

Community-Wise

Inland Revenue's community update

KiwiSaver – an easier way of saving

KiwiSaver has been designed to make it easy to save. At the beginning of October this year more than 200,000 New Zealanders had enrolled and begun making contributions towards their future.

It's never too late to join KiwiSaver and all the benefits are still available. So, in deciding if KiwiSaver is right for you, you need ask yourself some questions:

1. Is my financial situation stable enough to commit to making contributions?
2. Who do I go to for advice?
3. Should I enrol through my employer or go direct to a scheme provider?
4. What scheme should I join?
5. Am I going to be automatically enrolled when I start a new job?

KiwiSaver may not suit everybody, so you need to find out as much as possible before making this decision. You can find out more by visiting www.sorted.org.nz, a free website with independent information about money matters (including KiwiSaver), or www.kiwisaver.govt.nz for information and links to scheme providers.

If you're an employee you can choose to have 4% or 8% deducted from your salary or wages. Your contributions are paid to Inland Revenue with your tax and then sent on to your scheme provider to invest.

There are many benefits if you become a KiwiSaver member:

- A one-off tax-free kickstart of \$1,000 and a fee subsidy of \$40 per year paid to your scheme provider.
- If you're 18 or over, you're eligible for a member tax credit. The Government will match your 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 you can take 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 your contributions to your mortgage.



See inside for more information about...

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Changes in circumstances may affect Working for Families Tax Credits payments

Working for Families Tax Credits entitlements are based on family circumstances so we need to know about any changes as soon as possible. This helps us to make sure you get paid the right amount, and don't miss out on payments you're entitled to or have to make repayments at the end of the year.

You need to remember to tell us if:

Parenting arrangements change—including a child leaving school to start work or receive income such as a benefit or student allowance, a child leaving the family, a change in a shared care arrangement, or a new child in the family.

Family arrangements change—including changing from a one-parent family to a two-parent family (or the other way around), through marriage, a civil union, or a de facto relationship.

Family income changes—including a change in employment status, the number of hours worked, the type of income received, a change in estimated family income, or going onto a benefit, ACC, a student allowance, NZ Super or a veteran's pension. We also need to know about changes for either your spouse or partner.

To tell us about a change in your circumstances, you need to call us on 0800 227 773.

Free Early Childhood Education

Customers with a three or four year old can benefit from the recent introduction of 20 hours free early childhood education.

The Government funds the cost of children aged three and four to attend early childhood education (ECE) for up to 20 hours a week. This is for up to six hours a day at any teacher-led ECE service (kindergartens, centre based and home based) and some kohanga reo. Children aged five with special education support can continue to receive free ECE until they start school.

Free ECE affects the amount of childcare subsidy paid as part of the Working for Families package. Parents and caregivers may choose between receiving childcare subsidy or in some cases, a combination of both. Customers who take up free ECE should contact Work & Income on 0800 774 004 to make sure they get everything they're entitled to. The childcare subsidy may still be available for customers who need extra hours on top of free ECE.

Read more about free early childhood education and childcare subsidy on the [Work and Income website](#).

Read more about free early childhood education on the [Team Up website](#).



Working for Families Tax Credits

You can choose to receive your Working for Families Tax Credits entitlement regularly (either weekly or fortnightly) during the year, or as a lump sum after the end of the tax year. Each year we re-calculate entitlements based on your family circumstances.

Weekly or fortnightly entitlements

If you receive your Working for Families Tax Credits either weekly or fortnightly, we'll send you information in March telling you what your new entitlement will be. All weekly and fortnightly customers will receive a certificate of entitlement showing the family details we use to calculate their Working for Families Tax Credits for the coming year. The information we'll send to you early next year will show your new entitlement from 1 April 2008 to 31 March 2009.

Weekly and fortnightly payments are paid on Tuesdays, directly into your bank account.

Lump sum entitlement

If you choose to receive your Working for Families Tax Credits as a lump sum payment after the end of the tax year you'll be sent a letter showing the family details we'll use to calculate your entitlement for the year. The information we'll send early next year will confirm your family details from 1 April 2007 to 31 March 2008 so we can pay you the correct amount.

You'll receive your personal tax summaries in June or July 2008. If everything is correct, and there is no refund or if the refund is less than \$200, you don't need to contact us. You'll need to contact us to confirm your personal tax summaries if you're due to receive a refund of more than \$200.

Season's greetings

We would like to wish you and your families a happy and safe holiday season. Should you need us during this time, our contact numbers and opening hours are shown below. In the meantime have wonderful break and if you are travelling, travel safely. We look forward to catching up again in the New Year.



