



Improved access to Online Services

Inland Revenue is improving its online authentication systems for organisations in response to requests from tax agents. Shortly, agencies will be able to:

- automatically access the Online Services they're entitled to use, based on their user profile (currently, users have to manually select the services they want access to)
- set up and administer their organisation's access to our Online Services eg, allowing or restricting staff member access
- delegate the above abilities to other people in their organisation.

The ability to authenticate organisations online and open up (or restrict) access to our Online Services is a major step forward for us and our customers. We will also offer the same service to your business customers ie, the ability to manage access to Online Services for their staff, and for the first time, the Look at Account Information service will be offered to business customers.

Organisations can choose when they want to take advantage of the new features. Your existing access will be uninterrupted until you're introduced to the new features. Talk to your Inland Revenue agent account manager about signing up at a time that suits you.

Some of our customers who already have access to our Online Services will require someone with legal responsibility in the organisation to contact us, so we can show them how to use the new "Manage Account Access" (MAA) tool. MAA will make access easier for our customers, going forward. You'll be able to find out more online as we get closer to delivering these improvements.

These latest changes follow enhancements to the look and feel of Online Services.

Registration will now be a complete online process and a customer's account will be activated straight away.

None of the changes we've put in place this year will affect the way any of our Online Services operate.

Personal tax summary (PTS) online

Requesting

Many agents are requesting PTSs through the call centre and you may not be aware that it's much simpler to get them through our website. Go to www.ird.govt.nz/online-services/service-name/services-r/ and choose Request a personal tax summary.

Confirming

If you're a registered tax agent you can confirm that a PTS has been received in the post by using INFOexpress. The service is available 7 days a week, from 6 am to midnight and accepts messages from midnight to 6 am. See our website for more information on what you can access through INFOexpress www.ird.govt.nz/contact-us/taxagents/info-express/

Online/electronic authority to act

A number of tax agents have asked whether receiving an email or electronic signature from their client meets Inland Revenue's requirements of having authority to act.

The answer is no.

Currently, an agent needs to hold a written or signed authority to act for the taxpayer before we can disclose that taxpayer's information to the agent.

2009 Provisional tax and student loan interim payments due 28 August

For your clients who have a March balance date the first instalment of 2009 provisional tax and student loan interim payments are due on 28 August 2008.

This due date applies to the standard or estimation options when calculating provisional tax payments.

If you think your client has something to pay but aren't sure, you can call us on 0800 377 776 or go to www.ird.govt.nz





More ID documents can be used to apply for an IRD number

Two new types of identification have been added to the Category B accepted documents list. Individuals applying for an IRD number can now use the following as identification documents:

- International Drivers' Permit (issued by a member country of the UN Convention on Road Traffic)
- Overseas Drivers' Licence (if not already in English it needs to be accompanied by an English translation completed by an LTNZ authorised translator)

Inland Revenue appointed verifiers will be accepting these documents. Those verifying the documents are:

- Automobile Association (AA) Driver Licensing Agents
- PostShops and selected New Zealand Post retail outlets.

Availability of L letters

The L letter helps you encourage your clients to provide their records so you can prepare and file their income tax returns by 31 March each year.

The L letter is available for clients who have an extension of time (EOT), and are late providing you with all the necessary information to complete their returns.

An L letter is issued in Inland Revenue's name and reminds clients they have not provided their tax agent with enough information to file a return.

By issuing an L letter, we remove the client from your performance statistics until the return is filed. You can request an L letter through INFOexpress. For more information on INFOexpress and to see an example of an L letter, please go to www.ird.govt.nz/taxagents/contacts/info-express/

First return filing target

The first EOT filing target for clients' returns is fast approaching.

The percentages due to be filed by 12 September 2008 are:

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

If you're going to have difficulty meeting this first target we encourage you to contact your account manager before the target date.



Reminder—how to correctly file Employer deductions (IR 345) forms

If you file *Employer deductions (IR 345)* forms for your clients, please take note of the changes when completing this form, and let your clients know about these changes.

