

## Community-Wise

### Inland Revenue's community update

#### New online service for working for families tax credits customers

From 1 April a new online service will be available on the Inland Revenue website. *My family details and income* enables customers to view and update their working for families tax credits details online, including:

- family information and weekly working hours
- income changes
- spouse/partner details
- their children's details
- the frequency of the working for families tax credits payments, and the bank account they're paid into.

It's secure, easy to use and available day and night, seven days a week. And, if details are updated, any new entitlement is confirmed and displayed straight away.

#### Why is it important to keep family details up to date?

We make payments based on the information we hold—so it's important that customers advise us about any change of family or income circumstances for us to work out their new entitlement. For example, a new baby, a new partner, or a change in shared care arrangements. Telling us as soon as possible about changes like these will ensure the correct entitlement is paid—and will avoid overpayments that will need to be paid back.

#### How to access *My family details and income*

Principal child carers can visit [www.ird.govt.nz](http://www.ird.govt.nz) and select "Login" from "Services requiring login" then click on "My family details and income". If it isn't listed as an option, click "Apply for other services" and follow the prompts.

If they don't have a login, they must first select "Register now" and follow the prompts.

**Note:** This service is available to the principal child carer only. This is the person responsible for the day-to-day care of the children (not including part-time carers or child minders).

#### New process for IRD numbers

From 18 February 2008 you'll be able to apply for a personal IRD number at hundreds of AA Centres and PostShops around New Zealand.

If you're applying for a new IRD number you'll need to take two specified forms of identification, plus photocopies, to any Automobile Association (AA) Driver Licensing Agent, Postshop or selected New Zealand Post retail outlet. At least one of the identity documents must have a photo and both must be original documents. They could include passports, birth certificates, driver licences or an 18-plus card. A full list of approved identity documents is available on the Inland Revenue website.

The AA, PostShop or NZ Post agents will confirm the applicant's identity and send photocopies of the identity documents to us. We'll let you know your new number within 8-10 working days.

If you are applying for an IRD number for a child under 16, you'll need to bring in an original birth certificate or passport for the child, plus two identity documents. At least one of these documents must contain a photo to prove the identity of the child's parent or guardian. Photocopies of all documents will also be needed.

The new process is designed to reduce identity-related fraud. It doesn't affect people who already have an IRD number or apply to IRD numbers for non-individual customers such as companies trusts and partnerships. There's more information at [www.ird.govt.nz](http://www.ird.govt.nz)

#### See inside for more information about...

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## KiwiSaver—did you know?

Over 414,000 New Zealanders have joined KiwiSaver since it began in July last year. If you haven't already joined, changes were passed in December giving further incentives to consider KiwiSaver as a way to save for your future.

### To recap

- It's voluntary and if you're aged over 18 you'll be automatically enrolled if you start a new job but you can choose to opt out. Existing employees, beneficiaries, ACC claimants and those who are self-employed can also join.
- Contributions are deducted from your pay at a rate of either 4% or 8% and invested with your chosen scheme provider.
- You're able to withdraw your savings when you become eligible for New Zealand Superannuation or after five years, whichever is later.
- You may be able to withdraw some of your savings earlier to buy your first home.
- After twelve months of contributing you can take a contributions holiday for up to five years.



- The government will help you save by giving you a kick-start payment of \$1,000, a member tax credit of up to \$1,040 each year if you're 18 or over, a regular fee subsidy, and, if you qualify, a first-home deposit subsidy.

### So what's new?

From 1 April, if you're aged 18 or over, you may be entitled to an employer contribution into your KiwiSaver account—as long as you're making payments too. Employers will start contributing at 1% of your gross salary or wages and increase this by 1% every year until 4% is reached in 2011. They may choose to contribute at a higher rate.

If you think you may not be able to afford to join KiwiSaver, you may want to talk to your employer. If your employer agrees, you can arrange to share the minimum contribution rate of 4%. This means that you put in 2% and so does your employer. With this option, the amount you must each contribute will increase in 2010 to 3% and then 4% from April 2011 onwards.

