



Non-resident contractors' withholding tax (NRCWT) simplified

The tax rules on payments to non-resident contractors are being simplified to reduce compliance costs for both employers and contractors.

At present, contractors who are present in New Zealand for fewer than 62 days in a 12-month period and come from a country with which we have a double tax agreement are exempt from withholding tax.

Under the new rules the 62-day period will be extended to 92 days, which will help save time and effort for both employers and contractors.

A further change will exempt payments for contract work subject to NRWT amounting to less than \$15,000 in a 12-month period from NRCWT. Instead, non-resident contractors themselves will be responsible for paying any New Zealand tax owing at the end of the year.

The changes will apply from 1 December 2003.

Customer satisfaction survey

Recently we have been asking agents and their staff for a contact name and telephone number each time a telephone call is made. We do this so that our National Research Unit (NaRU) captures the most accurate data for their quarterly customer satisfaction surveys. This ensures that we survey the right person—the one who actually spoke with a customer service representative or Help Desk.

Not everyone who gives their name and number will be surveyed as only a sample is required.

Do you have clients who have ceased employing?

If your client has stopped paying wages permanently, phone us and let us know, even if their business is still operating.

If your client has stopped paying wages permanently, an *Employer monthly schedule (IR 348)* must be filed for the month in which they stopped paying wages. You will need to show a finish date for each employee on the form.

Once we've received the schedule, we will stop issuing IR 345s and IR 348s for your client.

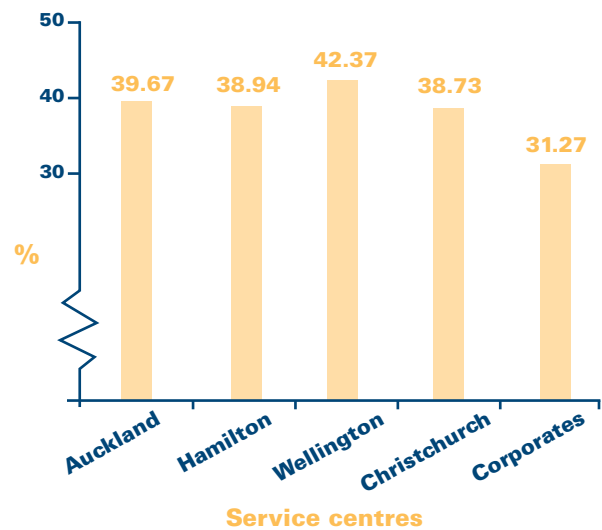
If the employer starts to employ again in the future, it is a simple matter of contacting us again so we can recommence sending the IR 345 and IR 348 forms.

Return filing targets

Return filing to 19 September 2003

The first interim target date for filing 2003 income tax returns was 19 September. The target was for 40% of all returns required to have been filed by then and as at that date a national filing percentage of 39.79% was achieved. Last year the September national filing percentage was 39.56%.

Details of the filing percentages achieved by each region are shown in the graph below.



Second return filing target of 21 November 2003

The second extension of time (EOT) filing target date for the 1 April 2003 to 31 March 2004 filing period is approaching.

The percentages due to be filed by 21 November 2003 are:

Standard target	60%
E-File target	57.5%
Late balance date target	50%

If you think you may have difficulty achieving your targets, contact your agent account manager or Corporates account manager to discuss your situation.

Remember you can send an L letter, using INFOexpress, to clients who haven't provided you with the information needed to prepare their return. We are intending to "turn off" the L letters at the end of January next year, so now is a good time to request them. (L letters will be available again in early August 2004.)



Tax agents and Industry Partnership

Over the past year *AGENTSanswers* has featured several updates on the Inland Revenue Industry Partnership initiative, most recently in the August issue.

Industry Partnership forms relationships with industries in the cash economy. These industries feature a high number of discrepancies around outstanding returns and debt and an opportunity for businesses to suppress income as cash sales often produce little or no paper trail.

We'd like to improve compliance in the cash economy and we see working hand in hand with tax agents as a part of achieving this.

