



Aligning GST and provisional tax payments

Legislation was passed in April 2006 to improve the timing and frequency of tax payments.

Over the next two years, we'll be aligning the due dates for GST and provisional tax payments, and introducing a new option to calculate provisional tax.

From 1 April 2007 this will make it easier for your clients to pay their GST and provisional tax as they'll be able to pay both at the same time.

From 1 April 2008, if your clients are registered for GST and pay provisional tax, the new calculation option will allow them to base their provisional tax payments on a percentage of their GST taxable supplies.

The changes may also help them with their cash flow by aligning the payment of provisional tax more closely to when they earn their income.

We'll bring you more information about these changes during the coming months.

Industry Partnership

In March 2004 we formed a partnership with the plastering and ceiling services industry.

One key concern the industry would like us to do something about is operators who work outside the tax system then "undercut" those who are paying their tax. Over the next few months we'll be working with the industry towards working out a more equitable system.

If you have clients in this industry, we might be contacting them to assist us.

Please call the Industry Partnership team on **0800 TAX TALK (0800 829 825)** if you'd like to ask us about our work with the plastering industry.

Shortfall penalty – possible cancellations

In the August 2006 edition of *AGENTSanswers* we advised that if any of your clients have been charged with a shortfall penalty between April 2003 and March 2006 for taking an "unacceptable tax position" (UTP), and it involved a clear mistake or simple oversight, they may be eligible to have it cancelled under a recent law change. The new law only allows for written applications to be made until the end of September.

Given the large amount of external interest in this issue leading up to the change in legislation in March this year, we're surprised with the low number of requests that we've received to date.

For us to consider whether we can cancel the UTP penalty, you or your client will need to send us a request in writing no later than 30 September 2006. To find out more about the sort of information to include in the request, please refer to the August article, or visit our website and search under keyword "UTP"; or call us on **0800 377 776**.

Voluntary company dissolution (strike-off)

Applications to the Companies Office for voluntary strike-off must have a letter attached from us confirming that we do not object to this action being taken. To ensure that your requests are processed smoothly, put the following information in your letter:

- the date and reason the company intends to wind up
- what year the final returns will be for and when they will be filed (if not already filed)
- whether the company still has any assets and what will happen to them (what period these were accounted in for GST purposes)
- whether any assets have been distributed to shareholders or directors for less than market value (including debt forgiveness)
- if the company still has assets or liabilities, **a copy of the latest set of accounts and balance sheet, including depreciation schedules**
- if the company has any outstanding returns or debts with Inland Revenue, and what action is being taken about them
- contact person/director/agent for any future matters
- any other relevant information.

If any of the above information is missing we'll need to contact you, which could mean a delay.

Depreciation rate finder

The new depreciation rates are now available on our depreciation rate finder under **Work it out** on our website. The depreciation rates are sorted by the following periods:

- **1993 – 2005 rates** apply to assets acquired on or after 1 April 1993 and before 1 April 2005, and buildings acquired on or after 1 April 1993 and before 19 May 2005
- **1 April 2005 rates** apply to assets other than buildings acquired on or after 1 April 2005
- **19 May 2005 rates** apply to buildings acquired on or after 19 May 2005

If you select the rates for 1993–2005 or 1 April 2005, you can search for your asset by industry category, asset category or across all industry and asset categories.

Selecting the 19 May 2005 rates takes you straight to the results page with the rates for buildings acquired on or after 19 May 2005.

Note: We will not be updating the *General depreciation rates (IR 265)* guide this tax year.

Deemed rate of return down

The deemed rate of return used for taxing foreign investment fund interests has decreased from 10.17% to 9.82% for the 2005–06 income year. For more information see the government's media statement at www.taxpolicy.ird.govt.nz/index.php?view=454





Tax agents management system (TAMS) reports calendar

Below are the expected dates of TAMS reports scheduled for the 2006-07 filing period. We send these reports to you automatically. You can also find them at www.ird.govt.nz/taxagents/working-ird/tams-reports/

Report	Description	Estimated run dates
AMBR1000 Client listings	<p>A list of a tax agent's clients 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 (EOT) status. <p>The second part of the report provides details of clients linked for tax types other than income tax.</p>	14/10/06 13/01/07 14/04/07
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 between clients with:</p> <ul style="list-style-type: none"> • an extension of time • no extension of time, and • a deferred extension of time • R EOT (two or more years outstanding). 	9/12/06 21/04/07
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 clients' EOT status.</p>	Approximately five days after each target date. 23/09/06 25/11/06 24/02/07 14/04/07
AMBR1003 Filing statistics 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 between clients:</p> <ul style="list-style-type: none"> • balance dates, and • extension of time status 	Approximately five days after each target date. 23/09/06 25/11/06 24/02/07 14/04/07
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 between clients:</p> <ul style="list-style-type: none"> • with EOT • with D EOT • without EOT • with R EOT 	09/12/06
AMBR1005 Provisional tax listing	<p>Details of transactions on a client's account for a provisional tax year.</p>	21/04/07
AMBR1006 Activity report	<p>A list of clients who have been linked, delinked, transferred, had their EOT withdrawn or issued with an L-letter.</p>	Issued weekly

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
 Inland Revenue
 PO Box 2198
 Wellington
 Email: agents.answers@ird.govt.nz

AGENTSanswers is also on our website:
www.ird.govt.nz/taxagents/newsletters/agents-answers