



Reminders

Third return filing date – 18 February 2005

The third extension of time (EOT) filing target date for clients' returns is 18 February 2005. The percentages due to be filed by this date are:

- | | |
|----------------------------|-------|
| ● standard target | 80% |
| ● E-File target | 78.5% |
| ● late balance date target | 75% |

If you have any concerns about meeting your filing targets or about your client list, please contact your agent account manager for assistance.

The 2004 – 2005 EOT agreement is available on our website at www.ird.govt.nz/library/publications/taxagents/ir9xa.pdf

Provisional tax due date (third instalment) – 7 March 2005

For clients with a standard balance date (31 March), you are reminded that 7 March 2005 is:

- the due date for payment of their 2005 provisional tax, and
- the last date for estimating (or re-estimating) their provisional tax for 2005.

2006 tax tables

For those agents who receive PAYE deduction tables, we will be sending these tables for the year ending 31 March 2006 in early March 2005.

The rates in these tables will apply from 1 April 2005.

E-Filing GST returns

In September 2004 we made an enhancement to E-File to allow you to send your clients' GST returns to us. If you are using this facility, no paper returns will be issued, therefore the payment slip at the bottom of the return will not be received.

If any payment is required you will need to complete a payment slip. Most banks offer an online tax payment service on their website which ensures that sufficient payment reference details are included with your payment. If your bank does not offer this service you can pay using their standard online service but you need to ensure we have all the details for us to credit the payment to your clients' account.

Income thresholds for student loan repayments and interest write-offs to rise

Income thresholds for student loan repayments and interest write-offs will rise from 1 April 2005.

The income level at which borrowers must begin to repay their loans will rise from \$16,172 to \$16,588. The maximum income level for a full interest write-off for part-time students will rise from \$26,140 to \$26,799.

Borrowers whose income is below the repayment threshold will not have to make repayments on their loans and a large portion of their interest will be written off.

Full-time, full-year students will continue to receive a full interest write-off while they are studying, regardless of their income.

Working for Families

Working for Families is a major government initiative to help working families gain the assistance they are entitled to. To see if any of your clients may now be entitled to receive family assistance under the new criteria, check out the website at www.ird.govt.nz/promotion/wff/

New customers will be encouraged to contact us from mid February to the end of March 2005 to apply for family assistance.

We are expecting a large increase in call volumes and have taken on additional staff to assist our family assistance customers. While this is not intended to affect the service we provide to you, if the unexpected happens and you do experience a delay on the phone when contacting us, why not try the other information options available? For example, our internet site at www.ird.govt.nz, INFOexpress or the online services area of our website at www.ird.govt.nz/otherservices/online.html#access



Family trust – must it have an IRD number?

We regularly receive applications for IRD numbers for trusts that are not deemed taxpayers, resulting in the requirement to unnecessarily file nil income tax returns each year.

If a family trust is a taxpayer it must have an IRD number and have a return of income filed each year. Whether the trust is deemed to be a taxpayer depends on whether it earns income or has any income-earning assets.

These would include:

- bank accounts
- shares or other investments
- business assets that produce income.

If the trust has no income and no income-earning assets it is not a taxpayer, therefore no IRD number is required. An example of this would be a family trust that owns a family home but no other assets.

If you currently have any clients with family trusts with an IRD number that has been allocated in error, please contact us in writing and the IRD number will be ceased.

Do you employ contractors from overseas?

Currently, if you or your clients employ contractors from overseas who are non-residents you need to deduct withholding tax on any payments you make to them at a rate of 15%. When no tax code is provided in their *Tax code declaration (IR 330)* form, you need to deduct a no-declaration rate of 30%. This used to apply to all non-resident contractors.

What has changed?

Recent legislation has reduced the no-declaration tax rate for contractors who are companies only from 30% to 20%.

The change applies to non-resident contractors who are companies only, not to non-resident contractors who are natural persons. The no-declaration rate of 30% is still required for contractors who are natural persons.

When did the change take effect?

The change applies to payments made on or after 21 December 2004.

New E-File initiatives

The E-File system enables you to electronically file returns, send correspondence and request some TAMS reports. The information transmitted to us is encrypted across a secure network over the internet.

Some of the advantages of using E-File are:

- you can file clients' returns in bulk
- information is transmitted to us the same day
- returns are processed quicker
- clients receive their refunds faster
- reduced extension of time targets.

The usage of the E-File system has increased over the past few years, with over a million returns received last year.

Due to feedback received from users, it has been decided to further enhance E-File capabilities. We propose to add other services to E-File to increase your efficiency of the system. Currently, we issue the summary of earnings for your clients over a period of eight weeks between May and July. Work is currently in progress to deliver this information using E-File for the 2006 tax year onwards. The advantage to you is that the wait time is reduced as the information will be available as soon as we have processed the data for your clients.

We are considering further enhancements to E-File to better meet your information needs. If you have any comments or suggestions, please send an email to tax.agent@ird.govt.nz

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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