



Making sure employees are using the right tax and repayment codes

We want to reduce the number of employees getting into debt as a result of using incorrect tax codes.

So we're contacting employers and asking them, where necessary, to change their employees' tax codes to ensure they are paying enough tax and the correct amount towards their student loan.

To work out if they're on the right tax code employees can use the 'Work out your tax code' decision tree on our website—www.ird.govt.nz/how-to/taxrates-codes.

For more information on tax codes, please visit www.ird.govt.nz/how-to/taxrates-codes

Portfolio investment entity (PIE) information on website

Over the last six months we've been working to update our website with PIE content. This includes information for investors about PIEs for:

- New Zealand-resident individual investors
- non-resident investors
- New Zealand-resident company investors
- trustee investors
- partnerships.

It also includes information for existing PIEs and those interested in setting up a PIE.

Investor related information can be found on www.ird.govt.nz/toii/pie. Alternatively you can search for the information by entering key words, for example 'PIE'.

Information specifically relating to PIEs, including the various types of PIE and how to become a PIE, is available at www.ird.govt.nz/industry-guidelines/pie.

We have also developed online guides which provide information for different types of investors. A PIE guide—designed for existing PIEs, or entities interested in setting up a PIE—is also available online. Online guides can be viewed and downloaded from the 'Forms and Guides' section of the Inland Revenue website.

Update on the provisional tax ratio option

It's been a few months now since the ratio option came into affect and many of you have asked about the number of elections we've received.

Most of the elections for the ratio option have now been received for the 2008-09 tax year due to different balance dates that clients have.

Elections

As at 1 September 2008, we've accepted just over 3,374 elections into the ratio option for the 2008-09 year, which is higher than we estimated. Given this is a new way for customers and agents to calculate provisional tax and it's the initial year of operation, we only estimated 3,229 to elect into the ratio option, for the 2008-09 year.

Feedback about the ratio option

Overall, feedback from a sample of agents who have clients using the ratio option has been positive.

Based on this feedback, customers who used the ratio option for the first time didn't seem to have any problems completing the *GST and provisional tax return (GST 103)*. Agents who completed the GST 103 on behalf of their clients also found the return and calculations easy to complete.

Customers have said they want to begin using the ratio option next year, as it will give them peace of mind and reduce their concerns about the amount of provisional tax they need to pay at each instalment date. Not being charged use-of-money interest (UOMI) has also been a positive aspect for them.

2008 income tax filing season

The filing of the 2008 income tax returns is now well under way. Here are some hints/ideas to help speed up the process and improve the accuracy of our data.

- Use the 2008 version of the returns as the key points change from year to year.
- Make sure losses carried forward are correctly entered.
- IR 4S must be complete for details like losses or shareholder salaries on IR 4 returns.
- Put staples in the left hand side instead of the top middle (as data cannot be easily read when the staples are in the middle).





- Only losses can be negatives.
- Show the client's valid IRD number on all returns please.
- Only accounts should be inside returns. All correspondence should be attached to the top of the return so it can be detached and lodged in our correspondence system. This includes special transfer requests, provisional tax elections, loss letters, etc.
- Please do not show your agency's street or postal address on the return, otherwise it will be updated and may overwrite the correct details on your client's account. Changes to agent linking/delinking must be done by calling INFOexpress or the tax agents 0800 number, or filling in a IR 795 form.
- Please don't tick Box 36L for IR 3 or Box 30F for IR 4 for refund by cheque if your client has a bank account loaded by us, as this will override all our bank account details.
- If a company has changed its name, please do not enter the change in Box 3, as this is often incorrectly updated as the company's trade name by our system—this is best done by a phone call.

Tax agent's management system (TAMS) reports calendar

Below are the expected dates of TAMS reports scheduled for the 2008–09 filing period. We send these reports to you automatically. You will also find information about TAMS reports in the tax agent's area of our website—

