

## First return filing target 17 September 2004

The first extension of time (EOT) filing target for client's returns is fast approaching. The percentages due to be filed by 17 September 2004 are:

- Standard target 40%
- E-File target 37.5%
- Late balance date target 20%

There may be genuine reasons why you will not be able to meet this first target percentage. You can negotiate filing targets that will better suit your business with your agent account manager or your corporate account manager. If you anticipate that you will not meet this first target we encourage you to contact your account manager prior to the target date. An adjustment to your expected filing target percentage will ensure that there is no unnecessary contact from the department.

Having unnecessary returns showing as being required when they are not has disadvantaged the EOT filing results for some agents in the past.

We suggest that you review your client list, and advise us of those clients who either are not required to file a 2004 income tax return, or who should be deleted from your client list.

We encourage you to update your client list before the target date.

Your client list contains a lot of information and regular reviews of that information will benefit you.

If you have any queries about this, please contact your account manager.

### Receipting tax returns

While we accept that tax agents may prefer to drop income tax and GST returns at Inland Revenue offices, we no longer stamp the returns, or give receipts.

We suggest that you file returns through Inland Revenue's website as it means you can receive confirmation without the need to visit us. Find out how to register to use E-File by going to our website [www.ird.govt.nz/otherservices/efile.html](http://www.ird.govt.nz/otherservices/efile.html)

## Cancellation of automatically issued IR 901CL payment slips

IR 901CL payment slips are automatically issued either three times a year in May, August and December, or once a year in December to those tax agents who have indicated that they want to receive them. The four payment slips cover the end-of-year tax payment and three provisional tax payments. They are preprinted with client's name, address and IRD number details.

Usage of these payment slips is very low and we would like to stop automatically issuing them. If turning off the automatic issuing of these payment slips will affect you, email us at [agents.answers@ird.govt.nz](mailto:agents.answers@ird.govt.nz) stating your concerns, by 30 September 2004.

The other payment slips we provide which can be ordered through StationeryXpress or INFOexpress are:

- IR 901 – a pad of 100 slips with three payment lines that can be used for payments for any tax type
- IR 901DL – one payment slip on an A4 page with three payment lines which can be used for payments for any tax type. Many tax agents have software which can print a customer's payment details onto this form.

## CD Rom questionnaire

We are about to start the development of version 7 of the *Tax Agents' CD Rom*. To ensure that we have a product that is helpful and provides the correct information for tax agents, it is very important that we receive feedback from you.

We have provided a short questionnaire which we ask that you complete and send back (postage is prepaid) by the end of September.

Alternatively, you can complete the survey form online at [www.ird.govt.nz/library/newsletters/answers/](http://www.ird.govt.nz/library/newsletters/answers/)



## “Look at account information” service

Earlier this year, your agent account manager (AAM) will have advised you that our new online service, “Look at account information” would be available to you following a visit from them. The service provides balance and transaction information for your own and your clients’ tax types, on active and ceased accounts. Each tax type shows a mailing address, an up-to-date balance, active transactions and due date information. Further developments are planned for the service in the near future.

If you have not yet received a visit and would like to know more, please contact your AAM. After setting up an appointment, your AAM will explain a number of issues important to the integrity of the “Look at account information” service. It’s then yours to use.

Feedback from tax agents has been very positive. Praise for the service includes:

“Congratulations on an excellent service.”

“Saves so much time.”

“Over the moon with this system and I tell anyone who will listen 20 times a day.”

“Just brilliant – we are using it continually.”

“We are absolutely delighted with it.”

“The service is wonderful providing very good information.”

“Fantastic. It is easy to use and accessing information is instantaneous.”

“I really like it!!!!!!!”

“We are all most impressed.”

“The service is convenient, saves time and energy, very informative and easy to understand.”

So, if you have received a visit and have not yet registered, why not do so now? If you require further assistance to register please contact your AAM.

## Income equalisation and ACC levies

Income equalisation reserve account deposits and refunds affect the income that is liable for both income tax and ACC levies.

If the amounts are not reflected in the tax return correctly there could be an impact on the level of ACC entitlements in the event of an accident claim.

Adjustments to income to reflect these deposits and refunds, while made outside of the books of account, need to be made so that the correct amounts are shown in the relevant partnership income or self-employed income boxes (17B or 21) in the *Individual tax return (IR 3)*.

There is a suggestion that some practitioners are showing income equalisation adjustments as “Other income” in Box 22. Values in this keypoint are not used by ACC for levy billing.

### Example 1

Net profit	\$30,000
Income equalisation deposit	\$25,000
Amount to be shown in Box 21	\$ 5,000

### Example 2

Partnership net loss	\$30,000
Income equalisation refund	\$40,000
Residual income	\$10,000
Amount to be shown in Box 17B	\$ 5,000 (each for two partners)

## E-Filing over the internet

We are planning to turn off the PACNET facility at the end of October.

Most tax agents are now E-Filing using the internet, so if you are not E-Filing your clients’ returns through the internet already, you will need to contact your software provider to arrange to start using the internet option, so you can continue to E-File when the PACNET facility is turned off.



## Inland Revenue's strategy for tax agents

In the July issue of *AGENTSanswers* we provided background information about the tax agent strategic project. The article also mentioned that the project team were finalising a strategy for tax agents.

This strategy has two parts. The first outlines the relationship we want to have with you in the future and the second part lists a set of guiding principles. We would like to thank everyone who has provided feedback and comments to help us form this strategy, and we hope you continue to share your ideas and thoughts with us.