Targeted audit programme commenced

So far, we have been addressing non-compliance with industry taxpayers by making it as easy as possible for members to meet their tax responsibilities. We have been working closely with organisations in these industries and dedicated service delivery staff have been working with industry taxpayers. Our focus has been on providing education, proactively following up overdue debt and returns and promoting voluntary disclosures.

We are now starting the next stage in addressing non-compliance. A number of candidates have been identified based on both data collected by Inland Revenue as part of normal return filing and other information obtained from external sources. As a result of this information a targeted audit programme has recently commenced with an emphasis on evasion cases. We will also conduct routine audit activity based on ratio analysis and assistance work.

Targeted compliance activities will ensure we bring to account people who refuse to comply even when given every opportunity to do so. This is in fairness to the majority who do meet their tax responsibilities.

Working with you to collect debt

We'd like to visit agents with their agent account managers to discuss Industry Partnership clients who owe amounts to Inland Revenue and give agents the option of being involved with Industry Partnership. We're hoping the Industry Partnership debt officer will become an ongoing direct contact for agents about Industry Partnership clients in debt.

Not only do we want to help agents' Industry Partnership clients enter into payment arrangements, we would like to understand why they have difficulties paying on time.

We will be contacting some agents in the Takapuna area this month to trial this approach and, if it is successful in reducing debt, it may be extended to all service centre areas.

Current partnerships

We are now working with organisations from nine industries (see the table below) and are continuing discussions with a number of others—we aim to be working with 15 industries by early next year.

Industries we are currently working with	Industry organisations we have relationships with
Agricultural contractors	<ul style="list-style-type: none"> New Zealand Fruitgrowers Federation
Automotive repairers	<ul style="list-style-type: none"> Motor Trade Association (MTA)
Collision repairers	<ul style="list-style-type: none"> Collision Repair Association Motor Trade Association (MTA)
Electricians	<ul style="list-style-type: none"> Electrical Contractors Association of New Zealand (ECANZ) New Zealand Electrical Institute Inc Electrical Workers Licensing Group
Entrepreneurs	<ul style="list-style-type: none"> Home Business New Zealand Limited
Hairdressers	<ul style="list-style-type: none"> New Zealand Association of Hairdressers Inc (NZAH)
Long-distance coach drivers	<ul style="list-style-type: none"> Bus & Coach Association New Zealand Inc Tourism Industry Association New Zealand (TIANZ)
Painters and decorators	<ul style="list-style-type: none"> Master Painters New Zealand Association Inc Resene Paints Limited
Plumbers	<ul style="list-style-type: none"> Master Plumbers, Gasfitters, and Drainlayers of New Zealand Inc (MPGD)



Paying your tax online

Internet banking facilities

The National Bank joins ANZ, Kiwibank and Westpac in offering customised internet tax payment services that ensure the necessary payment information is provided by the customer. Links to the websites of all four banks are provided on various Inland Revenue web pages at www.ird.govt.nz, including the “ir-File” and “Make payments” pages.

Guidelines for online payments

If you or your client are making an internet payment through a bank that doesn't offer a tax payment service, or through a banking or payroll software package, please ensure all the following details are provided. (See the example of a correctly completed electronic payment below.)

- **Payee name and bank panels** – enter “Inland Revenue” and our account number (shown in the example). These details stay the same every time you pay your tax electronically.
- **Amount panel** – enter the amount you want deducted from the payer's bank account.
- **Particulars panel** – enter the IRD number of the person or organisation the payment is for. Start from the left and leave the remaining boxes blank.
- **Payee code panel** – enter three zeros in the first three boxes, leave the next box blank, enter “TAX” and leave another box blank. Then enter the code for the correct tax type (you can see a list of these over the page).
- **Reference panel** – enter the period the payment is for (not the date you are making the payment). Start from the left and leave the last four boxes blank. The period must show the day, month and all four digits of the year (see the example below).

Note: The reference panel doesn't need to be completed for an NCP (non-custodial parent) payment, as it automatically goes to the current period.

If the correct details aren't provided, the processing of the payment may be delayed and could result in:

- the payment updating to the wrong account
- incorrect letters and statements being issued
- incorrect penalties and interest being charged.