There are **three different ways** to file the IR 345 form:

- 1) Filed online and paid through electronic banking—you don't need to send us any portion of the form. It's fast, easy and secure to file this form on our website – www.ird.govt.nz/online-services/keyword/employers/. Go to "Get it done online" and choose "File an employer schedule (ir-File) service". When you pay electronically please ensure you use the tax type DED for the total (Box 13) PAYE deductions.

- 2) Filed online and paid by cheque—you only need to send us the payment slip at the bottom of the form.
- 3) If not filed online—please send us the **whole** form. We know you need to keep a copy for your client's records but please don't tear off the payment slip. Send the **whole** form when you've completed it and take a copy for your records. The bottom of the IR 345 shows the total amount of the payment only—there is no breakdown into tax types. If you don't send us the whole form, the payment may be allocated incorrectly. If we don't receive the whole form from you, you will automatically get a letter advising that you have not sent in your IR 345.

Please do **not** tear off the top section.

If not filing online please send the **whole** completed form and keep a photocopy of it for your records.

For the employer to receive their employer tax credit, please complete Box 10.

Please **only** tear off the payment slip if you have filed online **and** are paying by cheque.





Update on implementing 1 October tax rate changes

We want to clarify how the 1 October personal tax rate changes affect provisional taxpayers in the 2008-09 income year.

Individuals who pay provisional tax by the standard option (safe harbour) and ratio method should not have their provisional tax payments adjusted prior to 1 October 2008.

Individuals who estimate their provisional tax can choose to apply the new 2008/09 composite tax rates and alter their payments at any time.

Standard option (safe harbour)

For payments due after 1 October 2008:

- For individuals who have already had their 2008 tax return filed, we'll adjust their instalments and let you know the new payment amount.
- For customers who have not yet had their 2008 return filed, you'll need to re-calculate their payment for instalments after 1 October 2008.

The formula to calculate provisional tax liability from 1 October 2008 is:

2007/08 RIT - \$730 x 105% (or 110% if using 2006-07 RIT)

This new provisional tax liability is then used when working out provisional tax instalments due after 1 October 2008.

Ratio method

Customers should continue to use their current ratio percentage until 1 October 2008. We'll calculate new percentages and advise customers and tax agents of any changes.

Estimate method

Customers who estimate their provisional tax can choose to apply the 2008/09 composite rates when calculating 2008/09 income year instalments—and do not have to wait until 1 October to do so.

The composite rates for the 2008—09 income year are:

Income range	Composite tax rate applied
\$0 - \$9,500	13.75%
\$9,501 - \$14,000	16.75%
\$14,001 - \$38,000	21%
\$38,001 - \$40,000	27%
\$40,001 - \$60,000	33%
\$60,001 - \$70,000	36%
\$70,001 and higher	39%

Your feedback wanted

Inland Revenue is reviewing the end-of-year financial information we request from companies and how we collect it. We have released an issues paper asking companies and their representatives for feedback on suggested changes to the current process.

Why change?

We need accurate, comparable data in a usable format so we can administer the tax system, accurately assess risk, and monitor and develop tax policy.

Proposals

We propose to:

- rationalise the income tax forms we require you to complete, including the *Company income tax return (IR 4)*, *Annual imputation return (IR 4J)*, *Accounts information (IR 10)* and other related forms and disclosures
- tailor information requirements to different sized companies to reduce overall compliance costs for most companies
- rely more on financial information compiled by companies for financial reporting
- enhance electronic filing systems to reduce common errors.

Consultation

We encourage you to share your views and work through any practical implementation issues with us. Please go to www.ird.govt.nz/public-consultation/ to participate.

We will give you progress updates in future issues of AGENTSanswers.

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:

The Editor
AGENTSanswers
Inland Revenue
PO Box 2198
Wellington 6140

Email: agents.answers@ird.govt.nz