Your employer will receive up to \$20 a week to help them meet the cost of making contributions to your savings.

We've updated the *KiwiSaver employee information pack (KS 3)* to include these important changes. If you're employed, ask your employer for a copy or visit [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz) to download one.

If your first or preferred language isn't English you'll find translated leaflets providing an overview of KiwiSaver on our website or you can call Language Line on 0800 549 472 and we'll get an interpreter to assist with the call.

Choosing to join KiwiSaver is a serious decision but there is help available to ensure you make the right choice. The Retirement Commission's website [www.sorted.org.nz](http://www.sorted.org.nz) provides free, independent information about money matters, including KiwiSaver. Alternatively, you could talk to your accountant, a financial advisor, a budget advisory service or your friends and family.

## Have your circumstances changed?

For many of us a new year brings changes. For child support customers this may mean parents reconcile or get a new partner, a child may get a job or leave home to live with the other parent.

If any of these changes have happened to you, all you need to do is contact us and tell us the date you reconciled with the paying parent for example or when the child went to live with the other parent. If you're a paying parent and have a new partner you'll need to tell us in writing.

The other change we need to know about is when a child becomes financially independent. This generally means they are in full employment, working a minimum of 30 hours a week. So, if your child was working at least 30 hours a week over the school holidays you'll need to give us the details so we can adjust the amount of child support the paying parent needs to pay. If the child stops working after the holidays and returns to school you'll need to reapply for child support.

If a child starts studying at university or polytechnic and receives a student allowance they are also seen as being financially independent and no longer qualify as a child for child support purposes.

If you're not sure whether your change in circumstances means a change in your payments or entitlement, please call us and we'll help you sort it out.

## Child support annual assessments

Every year in February and March we send customers information about their new child support assessment and entitlement.

Paying parents are sent a notice of assessment letting them know how much child support they'll need to pay in the coming year and notices of entitlement are sent to custodial parents showing them how much they'll receive in child support payments. The information we'll send to customers as part of our next annual assessment in February and March 2008, will show their child support payments from 1 April 2008 to 31 March 2009.

In March 2008 we'll also send out new employer deduction notices, informing employers of the new amount they need to deduct from their employees.

## What's your tax code?

We've put together a few guidelines to help you choose the right tax code.

For income from your main (or only) job use **M** unless one of the two following codes apply:

- **ML** if your income is less than \$9,880 and you work more than 20 hours per week
- **M SL** if you have a student loan and earn over the repayment threshold (\$17,784).

If you receive an income-tested benefit you'll be taxed using the **M** code. All other salary and wage income you earn should be taxed using a secondary tax code.

If you receive income from a second job use **S** unless one of the two following codes apply:

- **SH** if your total annual income is over \$38,000
- **ST** if your total annual income is over \$60,000

If you have a student loan and your income from your main job is over the repayment threshold (\$17,784) you need to add **SL** to the secondary code that applies to you, eg **S** becomes **S SL**, **SH** becomes **SH SL** and **ST** becomes **ST SL**.

If your income is under the threshold there is no legal requirement to have student loan repayments deducted from your wages. However if you have income from a second or third source and the combined total is over the repayment threshold you're required to start paying back your student loan.

If you use the **S SL** tax code for your second job you may end up paying back too much towards your student loan but if you only use the **S** tax code you may end up with a student loan bill at the end of the year. In this situation we strongly recommend you apply for a special repayment deduction rate which we'll work out to best suit your individual circumstances.

Other tax codes include:

- **WT** for withholding payments
- **CAE** for casual agricultural employees
- **EDW** for election day workers
- **STC** for the special tax code

More information about tax codes can be found on our website.

## Tax returns—who, what, when?

Most people pay the correct amount of tax and don't need an end-of-year tax square-up. However, depending on your income and situation during the tax year, you may need a personal tax summary (PTS) or to file an *Individual tax return (IR 3)*.

### Personal tax summaries

If we know you'll need an end-of-year tax square-up we'll send you a PTS in June and July. However, there are some people who are required to request one, while others may want to request one to see if they are eligible for a refund.

