

Community-Wise

Inland Revenue's community update

Budget 2008

Personal tax rates reduce

The government is lowering personal tax rates from 1 October 2008. Further changes are scheduled to take effect from 1 April 2010 and 1 April 2011.

The following table shows the current and new income tax rates for 2008/09.

Taxable income (\$)	Old tax rates applying to PAYE for the period 1 April 2008 – 30 Sept 2008	New tax rates applying to PAYE for the period 1 Oct 2008 – 31 Mar 2009	Composite tax rates for 2008–09
0 – 9,500	15%*	12.5%	13.75%
9,501 – 14,000	21%*	12.5%	16.75%
14,001 – 38,000	21%*	21%	21.00%
38,001 – 40,000	33%	21%	27.00%
40,001 – 60,000	33%	33%	33.00%
60,001 – 70,000	39%	33%	36.00%
70,001 and higher	39%	39%	39.00%

*Includes the low income rebate

The composite income tax rates will be used when deciding a person's annual tax for the 2008/09 income year. This is because when tax rates are changed part-way through a year, as is happening this year, Inland Revenue effectively applies an average of the old and new rates across the entire year's income. This means that some people may end up having paid too little or too much income tax, especially if their income has changed during the year.

There are other reasons why people may end up paying too little or too much income tax this year.

- While there will be a new 12.5% bottom tax rate, no new matching secondary tax rate has been introduced. Therefore, people who have used a secondary tax code for some of their income, eg, people with more than one job, students with part-time jobs and beneficiaries with part-time jobs, may find they have paid too much tax, especially if their total taxable income was \$14,000 or less.
- RWT rates have not been changed so, even though banks and financial institutions will be withholding RWT from interest income at the correct statutory rates, savers may find they have paid too much tax, especially if their total taxable income was \$14,000 or less.

People can check if they have paid too little or too much tax by using the personal tax calculator on www.ird.govt.nz. If they are owed a refund they should then contact Inland Revenue after 31 March 2009 and request a personal tax summary. The calculator and the personal tax summary work out the correct amount of tax due based on all of the person's taxable income for the year (1 April to 31 March).

See inside for more information about...

- Working for families tax credits increase (2)
- Language Line (3)
- KiwiSaver (4)
- Personal tax summaries (5)
- Contacting us (7)
- Key dates and events (8)

Working for families tax credits increase

From 1 October 2008 family tax credit rates and the income abatement threshold increase to take account of inflation.

People who receive working for families tax credits weekly or fortnightly will automatically receive the new rates from their first payment after 1 October 2008.

The table below shows the existing weekly family tax credit rates and the new rates that apply from 1 October 2008.

Age/number of children	Current 1 April 2008	New rate 1 Oct 2008
First child if under 16	\$82	\$86
First child if 16 or over	\$95	\$99
Subsequent child rate if under 13	\$57	\$59
Subsequent child rate if 13 to 15	\$65	\$68
Subsequent child rate if 16 or over	\$85	\$89

If people receive their working for families tax credits in a lump sum after the end of the tax year, Inland Revenue will use an average of the old and new rates to work out their correct entitlement.

The table below shows the existing annual family tax credit rates and the new average (composite) rates that apply for the 2008/09 income year.

Age/number of children	Current 1 April 2008	New composite rate for 2008/09
First child if under 16	\$4,264	\$4,376
First child if 16 or over	\$4,940	\$5,069
Subsequent child rate if under 13	\$2,964	\$3,042
Subsequent child rate if 13 to 15	\$3,380	\$3,469
Subsequent child rate if 16 or over	\$4,420	\$4,536

The income abatement threshold increases from \$35,000 to \$35,914 for the 2008/09 income year. This will increase to \$36,827 from 1 April 2009.

More information is available at www.ird.govt.nz

Language Line update

Following the successful use of Language Line by our families customers, the telephone-based interpretation service became available for all Inland Revenue customers on 1 August 2007. Now, anyone whose first or preferred language is not English can request Language Line when they contact us or when Inland Revenue contacts them.

