



Companies in liquidation tax information online



The *Look at Account Information* service has been enhanced. If you are a tax agent and have been appointed as a liquidator for a company you can now view their tax information online.

If you have not been appointed as the liquidator, you will not be able to view Companies in Liquidation through the *Look at Account Information* service.

To view the tax information online we have introduced a new process to recognise the liquidator and the associated company in liquidation. To view existing companies in liquidation please call the tax agents' 0800 number or contact your agent account manager to have access set up.

In future, the relationship will be set up automatically when you advise us that you have been appointed as liquidator for a company. To facilitate this process please ensure that your advice to us includes:

- who has been appointed
- the date of appointment, and
- the IRD number used when you registered for the *Look at Account Information* service.

Working for Families

In September 2006, we will be writing to customers who receive their family assistance as a lump sum at the end of the tax year, inviting them to confirm their eligibility for the new in-work payment. This is a new tax credit, introduced from 1 April 2006 as part of the *Working for Families* package, to replace the child tax credit.

For eligible customers, in-work payment will pay up to \$3,120 a year (or \$60 per week) for families with up to three children and up to a further \$780 a year (or \$15 a week) for each additional child.

Eligibility for in-work payment is based on a family's income, the number of children they have, and the hours they work. In-work payment is available to family assistance customers who are employed, including those who are self-employed, but is not available to those receiving an income-tested benefit or student allowance.

To help us to determine if your clients who receive family assistance are also eligible for the in-work payment, we will need to know if they are:

- a two-parent family where **one or both parents** between them normally work 30 hours or more a week
- a single-parent family normally working 20 hours or more a week.

If you normally receive family assistance information on behalf of your clients, the letters and brochures about in-work payment for lump sum family assistance customers will be sent directly to you. We will also send you a schedule for your clients.

For further information, or to calculate entitlements, please visit the *Working for Families* website at www.workingforfamilies.govt.nz

Personal tax summaries

At this time of year we start sending out personal tax summaries (PTSs) for some of your clients.

Clients who will automatically receive a PTS

A PTS will be issued for clients who:

- received family assistance from us
- received family assistance from Work and Income and earned over \$20,356
- had a student loan and are entitled to an interest write-off
- used a wrong tax code or a special tax code
- received IR 56 income.

Clients who have to request a PTS

A PTS must be requested for clients who:

- received income between \$38,000 and \$60,000 and had more than \$200 of interest taxed at less than 33%
- received an income over \$60,000 with more than \$200 of interest taxed at less than 39%
- received an income of over \$38,000 with more than \$200 of taxable Māori authority distributions
- paid child support through us and received more than \$200 in dividends, interest or taxable Māori authority distributions
- have a student loan, earned over the student loan repayment threshold of \$16,588 and received more than \$200 in dividends, interest or taxable Māori authority distributions.

If you want to request a PTS for a client, you can do this through our website at www.ird.govt.nz/taxagents/online-services/requests/ta-online-pts-request.html

Personal tax summary calculator

If you would like to check whether your client may be entitled to a refund before requesting a formal assessment, you can use the personal tax summary calculator on our website at www.ird.govt.nz/taxagents/calculators/tool-name/tools-p/calculator-pts-calculator-2006.html

To use the calculator you need to have either the total income amount for the year or a summary of earnings. You also need to know any interest, dividend or taxable Māori authority distribution amounts to add into the calculation.

General depreciation rates (IR 265)

We will not be updating the new rates by asset and industry category in the *General depreciation rates (IR 265)* guide this tax year. Please refer to our website for the new rates for assets acquired on or after 1 April 2005 or buildings acquired on or after 19 May 2005.

www.ird.govt.nz/business-income-tax/depreciation/bit-calculating-depreciation-assets.html



Unacceptable tax position (UTP) shortfall penalty

Discretion to cancel or not assess UTP shortfall penalty in some cases

From 1 April 2006, the Commissioner of Inland Revenue has been given the discretion not to assess the unacceptable tax position (UTP) shortfall penalty in cases where the tax shortfall is the result of:

- a "clear mistake or simple oversight" and is either
 - voluntarily disclosed before notification of a pending audit or investigation, or
 - is a temporary tax shortfall, and
- it is appropriate that the taxpayer not be liable to pay a UTP penalty in relation to the tax position.

Cancellation in some cases – written application before 1 October 2006

The new law also allows us to cancel a UTP shortfall penalty that has been assessed after 1 April 2003 and before 1 April 2006, provided the case meets the above criteria.

For us to consider cancelling the UTP penalty that has been assessed, a request must be made in writing and received by us by 30 September 2006.

The written request should include:

- a description of the facts and circumstances leading to the tax shortfall and the assessment of the UTP shortfall penalty
- a discussion of how the above three criteria relate to the facts and circumstances of the case
- references to any relevant correspondence with us
- any other information considered relevant.

Further information can be found in Standard Practice Statement 2006/01 *Discretion to cancel or not assess shortfall penalties for taking an unacceptable tax position*.

Written requests should be sent to your nearest Inland Revenue office.

Fax line numbers

The fax numbers for you to send urgent faxes to us have changed. The new fax numbers are as follows:

- Northern Processing Centre 07 958 2951
- Upper Hutt Processing Centre 04 920 1755
- Southern Processing Centre 03 968 4617

Peak season telephone service

Once again the busy season is upon us, and it looks set to be our busiest yet. With new Government initiatives such as *Working for Families* and interest free student loans, we are receiving significantly greater call volumes than in previous years. To assist in answering these calls we have recruited many additional staff to take calls over the peak season. With the move to a new telecommunications provider, we have also gained the ability to manage incoming calls more efficiently and make more effective use of the resources available.

However, there may still be occasions when we will not be able to answer your calls as quickly as we would like to. We encourage you to make use of self-service options wherever possible, including:

- The Look at Account Information service which has been updated with many new features, including the ability to view clients' income details online;
- INFOexpress on **0800 456 678**.

Our busiest times of day are between 8am and midday, so if you do need to call us we encourage you to do so outside these hours. Our call centre service is available from 8am to 8pm weekdays and 9am to 1pm on Saturdays.

First instalment of provisional tax due 7 July

With 7 July approaching, it is time remind your clients to pay their first instalment of provisional tax by the due date. This will ensure that they will not incur late payment penalties.

For any clients who will not be in a position to pay their tax by 7 July, there are payment options available. Arrangements can be set up to clear the amount due either by one single payment in full or by instalments before the next provisional payment due date.

When considering individual cases, we will look at their current financial situation, payment history and their ability to meet future responsibilities. We will discuss your client's circumstances with you to determine the best option for dealing with amounts due. If an instalment arrangement is the best option, we can negotiate this with you over the phone in most cases.

Contacting us prior to the due date can reduce the late payment penalties charged to your clients if an instalment arrangement is entered into.

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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Email: agents.answers@ird.govt.nz

AGENTSanswers is also on our website:

www.ird.govt.nz/taxagents/newsletters/agents-answers