Family assistance, student loans and personal tax:

- Sat 22 December 9.00am - 1.00pm
- Mon 24 December 8.00am - 5.00pm
- **Tues 25 December CLOSED**
- **Wed 26 December CLOSED**
- Thurs 27 December 8.30am - 5.00pm
- Fri 28 December 8.30am - 5.00pm
- **Sat 29 December CLOSED**
- Mon 31 December 8.30am - 5.00pm
- **Tues 01 January CLOSED**
- **Wed 02 January CLOSED**
- Thurs 03 January 8.00am - 8.00pm

Child Support:

- Monday 24 December 8.00am - 5.00pm
- **Tuesday 25 December to Wednesday 02 January CLOSED**
- Thursday 03 January 8.00am - 6.00pm
Normal operating hours

Other Information

- The Tax Agent queue will be closed from 5.00pm Monday 24 December until 8.00am, Thursday 03 January.

End of tax year - who, what, when?

Most people pay the correct amount of tax throughout the year. However, depending on how a person earns their income and their situation during the tax year, they may be required to receive a personal tax summary (PTS) or file an IR3 Individual tax return.

Personal tax summaries

A personal tax summary shows how much employment, pension or benefit income a person has received for the year, and how much tax was deducted from this income. It also shows whether a person has underpaid their tax and has tax to pay, or whether they've overpaid and are due a refund. Some people are required to request one while others may want to request one to see if they are eligible for a refund.

The following outlines the three different groups.

People automatically receive a PTS in June and July if:

- they and/or their partner received Working for Families Tax Credits (previously known as family assistance) from us
- they and/or their partner received family support from Work and Income and their total family income was over \$35,000 for the 2007 tax year
- they have a student loan with an interest bearing portion and are entitled to an interest write-off
- they have used a special tax code during the year
- we contacted them because they appeared to be using an incorrect tax code
- they used a CAE (casual agricultural employee) or EDW (election day worker) tax code and earned more than \$200 from that source
- they are an IR 56 taxpayer and this is their only income.

People must request a PTS if:

- their total income was between \$38,000 and \$60,000 and they received more than \$200 of interest taxed at less than 33%
- their total income was over \$60,000 and they received more than \$200 of interest or dividends taxed at less than 39%
- their total income was over \$38,000 and they received more than \$200 of taxable Māori authority distributions
- they paid child support through us and received more than \$200 of interest, dividends or taxable Māori authority distributions
- they have a student loan, earned over \$17,160 and received more than \$200 of interest, dividends or taxable Māori authority distributions.

Those who are required to request a PTS can request one through our website or call our automated phone service on 0800 257 444 —they'll need to have their IRD number handy.

People should request a PTS if:

- they can claim one of two low income rebates. These are the child rebate or the rebate for those who received salary and wage income of less than \$9,880
- they received less than \$38,000 in income and received dividends
- they didn't work a full tax year
- they had more than one job during the year
- they can deduct expenses from their income.

If a person thinks they may be entitled to a refund we recommend they use our personal tax summary calculator or worksheet to work it out before they request a PTS. If they request a PTS and there is a tax bill they will have to pay it.

People can use our personal tax summary calculator at www.ird.govt.nz under "Work it out" or call INFOexpress, our automated phone service, on 0800 257 773 to request a *Personal tax worksheet (IR 746)*.

Anyone who earns a salary, wage, benefit or pension, who isn't included in these lists and who hasn't been contacted by us can relax – there's no need to get in touch with us.

The end result—refund or tax to pay

A personal tax summary will show if there is a refund due or tax to pay.

Refunds

Up to \$200: refunds under \$200 will automatically be paid within 15 days of the personal tax summary being issued.

\$200 or more: refunds of \$200 or more will be paid once a person has confirmed their personal tax summary is correct.

Important note: if a person has any overdue debt which is not under an instalment arrangement, their refund may be used to pay this debt.

If a person has any arrears in child support their refund will be used to pay this regardless of any instalment arrangement. Any remaining credit will then be refunded.

Tax to pay

If there is tax to pay, it must be paid by:

- 7 February 2009 for those without a tax agent
- 7 April 2009 for those with a tax agent who has an extension of time.

Charitable donations, childcare and housekeeper rebates

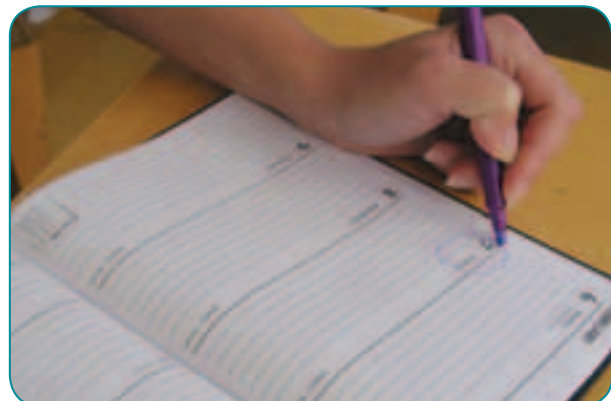
People can apply for a rebate if they earn a taxable income (eg salary, wages, a benefit, self-employed income) and:

- have paid for childcare as a working parent
- have paid for a housekeeper, where they (or their partner) were disabled or physically unable to do housework
- have donated money to a charitable organisation
- have paid school fees (please note, tertiary education related costs such as university or polytechnic fees cannot be claimed).