The three different groups are outlined below:

People **automatically** receive a PTS in June and July if they:

- and/or their partner received working for families tax credits from Inland Revenue
- and/or their partner received family tax credits from Work and Income and their total family income was over \$35,000 for the tax year
- have used a special tax code during the year
- were contacted by us because they appeared to be using an incorrect tax code
- used a CAE (casual agricultural employee) or EDW (election day worker) tax code and earned more than \$200 from that source
- are an IR 56 taxpayer who doesn't receive any IR 3 income (eg rental, self-employed or business income).

People **must** request a PTS if:

- their total income was between \$38,000 and \$60,000 and they received more than \$200 of interest taxed at less than 33%
- their total income was over \$60,000 and they received more than \$200 of interest or dividends taxed at less than 39%
- their total income was over \$38,000 with more than \$200 of taxable Māori authority distributions
- they paid child support through us and received more than \$200 of interest, dividends or taxable Māori authority distributions
- they have a student loan, earned over \$17,785 and received more than \$200 in interest, dividends or taxable Māori authority distributions.

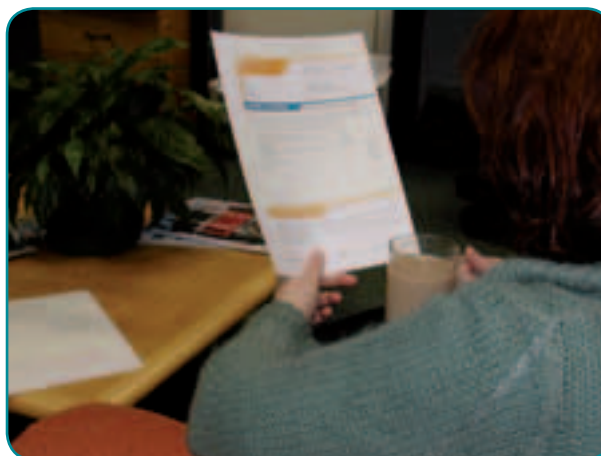
To request a PTS you can call our automated phone service, INFOexpress, on 0800 257 773 (you'll need to have your IRD number handy) or request one through our website at [www.ird.govt.nz](http://www.ird.govt.nz)

People **should** request a PTS if they:

- can claim either the child rebate or the rebate for those who received salary and wage income of less than \$9,880
- earned less than \$38,000 and received dividends
- didn't work a full tax year (1 April 2007 to 31 March 2008)
- had more than one job during the year
- can deduct expenses from their income.

If you think you may be entitled to a refund we recommend you use our personal tax summary calculator or worksheet to work it out before you request a PTS. If you request a PTS and there is a tax bill you will have to pay it.

You can use our personal tax summary calculator at [www.ird.govt.nz](http://www.ird.govt.nz) or call INFOexpress on 0800 257 773 to request a personal tax worksheet.



Anyone not included in these lists and who has not been contacted by us can relax—there is no need to get in touch with us.

### IR 3 individual tax returns

If you receive income from self-employment, a rental property, a partnership or withholding payments you must file an IR 3.

In May we'll send a summary of earnings (showing income information for the tax year) to people who file an IR 3 and also received income from salary, wages or withholding payments.

If you don't have a tax agent or an extension of time your IR 3 is due to be filed by 7 July 2008. If you can't file your return by 7 July 2008 and don't have a tax agent or an extension of time you'll need to contact us.

If circumstances have changed and you no longer need to file an IR 3 call us on 0800 257 773 so we can update your records.

If you haven't received an IR 3 tax pack, or aren't sure if you need one, visit [www.ird.govt.nz](http://www.ird.govt.nz) for more information.

### Charitable donations, childcare and housekeeper rebates

If you claimed for charitable donations, childcare or housekeeper rebates last year we'll send you a *Rebate claim form (IR 526)* which should arrive by the end of April.

If you haven't received your form by then, or didn't claim last year, you can get the form from our website or by calling INFOexpress on 0800 257 773—you'll need to have your IRD number handy.

