxpayer Corporate Group and the New Zealand Law Society on a number of occasions to discuss development of the process.

New standard practice statement

RDC 600 – Remission of penalties and interest

This standard practice statement (SPS) states the Commissioner's practice when considering requests for remission of penalties and/or interest under section 183A and section 183D of the Tax Administration Act 1994. It replaces standard practice statement RDC 2.1 published in *Tax Information Bulletin (TIB)* Vol 11, No 8.

This SPS applies to remission requests received on and after 4 December 2002. It can be found in *Tax Information Bulletin (TIB)* Vol 14, No 12 which is available on our website at

www.ird.govt.nz/library/newsletters/tib/vol14

Signing tax returns

Just a reminder, when filing a tax return, that someone needs to sign the return before we can accept it.

The return can be signed by either the taxpayer or their tax agent. A stamped signature is not acceptable.

Where a return is to be E-Filed, a paper copy should be printed out, signed and retained in your records.



Legislation changes

There have been a number of changes to return filing and family assistance requirements as a result of legislation passed by Parliament in the Taxpayer (Relief, Refunds and Miscellaneous Provisions) Act 2002. Some of these changes are briefly summarised here for your awareness. We suggest you refer to *Tax Information Bulletin (TIB)* Vol 14 No 11 for more detailed information.

Income of \$200 or less with no tax withheld

From the 2002–2003 income year, the requirement to file an IR 3 income tax return has been removed for taxpayers with small amounts of income from which no tax has been withheld. This applies where the total amount of this income is \$200 or less, before any allowable deductions.

For example, a person who works full-time for a salary is not required to return income from a one-off cash job of \$150. However due to other reasons, they may still receive or have to request a personal tax summary.

Returns for deceased taxpayers

From the 2002–2003 income year, the non-filing provisions have been extended to include returns on behalf of deceased taxpayers (date of death returns). This change applies where the taxpayer would not have been required to file a return or be issued a personal tax summary had they been alive.

Simplifying family assistance

A number of adjustments that were previously needed to be made to a recipient's income to calculate family assistance have been removed for the 2003–2004 income year and future years.

These include adjustments for depreciation claimed or recovered on buildings, income equalisation reserve scheme deposits and refunds, income spread from or to an income year and farming or fishing development expenditure.

Scholarships and bursaries will also no longer be taken into account in the family assistance calculation.

Debit adjustments are still required for losses from a loss attributing qualifying company, losses brought forward from a previous year and income from shareholdings in a closely held company.

Credit adjustments will also still need to be made for depreciation recovered on the sale of a building that relates to depreciation claimed before these changes, refunds relating to income equalisation reserve scheme deposits made before the changes, and income spread from a year before the changes.

The *Estimating your business income for Family Assistance (IR 214)* form and *Adjusting your business income for Family Assistance (IR 215)* form will be updated to reflect these changes to the legislation.

Paying family tax credit to the principal child carer

From the 2003–2004 income year family tax credits will only be paid to the principal child carer.

Previously, family tax credits were paid to both spouses in two-parent families.

School boards of trustees

The filing requirements for school trustees receiving honoraria for attendance at board of trustee meetings has changed. From the 2001–2002 income year they are no longer required to file an IR 3 income tax return for income earned up to a maximum threshold amount. The threshold is \$75 per meeting, up to a maximum of \$825 a year for a chairperson, and \$55 per meeting, up to a maximum of \$605 a year for other board members.

If trustees earn more than the threshold amounts during the year they will still have to file a return and include the amounts over the threshold.

Tax payments made over the internet

With a number of banks now offering facilities to pay tax over the internet, it's becoming more convenient for people to meet their payment obligations. However, when making a payment over the internet, people need to be aware that banks have a cut-off time by which a payment instruction must be entered in order for it to meet a due date. Each bank is able to provide their deadline.

Where someone has made a tax payment over the internet but has missed their due date because they were not aware of the bank's deadline, there may be grounds for Inland Revenue to consider a remission of any late payment penalty charged.

If you have a client you feel is in this situation, we will consider their case if you explain what happened in writing. This can be done using our *Tax agents' request form (IR 796)* which is available on our website at

www.ird.govt.nz/library/publications/taxagents.html

E-Filed child support and family assistance correspondence

Our processing centres have noticed that correspondence about child support and family assistance is sometimes being E-Filed with the wrong correspondence destination code.

We use the destination codes to direct the correspondence to the appropriate area within Inland Revenue for a response. If the wrong destination code is entered, the correspondence will go to the wrong place and must be redirected. This causes delays in sending you a reply.

The correct destination codes for child support and family assistance correspondence are:

- CSA All child support correspondence
- PCT Family assistance queries



Recently-updated publications

The following publications have recently been updated and are available from our website at www.ird.govt.nz/library or they can be ordered through INFOexpress or StationeryXpress.

Putting your tax returns right (IR 280)

This booklet (previously the IR 282) explains how taxpayers can correct problems with tax returns. These include how to:

- correct minor errors in GST returns
- correct genuine errors such as arithmetic or transposition errors
- make a voluntary disclosure.

The advantages of making a voluntary disclosure are also explained.

Voluntary disclosure (IR 281)

Use this form (previously the IR 282A) to make a voluntary disclosure.

Statement in support of a tax interpretation (IR 282)

Use this form (previously the IR 282B) to explain and support an interpretation or the tax position taken in determining the tax payable in a return.

Debt options (IR 582)

This booklet explains what your clients should do if they are unable to pay their tax, or if they are already in debt to Inland Revenue.

Debt options information sheet (IR 592)

This information sheet briefly describes what options your clients have if they owe amounts to Inland Revenue.

Note from the editor

If our 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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AGENTSanswers is also on our website
www.ird.govt.nz/taxagents