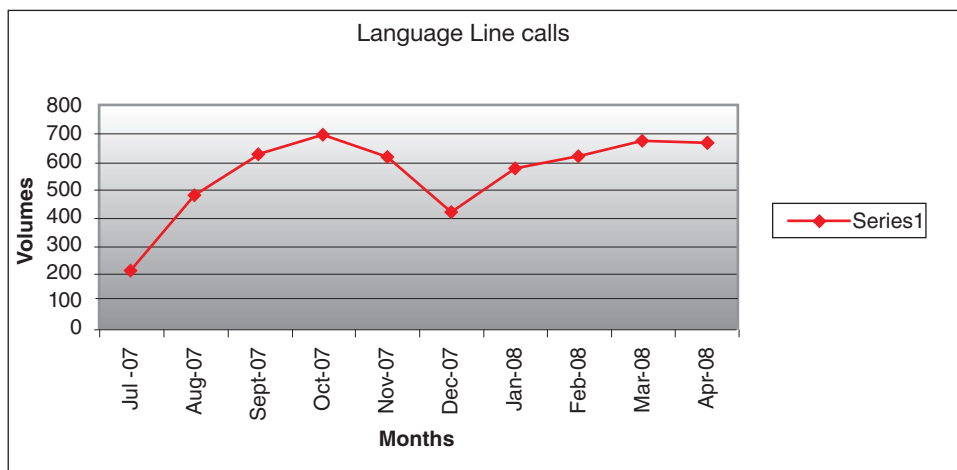
Requests for interpreters range across the 39 languages offered. The top three languages for Inland Revenue customers continue to be Mandarin, Samoan and Cantonese.

Inland Revenue is continually working with the Office of Ethnic Affairs (OEA) to improve the level of service provided to customers. One of the recent improvements has

been the ability for customers to “book” a Language Line interpreter for scheduled appointments. Previously, if a customer came to an appointment and needed an interpreter there was no guarantee the right one would be available when they rang Language Line. Now Inland Revenue and the customer can let Language Line know in advance what type of interpreter is needed and when, and they will be available on the phone for the customer’s appointment.

Apart from the expected decrease over the summer, Inland Revenue’s use of Language Line has almost tripled since the service became available for all tax types and customer contacts.

Language Line was used 209 times in July 2007, while from August 2007–April 2008 the average monthly use was 596 times.



Making sure employees are on the right tax code

If employees are on the wrong tax and/or student loan repayment code they may not pay enough tax or the correct amount towards their student loan. This means they could end up with a bill at the end of the year.

If an employee is working for salary or wages, but they’re not on the right tax code, Inland Revenue will be writing to their employer and asking for the tax code to be changed to one they’ve supplied. This is to reduce the number of salary and wage earners getting into debt.

A copy of the letter will be sent to the employee to let them know what Inland Revenue is asking the employer to do. If an employee disagrees with this change, they can call Inland Revenue on 0800 227 774.

It’s an employee’s responsibility to choose the correct tax code on the *Tax code declaration form (IR 330)* each time they start a new job and if their income or student loan situation changes. There is more information about this in the IR 330 form, at www.ird.govt.nz/how-to/taxrates-codes/ or call Inland Revenue on 0800 227 774.

KiwiSaver – an easier way of saving

KiwiSaver has been designed to make it easy for New Zealanders to save for their retirement and so far, more than 670,000 people have enrolled and begun making contributions towards their future.

Employees can choose to have 4% or 8% deducted from their salary or wages. Or, if their employer agrees, they can arrange to share the minimum contribution rate of 4%. To find out more about this option go to

www.kiwisaver.govt.nz

Contributions are paid to Inland Revenue through the tax system and then sent on to scheme providers to invest.

There are many benefits of becoming a KiwiSaver member:

- A one-off tax-free kick-start of \$1,000 and a fee subsidy of \$40 per year paid to scheme providers.
- Members who are 18 or over are eligible for a member tax credit. The government will match contributions, up to a maximum of \$1,042.86 a year.
- A housing subsidy for first home purchases of up to \$5,000 after contributing for five years.
- After 12 months of contributing members can have a break from saving by taking a “contributions holiday” of between three months and five years.

- Mortgage diversion—some scheme providers may offer the option of diverting up to half of the contributions to their mortgage.
- From 1 April this year, members who are 18 or over and have contributions being deducted from their salary or wages, will also be eligible for a compulsory contribution from their employer. Employers will have these contributions offset by an employer tax credit of up to \$20 per week.

There's lots of information available about KiwiSaver. Inland Revenue has produced a variety of publications including:

- the KiwiSaver employee information pack (KS 3)
- a summary and example brochure (KS 40)
- a guide for self-employed people (KS 12)
- a guide for children and young people (KS 3)
- a general introductory leaflet translated into eight different languages.

These brochures are available from INFOexpress (**0800 257 773**) and Inland Revenue's websites.

More information is also available at www.kiwisaver.govt.nz including links to scheme providers.

KiwiSaver may not suit everybody. The Retirement Commission's website, www.sorted.org.nz has lots of independent information about money matters and can help people decide whether KiwiSaver is right for them.

