

## Extension of time (EOT) arrangements

### Filing period 1 April 2002 to 31 March 2003 (IR 9XA)

This agreement is available on Inland Revenue's website at [www.ird.govt.nz/library/publications/taxagents/ir9xa-2002.pdf](http://www.ird.govt.nz/library/publications/taxagents/ir9xa-2002.pdf) and on the Institute of Chartered Accountants of New Zealand website [www.icanz.co.nz/tax](http://www.icanz.co.nz/tax) under the link "other issues".

It contains details of the arrangements and procedures in the agreement, which is negotiated annually between Inland Revenue and the Institute of Chartered Accountants of New Zealand.

The following points should be noted:

- Previous EOT agreements included a 5% buffer. Inland Revenue accepted filing performance within 5% of a target, other than the 31 March target. More recently, no action has been taken if you did not meet interim targets unless your EOT was being supervised. Therefore, the 5% buffer arrangement is no longer relevant and has been removed.
- Inland Revenue may remove your EOT if you file below 80% for two consecutive years. This will start with the return filing years 31 March 2002 and 31 March 2003. Your EOT will not be removed without written notification advising you that we are considering withdrawing your EOT and inviting you to discuss your circumstances with your agent account manager and area manager.

## Six-monthly GST return threshold

Taxpayers accounting for GST six-monthly should advise Inland Revenue within 21 days of becoming aware that their turnover exceeds \$250,000 so their taxable periods can be changed.

Section 15A(1AA) of the GST Act gives the Commissioner of Inland Revenue the discretion to allow a taxpayer who has been accounting for GST on a six-monthly basis to remain on that basis if the taxpayer's turnover exceeds \$250,000.

This recognises that filing on a two-monthly basis may be onerous on taxpayers with a low-volume but high-value turnover, such as businesses with seasonal income.

### Standard Practice Statement GNL – 420

This Standard Practice Statement (SPS) provides guidelines on how Inland Revenue will exercise the discretion to allow registered persons to remain six-monthly return filers for GST purposes. It applies from 1 January 2002 and can be found in *Tax Information Bulletin (TIB)* Vol 13, No 12, on our website at [www.ird.govt.nz/library/newsletters/tib/vol13](http://www.ird.govt.nz/library/newsletters/tib/vol13)

## Tax agents' surveys

One of the most valuable ways of identifying our service performance is by surveying those people who use the service. This not only allows us to quantify our performance, but also to understand performance issues. We have used surveys in a number of different areas in the past. We appreciate the time you take to respond to these.

However, over the last few months you have told us that you are being surveyed too often and this takes up too much time.

As a result of your comments, our National Research Unit has decided to combine the call centre tax agents' line survey with the tax agents' customer satisfaction survey. Currently, these are two different surveys. From the end of January 2002, the surveys will be combined so that we only interview the person who contacted our call centre on the tax agents' line. This person will not be surveyed again for at least three months. This will make it easier to prevent multiple contacts within a three-month period.

We have also taken the opportunity to review the survey questions so that we can get the most benefit from the results. In future, we hope to be able to tell you the areas that we are focusing on as a result of the survey.

Thank you for participating in our surveys. We hope you will continue to express your opinion of our service in the revised survey so that we can make improvements where necessary.

## "Economic entity" definition widened

This affects transfers to the 2001–2002 income tax year and assessments or reassessments issued on or after 21 February 2001.

Following submissions by the Institute of Chartered Accountants of New Zealand, the definition of taxpayers considered to be in the same "economic entity" has been extended. The definition now includes the following:

- companies in the same group (that is companies that are at least 66% commonly owned)
- a shareholder-employee and company
- partners in the same partnership
- family members within one degree of relationship (husband and wife, parent and child), and
- a family trust and beneficiary.

The new definition follows the associated person's test set out in the December 2002 Taxation (Relief, Refunds and Miscellaneous Provisions) Bill.

Staff are revisiting requests that have been declined and are processing them in line with this change. If you had a transfer declined because the taxpayers did not meet the previous definition and the transfer hasn't been actioned since, you should contact the tax agent's line.