You may apply for a rebate if you earn salary, wages, benefit or self-employed income and have:

- donated money to a charitable organization or
- paid school fees (note—tertiary education related costs such as university or polytechnic fees cannot be claimed) or
- paid for childcare as a working parent, or
- paid for a housekeeper, if you (or your partner) were disabled or physically unable to do housework.

You can claim back one-third of the amount of your receipts for charitable donations up to a maximum of \$630 (for receipts totalling \$1,890 or more), while a family can claim up to \$310 for childcare or housekeeper rebates (for receipts totalling \$930 or more).

Please remember to include the relevant receipts with all claims.

### The end result – refund or tax to pay?

A personal tax summary will show you if you will get a refund or have tax to pay.

Refunds **under \$200** will be automatically paid 15 days after the date of the personal tax summary.

Refunds of **\$200 or more** will be paid after you have confirmed your personal tax summary is correct.

**Note:** if you have any overdue debt which is not under an instalment arrangement, your refund may be used to pay it. If you have any child support arrears your refund will be used to pay this regardless of any instalment arrangement you may have. Anything remaining will be refunded to you.

If there is tax to pay it must be paid by:

- 7 February 2009 (if you don't have a tax agent)
- 7 April 2009 (if you have a tax agent with an extension of time).

## How to contact us

We're available from 8 am to 8 pm Monday to Friday and 9 am to 1 pm Saturday on the following numbers. Remember to have your IRD number handy.

### Personal customers

Income tax and general enquiries	0800 227 774
Overdue tax and returns	0800 227 771
Student loan enquiries	0800 377 778
Child support customers	0800 221 221

**Mobile callers:** Free calling does not apply to mobile calls. You can get a direct dial number by calling the appropriate 0800 customer number listed above.

**International callers:** Free calling does not apply to international calls. You can get a direct dial number from [www.ird.govt.nz](http://www.ird.govt.nz)

## Call recording

As part of our commitment to providing the best possible service to our customers, Inland Revenue records all phone calls answered in, and made by, our permanent call centres. For further information about our call recording policy and how you can access your recorded information, please go to [www.ird.govt.nz](http://www.ird.govt.nz) or call us on 0800 227 774 or 0800 377 774 (if you or your partner are in business).

## Privacy

Meeting your tax obligations involves giving accurate information to Inland Revenue. We ask you for information so we can assess your liabilities and entitlements under the Acts we administer.

You must, by law, give us this information. Penalties may apply if you do not.

We may exchange information about you with the Ministry of Social Development, Ministry of Justice, Department of Labour, Ministry of Education, New Zealand Customs Service, Accident Compensation Corporation or their contracted agencies. Information may be provided to overseas countries with which New Zealand has an information supply agreement. Inland Revenue also has an agreement to supply information to Statistics New Zealand for statistical purposes only.

You may ask to see the personal information we hold about you by calling us on 0800 377 774. Unless we have a lawful reason for withholding the information, we will show it to you and correct any errors.

## Key dates and events

Date	Event
1 April <b>Student loans</b>	The student loan repayment threshold increases to \$17,784 (\$342 per week).
April <b>Student loans</b>	Overseas, non-resident student loan borrowers will receive their notice of assessment for the 2009 tax year (1 April 2008–31 March 2009). This shows how much they need to pay towards their student loan for the year.
April <b>Personal tax season</b>	Rebate claim forms are sent to customers who claimed donation, childcare or housekeeper rebates last year.
April <b>Personal tax season</b>	IR 3 income tax return packs are sent out
April <b>Working for families tax credits</b>	End-of-year statements are issued to business and self-employed working for families tax credits customers. They show all the family and income details we hold and customers need to confirm they are correct.
May <b>Personal tax season</b>	Summary of earnings are sent to taxpayers who are required to file an IR 3 income tax return.
June <b>Personal tax season</b>	Personal tax summaries are sent to taxpayers who are required to have an end of year square-up.
June – July <b>Student loans</b>	All student loan borrowers are sent their student loan statement.
July <b>Personal tax season</b>	Customers who did not receive a personal tax summary can request one.