To find out more about your KiwiSaver obligations if you're an employer go to www.ird.govt.nz/kiwisaver/employers/

Personal tax summaries and refunds

A personal tax summary (PTS) is for salary and wage earners and shows income and tax deduction details for the year, based on employment, pension or benefit information. It compares the tax a customer should have paid with the tax a customer has actually paid. It also shows whether:

- they've paid the right amount
- they're due a refund
- they have tax to pay.

Salary or wage earners could get a tax refund for the 2007–08 year (1 April 2007 – 31 March 2008) if they:

- didn't work a full year
- used a secondary tax code (S) and earned under \$38,000
- are entitled to the child rebate or the income under \$9,880 rebate
- earned under \$38,000 and received dividends
- had more than one job during the year
- have expenses to claim.

To see if they're due a refund, customers can use the personal tax summary calculator at www.ird.govt.nz (they'll need their income details for the year). Customers can use the Look at account information service (if they are registered) to get their income details. Alternatively, they can call INFOexpress on **0800 257 773** to request a *Personal tax worksheet (IR 746)* or a summary of earnings.

If they work out they are entitled to a refund, they'll need to request a PTS, either from www.ird.govt.nz **Get it done online, Request a Personal tax summary** or by phoning the automated phone service on **0800 257 444**.

More information about PTS and refunds can be found at www.ird.govt.nz/income-tax-individual/end-year/pts/

One-stop shop for personal tax summary customers

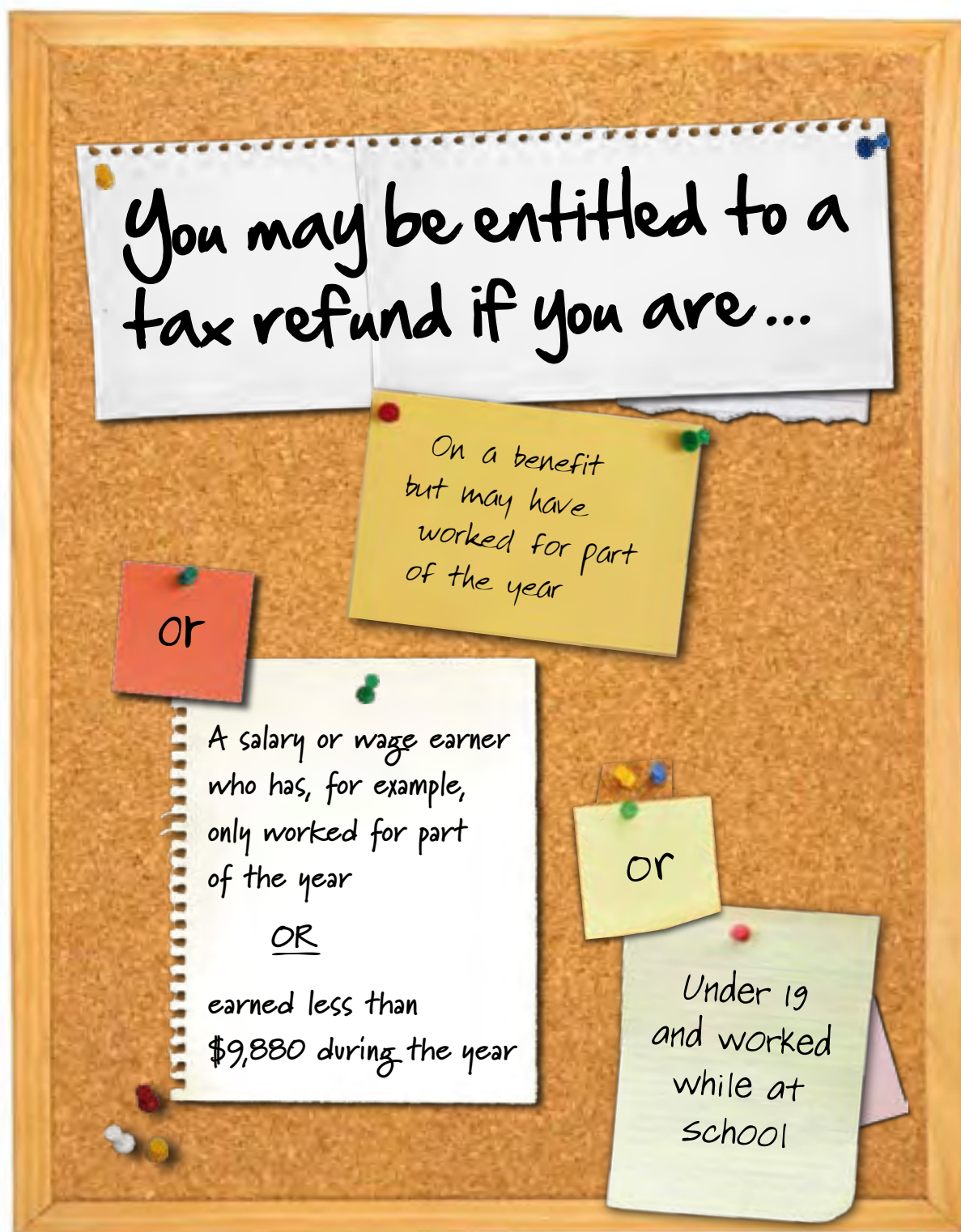
Customers calling to request a personal tax summary (PTS) can now confirm it in the same call.