## Family assistance – Parental Tax Credit

In the January edition of *AGENTSanswers* we outlined the aims and key messages of our family assistance public awareness campaign. This month we would like to focus on one aspect of family assistance – Parental Tax Credit.

### What is Parental Tax Credit?

Parental Tax Credit is an entitlement families can receive for the first 56 days (eight weeks) after their baby is born.

Depending on the family income, they could be entitled to a one-off payment(s) of up to \$1,200 for every newborn baby in their care.

The chart below illustrates how much a family can earn and still receive Parental Tax Credit.

Number of children	Total family income (gross)
1	\$59,617
2	\$67,763
3	\$75,910
4	\$84,058
5	\$92,203
6	\$100,350

### Parental Tax Credit eligibility

The amount that is paid depends on the family income and the number of days the baby was in the family's care during its first eight weeks after birth. The amount will be affected if the family's income includes the following:

- an income-tested benefit
- NZ Super or a veteran's pension
- a student allowance
- weekly accident compensation payments, unless you get these for less than three months.

If the family receives any of the above for the full eight weeks after the birth of the baby, they do not qualify for the Parental Tax Credit.

### Payments

Parental Tax Credit payments are paid to the principal child carer (that is, the person looking after the baby).

If they apply **within** the first three months of the baby's birth date, they can choose to get fortnightly payments or a lump sum at the end of the financial year.

If they apply **after** the first three months, they can still get the Parental Tax Credit, but only as a lump sum at the end of the financial year.

Depending on the family income, payments can be up to \$300 a fortnight, payable to a maximum of \$1,200.

### For more information

If you would like further information about family assistance, please refer to the *Family assistance guide (IR 200)*, which is available on our website and the tax agents' CD Rom, or contact your agent account manager. Alternatively, phone us on your tax agents' toll-free number.

## Higher income thresholds for student loans

Income thresholds for student loan repayments and interest write-offs will rise from April 2002.

- The income level at which borrowers must start to repay their student loans will rise from \$15,132 to \$15,496.
- The income level under which part-time or part-year borrowers may have interest on their loans fully written off goes up from \$25,073 to \$25,378.

The new thresholds were approved by Order in Council on 17 December 2001.

These increases are in line with routine adjustments to the domestic purposes benefit.

The student loan repayment threshold is aligned with the domestic purposes benefit paid to people with two or more children. The purpose of this alignment is to encourage beneficiaries to undertake tertiary education by ensuring that student loan repayments are not deducted from most social welfare benefits.

The interest write-off threshold sets the amount of income that part-time or part-year borrowers may have and still receive a full interest write-off, and is aligned with the amount of other income that may be received before the domestic purposes benefit is fully abated. This threshold first applied from the 2000–2001 income year. Full-time, full-year students receive an interest write-off irrespective of their income.



## ACC roadshow for agents

Once again ACC will be holding seminars around the country during March. Practitioners, accountants, agents and business advisors are encouraged to attend.

The main focus will be on changes to be implemented under the Injury Prevention, Rehabilitation and Compensation Act 2001 (IPRC Act). This will include invoicing, changes to residual claims payment collection, shareholder-employees and ACC CoverPlus Extra.

There will also be a seminar for employers and self-employed people outlining the IPRC Act changes, together with how they can access information on ACC services.

### Timetable

The following sets out the locations, dates, times and venues for the agents' seminars.

Full details are available on ACC's website [www.acc.co.nz/productsandpremiums](http://www.acc.co.nz/productsandpremiums)