Internet banking cut-off times

When using internet banking services, clients need to be aware of their bank's cut-off time by which a payment instruction must be entered for it to meet an Inland Revenue due date. The bank will be able to provide their deadline.

Returns and payment slips when payments are made electronically

If you are making an internet payment that doesn't relate to a return, such as provisional tax, you don't need to send us a payment slip as you will have provided all the information we need when you made your payment.

If you make an internet payment that relates to a return, please indicate on the return that payment is being made electronically.

For more information

For alternative payment options or more information about electronic payments, see our *Making payments (IR 584)* booklet – you can get one from our website at www.ird.govt.nz or by phoning INFOexpress on 0800 257 773.

Example of an electronic payment instruction

Payee name										Amount									
I N L A N D R E V E N U E										6 0 . 0 0									
Bank		Branch		Customer number				Suffix											
0 3		0 0 4 9		0 0 0 1 1 0 0				- 2 7											
Particulars								Payee code				Reference							
1 2 3 4 5 6 7 8								0 0 0 T A X G S T				3 1 1 0 2 0 0 3							



Tax type codes

You can make internet payments for the following tax types:

AIL	Approved issuer levy
CSE	Child support—employer
NCP	Child support—non-custodial parent
CPR	Custodial parent recipient
DED	Employer deductions—PAY, CSE, SLE, SSC
FAM	Family support assistance
WPE	Foreign dividend withholding—elected
WPN	Foreign dividend withholding—non-elected
FBA	Fringe benefit annual
FBI	Fringe benefit income year
FBT	Fringe benefit tax
GMD	Gaming machine duty
GST	Goods and services tax
ICA	Imputation credit account
INC	Income tax (including provisional tax)
NRT	Non-resident withholding tax
PAY	PAYE
QCT	Qualifying company election tax
REB	Rebate payment claim
RWT	Resident withholding tax
DWT	RWT on dividends
IPS	Interest PAYE—RWT on interest
SSC	Specified superannuation contributions
SLS	Student loan repayments—student
SLE	Student loan repayments—employer

Note: For payments with a combination of PAY, CSE, SLE or SSC, the code is DED (deductions) as shown on the IR 345 or IR 346. If you are paying only one type of deduction, please use the separate tax type code from this list.

E-File problems

At the end of September we made some changes to E-File which were intended to improve the security of the system. Unfortunately this caused problems with access to and the performance of E-File for some tax agents.

We have taken steps to resolve these issues and to ensure they do not occur again in the future.

Thank you for your patience during this time and we regret the inconvenience this may have caused you.

Correspondence to Inland Revenue

When you send us correspondence using the online correspondence service on our website or by fax, you don't need to send us a paper copy by post as well.

Sometimes two staff members end up actioning the same piece of correspondence and this can lead to errors and confusion.

Updated publications

The following publications have recently been updated and are available from our website at www.ird.govt.nz or they can be ordered through StationeryXpress or by phoning INFOexpress on 0800 257 773.

- *Application to register security or securities for approved issuer levy (AIL) (IR 397)*
Only securities that have been registered with us qualify for a zero rate of non-resident withholding tax. This form is used to register securities—a separate form must be completed for each security or class of securities.
- *Approved issuer levy guide (IR 395)*
This guide explains how to pay interest to overseas lenders without having to deduct non-resident withholding tax.
- *Approved issuer levy (AIL) – payer registration (IR 396)*
This form is used to apply for approved issuer status and to register the first security.
- *Tax code declaration (IR 330)*
An employee completes this form so their employer knows how much tax to deduct from their pay.
- *Bankruptcy flyer (IR 244)*
Information about bankruptcy and tax obligations co-produced by Inland Revenue and the Ministry of Economic Development.
- *Interest and calculations (IR 222)*
Information on interest, interest write-offs and reductions and how they're calculated.
- *Going overseas (IR 223)*
Information for borrowers thinking of going overseas.
- *Making repayments (IR 224)*
Explains all about student loan repayments.

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:

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AGENTSanswers is also on our website:

www.ird.govt.nz/business/tax_agents/index.htm