Once you have read the strategy you are welcome to provide feedback on it by sending an email to [tax.agent@ird.govt.nz](mailto:tax.agent@ird.govt.nz) or talking to your agent account manager.

### Strategy for tax agents

The relationship we want to have with tax agents is one in which:

- clients of tax agents are compliant with the tax laws
- we all work together to ensure your clients are compliant with the tax laws
- the interaction between Inland Revenue and tax agents is carried out in the most efficient and effective manner with, the focus on reducing administrative and compliance costs, and
- the majority of business taxpayers recognise the benefits of using the services of a tax agent to assist them in meeting their tax obligations

### Guiding Principles

All parties:

- recognise and understand the business goals we have in common and work together to achieve these

Inland Revenue:

- recognises the value provided to the department by compliant and high performing tax agents and retains this value by providing them with opportunities to reduce compliance costs and simplify the administration processes

Tax agents:

- assist in improving the compliance of those taxpayers that try to but don't always succeed

Professional bodies:

- work with Inland Revenue and tax agents as a valuable intermediary to ensure efficient consultation and communication between all parties.

### Where to next?

We have begun reviewing the legislative definition of tax agent and plan to present principles for a new legislative definition in the next few months and provide you with the opportunity to comment.

In the future we will be able to target our service and compliance measures to recognise the value compliant and high performing tax agents provide to us. What shape this may take is at present undetermined but we will continue to work with you all to ensure a robust system is designed and implemented.

## Problem gambling levy

From 1 October 2004, the government will be introducing a levy called the problem gambling levy (PGL). This levy is to assist with providing public health services in the community for problem gamblers. It will be payable by gaming machine operators and gaming operators who file lottery, casino or totalisator duty returns.

We will be responsible for collecting this levy and we want to let you know in advance how it will affect your clients who are gaming machine operators.

PGL will be calculated on the value of the gaming machine profits for the month and will be charged at 1.11% plus GST.

You will be pleased to know that there's no extra paperwork involved. Inland Revenue has tried to make it as simple as possible—from the October period, the PGL calculation will be included in the existing *Gaming machine duty (IR 680)* return.

If you have internet access, you can file gaming machine duty returns online at [www.ird.govt.nz/cgi-bin/form.cgi?form=ir680](http://www.ird.govt.nz/cgi-bin/form.cgi?form=ir680) which will automatically calculate the gaming duty, PGL and GST on PGL.

### GST

A notice of assessment with GST tax invoice details will be issued when a return has been filed, showing the GST content of the PGL. The details of the tax invoice are to be included in the gaming machine operator's GST returns.

### Online calculator

From November 2004, a new calculator will be available online that will calculate the total payable by simply entering the amount of gaming machine profit for the month.

### More Information

For further information about the collection of PGL, please phone us on **0800 377 774** or go to our website at [www.ird.govt.nz](http://www.ird.govt.nz)



## Recently updated publications

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

### ***Congratulations on your new baby (IR 753) – March 2004***

This flyer provides information about parental tax credit and paid parental leave.

### ***Depreciation (IR 260) – March 2004***

Explains how businesses claim depreciation on their assets. See the *General depreciation rates (IR 265)* for rates to use.

### ***General depreciation rates (IR 265) – March 2004***

Provides the general and provisional depreciation rates. For a quicker way to find the rate for assets acquired in the 1996 income year or later, use the depreciation rate finder.

### ***Historic depreciation rates (IR 267) – March 2004***

Provides the depreciation rates for assets acquired on or before 31 March 1993 (only available in electronic format on our website).

### ***Employer's guide (IR 335) – April 2004***

Explains the tax obligations of anyone who employs staff. Employers registering with Inland Revenue will receive a copy of this booklet.

### ***Foreign dividend withholding payment (FDWP) return (IR 4F) – January 2004***

Complete this form for a New Zealand resident company which has received dividends from a foreign company.

### ***Grants and subsidies (IR 249) – January 2004***

Tax responsibilities for organisations that receive a grant or subsidy.

### ***Imputation group maintenance form (IR 475) – March 2004***

Use this form to elect to join an existing imputation group, leave an imputation group or change the nominated company.

### ***Interest and calculations (IR 222) – May 2004***

Information on interest, interest write-offs and reductions for student loan borrowers.

### ***IRD number application – non-individual (IR 596) – April 2004***

Complete this form to get an IRD number for your organisation. Remember to send a photocopy of one of the following documents as identification for your organisation:

- certificate of incorporation (for companies)
- deed of trust (for trusts)
- certificate of incorporation (for incorporated societies).

### ***IR 56 taxpayer's handbook (IR 356) – March 2004***

This is a booklet for:

- part-time private domestic workers
- embassy staff
- nannies
- overseas company representatives, and
- Operation Deep Freeze workers who make their own PAYE payments.

### ***Māori authority election (IR 483) – April 2004***

### ***Māori authorities – A guide to the new Māori authority tax rules (IR 487) – January 2004***

### ***Provisional tax (IR 330) – June 2004***

Tells you what provisional tax is, and how and when it must be paid.

### ***Tax code declaration (IR 330) – June 2004***

Updated tax code declaration form.

### ***Trans-Tasman imputation election form (IR 488) – May 2004***

Use this form if you are an Australian company wanting to elect to maintain a New Zealand imputation credit account.

### ***2004 Student loan repayment worksheet (IR 767) – February 2004***

Use this worksheet to calculate student loan repayments.

### **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/library/newsletters/aanswers](http://www.ird.govt.nz/library/newsletters/aanswers)