An individual can claim back one third of the amount of their receipts for charitable donations up to a maximum of \$630 (for receipts totaling \$1,890 or more), while a family can claim up to \$310 for childcare/housekeeper rebates (for receipts totaling \$930 or more).

Rebate claim forms will automatically be sent to people who claimed for charitable donations, childcare and housekeeper rebates last year. These should arrive by the end of April. Please remember that all relevant receipts must be included with all claims.

People who haven't received their form by then, or didn't claim last year but want to claim this year, can get a *Rebate claim form (IR 526)* by visiting our website or calling our automated phone service on 0800 257 773 – they'll need to have their IRD number handy.



Child Support Annual Assessments

Every year in February and March we send customers information about their new child support assessment and entitlement.

Paying parents are sent a notice of assessment letting them know how much child support they will need to pay in the coming year and notices of entitlement are sent to custodial parents showing them how much they'll receive in child support payments. The information we'll send to customers as part of our next annual assessment in February and March 2008, will show their child support payments from 1 April 2008 to 31 March 2009.

In March 2008 we'll also send out new employer deduction notices, informing employers of the new amount they need to deduct from their employees.



Changes in circumstances may affect Child Support payments

We need to know as soon as possible about any changes to a customer's personal situation as this may affect their child support.

Paying parents need to remember to tell us if their:

Parenting arrangements change—including changes to shared care, a child leaving their care, or if any of the children they pay child support for begin living with them or start working or receiving a benefit or student allowance.

Family arrangements change—including a change of address or contact details, going overseas, entering a new relationship, changes to an existing relationship, or if they start living with the person who is looking after the child they pay child support for .

Financial situation changes—including a change in income, a change in employer, moving onto or off a benefit, or if they have trouble making payments on time.

Custodial parents need to remember to tell us if their:

Parenting arrangements change—including changes to shared care, any of the children they receive child support for leaving their care, or no longer qualifying for child support.

Family arrangements change—including a change of address or contact details, or if they start living with the person who is paying child support for the children living with them.

Financial situation changes—including changing bank accounts, moving onto or off a benefit, or if they no longer want us to collect child support payments.

Customers can call Child Support on 0800 221 221, visit our website or complete the *Child support change of circumstances (IR116)* form.

How to contact us

We're available from 8 am to 8 pm Monday to Friday and 9 am to 1 pm Saturday on the following numbers. Remember to have your IRD number handy.

Personal customers

Income tax and general enquiries	0800 227 774
Overdue tax and returns	0800 227 771
Student loan enquiries	0800 377 778
Child Support customers	0800 221 221

Mobile callers: Free calling does not apply to mobile calls. You can get a direct dial number by calling the appropriate 0800 customer number listed above.

International callers: Free calling does not apply to international calls. You can get a direct dial number from www.ird.govt.nz

Call recording

As part of our commitment to providing the best possible service to our customers, Inland Revenue records all phone calls answered in, and made by, our permanent call centres. For further information about our call recording policy and how you can access your recorded information, please go to www.ird.govt.nz or call us on 0800 227 774 or 0800 377 774 (if you or your partner are in business).

Privacy

Meeting your tax obligations involves giving accurate information to Inland Revenue. We ask you for information so we can assess your liabilities and entitlements under the Acts we administer.

You must, by law, give us this information. Penalties may apply if you do not.

We may exchange information about you with the Ministry of Social Development, Ministry of Justice, Department of Labour, Ministry of Education, New Zealand Customs Service, Accident Compensation Corporation or their contracted agencies. Information may be provided to overseas countries with which New Zealand has an information supply agreement. Inland Revenue also has an agreement to supply information to Statistics New Zealand for statistical purposes only.

You may ask to see the personal information we hold about you by calling us on 0800 377 774. Unless we have a lawful reason for withholding the information, we will show it to you and correct any errors.

Key dates and events

Date	Event
February Income tax, family tax credits and student loans	End of year tax payment due for Income tax, Working for Families Tax Credits and student loans customers (without tax agent).
February Child Support	Notice of assessment for paying parents (based on their income over the last year) mailed out.
February Student loans	Student loan courses completed before 31 December 2006 are transferred from Studylink to us. Letters are sent to borrowers in March giving full details.
Early March Working for Families Tax Credits (previously known as Family Assistance)	Working for Families Tax Credits details are automatically transferred to next tax year. Certificates of entitlement for 1 April 2008–31 March 2009 are sent to Working for Families Tax Credits customers who receive weekly or fortnightly payments.
March Child Support	Notice of entitlement for custodians (telling them what they can expect to receive in the coming year) mailed out. Employer deduction notice, including Work and Income benefit deduction notices, mailed out.