Since 9 June 2008, customers only have to call Inland Revenue and, provided they have all the necessary/correct information, they can request and confirm their PTS at the same time.

The most obvious benefit for customers is that they only need to call once to finalise their PTS square-up. Previously customers had to call Inland Revenue to get a PTS sent out and then call again when they received the PTS to confirm their details and get their refund. Doing it all in one call saves the customers time and, if they're entitled to a refund, they'll get it quicker.

Most people who need a PTS will have it sent out to them automatically. However, if income has been received that has not been taxed at the correct rate, eg, interest, customers will need to request a PTS. Customers can also request one if they think they may get a refund. They still have the option to receive their PTS in the mail and to confirm it at a later stage if they choose to.

Go to www.ird.govt.nz for more information.



Visit www.ird.govt.nz to check whether you qualify using the personal tax summary calculator or request a personal tax worksheet by calling 0800 257 773. Have your IRD number ready.

Community-Wise

Community relationship officers

Our community relationship officers are responsible for educating customers on entitlements and compliance obligations. Refer to the table below to find the community relationship officers in your area.

Name	Contact number
Wellington	
Brian Woolford	04 890 1037
Iriea Williams	04 890 3294
Tracey Taylor	04 890 1153
Ruta Wright (Māori Community Officer)	04 890 1169
Luke Schaumkell (Māori Community Officer)	04 890 1009
Nelson	
Kaye Latham	03 989 6000
Margaret King	03 989 6158
Dayveen Stephens (Māori Community Officer)	03 989 6146
Christchurch	
Katie Collins	03 968 0765
Mary Jane Heu (Māori Community Officer)	03 968 0792
Nicole Manawatu (Māori Community Officer)	03 968 0648
Denise Te karu (Māori Community Officer)	03 968 0380
Christchurch/Timaru	
Don Amyes	03 968 0488
Dunedin	
Cindy Henry	03 951 2011
Kiwhare Mihaka (Māori Community Officer)	03 951 2087
Greymouth	
Juliette Henry	03 906 0317
Whangarei	
Angela Pearson	09 986 6000
Luana Poata	09 986-6028
Leanne Hohaia (Māori Community Officer)	09 986 6007
James Barrett (Māori Community Officer)	09 986 6128
Takapuna	
Nicola Sharp	09 984-1641
Linda Fawcett	09 970-6041
Jason Samuels (Māori Community Officer)	09 984 1136

Manukau	
Helen Lisiua	09 9842230
Kevin Mascarenhas	09 9842254
Paul Tuisaula	09 9842343
Sophie Chungson	09 9842332
Christina Fifita	09 9842376
Anthea Te Moana (Māori Community Officer)	09 984 2049
Maari Hiakita (Māori Community Officer)	09 984 2368
Hamilton	
Chris Novak	07 959 0267
Moana Ratima	07 959 0266
Maureen Thornton (Māori Community Officer)	07 959 0238
Chrys Thompson (Māori Community Officer)	07 959 0745
Palmerston North	
Craig Riley	
Philippa McNae	06 9533096
Charmaine Ratima (Māori Community Officer)	06 953 3026
Rhys Mohi (Māori Community Officer)	06 953 3105
New Plymouth	
Renee Hitchings	06 968 4050
Naida Tuirirangi (Māori Community Officer)	06 968 4026
Napier	
Paula Nicol	06 9746331
Nikki Harrison (Māori Community Officer)	06 974 6359
Gisborne	
Danny Fong	06 986 2003
Ian Procter (Māori Community Officer)	06 986 2028
Rotorua	
Sonia Cooper	07 921 3809
Edward Nathan	07 921 3824
Amiria Tomoana (Māori Community Officer)	07 921 3809
Tauranga	
Lorraine Morten	07 927 5361
Tania Faulkner (Māori Community Officer)	07 927 5226

Contact us

Key dates and events

Date	Event
Early August Child support	End_of-year square-up completed for paying parents who estimated their income for the previous child support year.
30 September Student loans	The second instalment of non-resident assessment due from borrowers living overseas.