www.ird.govt.nz/taxagents/working-ird/

Report	Description	Estimated run date
AMBR1000 Client listings	A list of your clients, divided into two parts: Part one is divided into separate sections for each income tax return type and provides information about clients linked for tax types including income tax. Details are provided for each client's: <ul style="list-style-type: none"> • return types linked • extension of time (EOT) status. Part two provides details of clients linked for tax types other than income tax.	13/04/08 07/06/08 09/08/08 11/10/08 10/01/09
AMBR1001 Outstanding returns	A list of overdue income tax returns for the previous four years (not including the current year). This information is separated to show clients with: <ul style="list-style-type: none"> • an extension of time • no extension of time • a deferred extension of time • R EOT (a client who has two or more outstanding returns.) 	20/04/08 11/10/08
AMBR1002 Filing statistics	A summary of client income tax return if filing statistics for a specific year for each income tax return type. Totals include clients who are only linked for income tax. This report provides the total returns required, total returns lodged and percentages filed for standard, early and late balance dates, and clients' EOT status.	13/04/08 20/09/08 22/11/08 21/02/09
AMBR1003 Filing statistics summary	A summary of total lodgement performance for all return types for a particular target period or for the year-to-date. The information is divided between clients: <ul style="list-style-type: none"> • balance dates • EOT status. 	13/04/08 20/09/08 22/11/08 21/02/09
AMBR1004 Current year returns	A summary of the current year returns required and still unfiled for clients. This information is divided between clients: <ul style="list-style-type: none"> • with EOT • with D EOT (a client with a deferred EOT) • without EOT • with R EOT 	6/12/08
AMBR1006 Activity report	A list of clients, who have been linked, delinked, transferred, had their EOT withdrawn or issued with an L letter.	Issued weekly



“L” Letters

In the August edition of *AGENTSanswers* we explained the L letter and how it works. What we forgot to tell you is:

- the letters can't be issued to overseas addresses
- the cut off date for these letters to be issued is Friday 30 January 2009.

Large Enterprises (previously known as Corporates) customers

Our Large Enterprises Unit handles some of the specialised types of taxpayers.

These customers appear on your agent list with the district office number of 02 (for Auckland customers) and 89 (for Wellington customers).

An explanation of the unit's customer base is on our website—

www.ird.govt.nz/who-we-are/structure/corporates

Contact details are also available in our Large Enterprises update.

By contacting the Large Enterprises Unit directly it may reduce the referral times from other staff such as call centres and AAMs.

New online service offered to organisations

In August's issue of *AGENTSanswers*, we started introducing the upcoming changes in improved access to online services for organisations.

These changes include the ability for you to manage access to online services. Previously, your access was set when you registered, and if you wanted access to new services you had to apply.

Now, only people in an authoritative position within an organisation need to register. Registration for businesses will now be a complete online process and accounts will be activated straight away by our call centres or Account Managers (previously we used a paper process). Other staff requiring access to services can be added by a person in a position of authority. Customers who already have access to our online services will require a person in a position of legal responsibility within the organisation to contact us, so we can show them how to use the new Manage Account Access (MAA) tool. Using MAA will make access easier going forward.

Other changes of particular interest to tax agents include:

- the removal of the “apply for other services” application (this is where you would have added the Agent Client Maintenance service and previously you had no control over who added this service).
- the ability to decide who has access to each and every service with the use of the MAA service eg there are no longer rules for only having Agent Client maintenance if you have Look at account information.
- the ability to view a report detailing all users and services for your organisation.

The MAA service is restricted to those people who you think need it. The first person within each organisation or agency to have access to this service will require a brief introduction by their Agent Account manager, and must be at a suitable level of authority.

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. Your business customers will be offered the same service, eg the ability to manage access to online services for their staff.

Organisations can choose when they want to take advantage of the new features. Your existing access will be uninterrupted until you are introduced to the new features. You will be able to find out more online as we get closer to delivering these improvements.

All the changes that we've rolled out this year do not affect how our online services operate. ir-File, File PIE returns and certificates, Look at account information, Send and receive mail will all function as they always have.





Validity of dispute documents

Zahirul Alam and Parul Begum v CIR (CIV 2007-470-267)
17 June 2008: Commissioner's ability to assess the validity of documents provided by a taxpayer as part of the disputes process (Sections 89F, 89G and 89M of Tax Administration Act 1994).

This recent case determined that the Commissioner doesn't have the power to assess the validity of a notice of response (NOR) and to reject it.

We will publish this case on our website—www.ird.govt.nz/technical-tax/case-notes—in the near future. Otherwise, for current details of the unsigned version of the court case you can go to the Ministry of Justice website—www.justice.govt.nz

(**Note:** Where the decision is unsigned it may still be subject to an edit).

Clients having trouble paying their employer monthly schedule (EMS) on time?

From November they may get a non-payment penalty as well as a late payment penalty.

If you think they may have difficulties making a payment, please have them contact us as soon as possible on

0800 377 772

or visit www.ird.govt.nz/how-to/debt/penalties for more information.

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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