Centre	Date	Time	Location
Auckland CBD	25 March	11.00 – 12.30 pm	Centra Auckland, 128 Albert Street
Auckland – Henderson	14 March	11.00 – 12.30 pm	Dalma Court Motor Inn, 252 Great North Road
Auckland – Manukau	12 March	10.30 – 12.00 pm	Lakeside Convention Centre, Montgomerie Road, Airport Oaks
Auckland – Mt Wellington	13 March	11.00 – 12.30 pm	Mount Richmond Lodge & Conference Centre, 676 Mt Wellington Highway
Auckland – Northshore	12 March	11.00 – 12.30 pm	Fairway Lodge, Silverfield Road (off Porana Road)
Christchurch	21 March	9.00 – 10.30 am	Grand Chancellor, 161 Cashel Street
Dunedin	15 March	8.30 – 10.00 am	Southern Cross, Cnr Princess & High Street
Gisborne	18 March	11.30 – 1.00 pm	Cosmopolitan Club, Grey and Derby Streets
Greymouth	19 March	10.00 – 11.30 am	Kings Quality Hotel, 32 Mawhera Quay
Hamilton	19 March	10.00 – 11.30 am	Novotel Tainui, 7 Alma Street
Hutt Valley	18 March	10.00 – 11.30 am	Angus Inn Hotel, Waterloo Road
Invercargill	19 March	12.00 – 1.30 pm	Ascot Park Hotel, Cnr Tay Street and Racecourse Road
Napier	21 March	10.00 – 11.30 am	War Memorial, 48 Marine Parade
Nelson	14 March	9.00 – 10.30 am	Tahuna Beach Function Centre, 70 Beach Road
New Plymouth	22 March	8.30 – 10.00 am	The Devon Hotel, 390 Devon St East
Palmerston North	13 March	8.30 – 10.00 am	Quality Hotel Palmerston North, 110 Fitzherbert Ave
Queenstown	20 March	9.00 – 10.30 am	Millbrook Resort
Rotorua	15 March	9.00 – 10.30 am	Lake Plaza Rotorua Hotel, 1000 Eruera Street
Tauranga	20 March	10.00 – 11.30 am	Bureta Park Motor Inn, Vale Street, Otumoetai
Timaru	22 March	10.00 – 11.30 am	Grosvenor Hotel, 26 Cains Tce
Wellington	18 March	4.30 – 6.00 pm	ICANZ, Cigna House, 40 Mercer Street, Wellington

To book, email [seminars@acc.co.nz](mailto:seminars@acc.co.nz) Early registration would be appreciated.



## Third return filing date 15 February 2002

The third extension of time (EOT) filing target date for clients' returns is approaching. The percentages due to be filed by 15 February 2002 are:

Standard target	80%
E-File target	78.5%
Late balance date target	75%

Under the 2001–2002 EOT agreement tax agents who filed less than 70% of their clients' returns by 31 March 2001 and who also fail to file 70% of their clients' returns by 31 March 2002 may lose their EOT for next year.

The agreement is available on Inland Revenue's website at [www.ird.govt.nz/library/publications/taxagents/ir9xa.pdf](http://www.ird.govt.nz/library/publications/taxagents/ir9xa.pdf) and on the Institute of Chartered Accountants of New Zealand website at [www.icanz.co.nz/tax](http://www.icanz.co.nz/tax) under "other issues".

The third target presents an opportunity for Inland Revenue and tax agents to work together. We recognise there may be genuine reasons for not being able to meet this target. The authority to negotiate filing targets lies with your agent account manager and corporate account manager prior to the target date. If necessary, please make contact now to discuss your circumstances. An adjustment to your expected filing target will prevent any unnecessary contact from Inland Revenue.

You are able to send an L letter, using INFOexpress, to those clients who have not yet provided you with information needed to prepare their return. This will remove that client from your filing results.

Remember that clients who do not file their 2000–2001 return and are charged a late filing penalty will lose their EOT for their 2001–2002 return, and the filing due date will become 7 July 2002.

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 2001 income tax return, or who should be deleted from your client list.

## 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.

### ***Non-resident withholding tax (NRWT) rates and country codes (IR 290)***

- This information sheet lists the NRWT rates for double tax agreement countries.

### ***Non-resident withholding tax – payer registration (IR 380)***

- This form is used to register a payer of non-resident withholding income for NRWT.

### ***Cheque duty (IR 192)***

- Cheque duty is a charge on every cheque printed. This guide provides information about cheque duty legislation for people who print cheques. Cheque duty is payable by licensed printers, temporary licencees and licensed banks.

### ***Student loan info (IR 229)***

- Information about student loan interest write-offs for this year's students, the new repayment calculator and what students need to think about before leaving the country.

## 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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