

Linking clients for Rebates through *INFOexpress*

Some tax agents have recently advised us that they have not been able to link clients for rebates using the department's *INFOexpress* service. This is because the client has not registered for the Rebate (REB) tax type.

You can phone us on the tax agents' line to have your client registered for the REB tax type. When this has been done you can link your client's REB record to your agency list using *INFOexpress*.

Blank rebate claim forms

Feedback from tax agents indicates that a large number of clients have not provided their tax agent with a copy of their personalised rebate form.

Delays in obtaining rebate forms through *INFOexpress* are being experienced because clients need to be registered for the Rebates (REB) tax type and also need to be linked to their tax agent. Inland Revenue has decided to allow the use of a blank rebate form this year because of the possible delays in obtaining a form.

A copy of the Rebate Claim form is on the Tax Agents' CD Rom. This can be printed off and used but it should be borne in mind that delays in processing may be experienced as they are not as easily processed as pre-printed forms.

Deadline for claiming rebates

The Minister of Finance and Revenue has announced that he will be recommending to Parliament's Finance and Expenditure Committee that the deadline for claiming rebates for claims relating to the Income Tax year ended 31 March 2000 be extended to 31 December 2000.

Previously the last day for claiming donations, childcare or housekeeper rebates was 30 September 2000. The decision to extend the deadline to 31 December applies only to the Income Tax year ended 31 March 2000.

Writing off student loan interest

Legislative changes to the Student Loan Scheme due to be enacted in November this year will introduce the following proposed changes:

- a full interest write-off (base interest plus inflation adjusted component) for borrowers who are full-time full-year students in any academic year from 2000 onwards
- a full interest write-off (base interest plus inflation adjusted component) for borrowers who are part-time or part-year students in any academic year from 2000 onwards, as long as their taxable income to 31 March following the academic year is \$24,596 or less
- an interest reduction for any other borrower whose base interest from the 2001 income year onwards exceeds 50% of their repayment obligation.

To qualify for a write-off a borrower must have undertaken an approved course of study and be a New Zealand tax resident.

During October, Inland Revenue will send all borrowers or their tax agents information on the proposed changes, the qualifying criteria and how to apply.

In order to have their interest written off, borrowers or their tax agents will need to supply the borrower's student ID and the code number of their tertiary institution to Inland Revenue. Inland Revenue will send this information to the Ministry of Education to determine whether a borrower is full or part-time (as this affects their eligibility). Inland Revenue will then calculate the borrower's write-off based on this study status information.

Borrowers will be able to supply their details by completing an online form on the Inland Revenue website (www.ird.govt.nz), supplying their details through *INFOexpress* on 0800 257 999, filling in the IR 890 form which will be sent to them in October, or calling 0800 377 778.

For full-time students the write-off will occur shortly after the end of the tax year. For part-time students the write-off is contingent upon income so will only occur upon confirmation of a Personal Tax Summary or when an IR 3 tax return is filed. Until the write-off occurs, interest will continue to be calculated on the loan account.

Further details can be found on Inland Revenue website www.ird.govt.nz.



Updating Personal Tax Summaries using *INFOexpress*

Many tax agents are telling us that they are wasting a lot of time with multiple telephone calls to the Tax Agents' Line with changes to clients' Personal Tax Summaries.

A simple alternative is to use *INFOexpress* to make these changes and request a replacement Personal Tax Summary. How to do this was highlighted in a "lift-out" in the June 2000 edition of *AGENTSanswers* (issue 10).

Changes to Tax Agents Reports

With the removal of the necessity of filing a tax return for most salary and wage earners, changes are necessary to the Tax Agent Management System (TAMS) to ensure that IR 5 returns are not forming part of tax agents' filing statistics for the 2000 year and beyond.

The AMBR1000 Client Listing was issued, including a new list called Client Listing for Other Individuals. This is a listing of those clients who do not need to file a return and includes those clients who receive a Personal Tax Summary and those who will not. The field that shows the issue of a Notice of Assessment in the other lists has been changed to show if a Personal Tax Summary has been issued. There is no requirement for any income tax returns to be filed and therefore the fields that show the breakdown of extension of time categories and performance have been removed on this listing.

When the AMBR1000 was produced a quality check showed that IR 3 and IR 3A returns were being separately shown in error. We apologise for this and assure you the fault has now been fixed. We decided to issue this report to ensure you receive it well before the first target date of 15 September 2000. If you use a report with the fault you will need to add your IR 3 and IR 3A numbers together to re-calculate the IR 3 filing percentage.

Other reports you receive are being amended to include the filing changes.

Additions to the IR 798 E-File pamphlet

You will have received an "Are You Connected?" information folder from us. Included in that is a red IR 798 (E-File pamphlet). You may be interested to know that some of the information contained in the IR 798 E-File pamphlet is not necessarily applicable for all the available software packages.

The equipment set up requirements and the actual filing process may differ between packages. If you intend to begin E-Filing then please check with the software suppliers as to what the specifics are for their particular package.

A list of certified E-File software suppliers is below:

Martyn Tiller
Advanced Professional Systems
Box 90-245
Auckland Mail Centre
Phone: (09) 302 2228
Fax: (09) 302 2121
Web: <http://www.aps-advance.com/>

James McCullagh
TaxWeb NZ Ltd
107 Carnoustie Drive
Manurewa
Auckland
Phone/fax: (09) 267 3628
Web: <http://www.taxweb.co.nz>

Client Services
MYOB New Zealand Ltd
PO Box 2864
Christchurch
Free phone: 0800 94 96 99
Phone: (03) 983 2640
Fax: (03) 983 2650
Sales: 0800 94 96 99
Web: <http://www.myob.co.nz/>

Mike Eastwood
Emcom Systems
PO Box 95-087
Swanson
Auckland
Phone: (09) 837 2226
Fax: (09) 837 2718
Web: <http://www.emcomsystems.com>

Tony Cann
Solution Six
PO Box 5665
Auckland 1
Phone: (09) 913 7900
Fax: (09) 913 7901
Web: <http://www.solution6.com>



Changes to FBT

In the last issue of *AGENTSanswers* we outlined some of the major changes to the fringe benefit tax rules. Further changes are expected to become law in October. These allow employers a choice of either continuing to use the existing flat 64% FBT rate in all returns or applying the new FBT multi-rate calculation rules. This table provides an overview of the impacts on FBT.

Quarterly returns	Changes	Impacts
Quarter One 01/04/00 – 30/06/00	64% – Increased rate of FBT effective from 1 April 2000 applies.	<ul style="list-style-type: none"> Return due 20 July 2000. Returns furnished with FBT payable at 64% only.
Quarter Two 01/07/00 – 30/09/00	64% – Increased rate of FBT effective from 1 April 2000 applies.	<ul style="list-style-type: none"> Return due 20 October 2000. Returns furnished with FBT payable at 64% only.
Quarter Three 01/10/00 – 31/12/00	64% or 49% – choice of two rates.	<ul style="list-style-type: none"> Return due 20 January 2001. Filers indicate on the quarter three return, the rate at which they want to pay their FBT either 64% or 49%.
Final Quarter 01/01/01 – 31/03/01	<ul style="list-style-type: none"> New multi-rate calculations come into effect for quarterly and annual return filers. A top-up option is introduced as a temporary measure to help filers meet their fringe benefit compliance in the transitional year (01 April 2000 – 31 March 2001). 	<ul style="list-style-type: none"> Return due 31 May 2001 (New Due Date). Returns in quarter four will be subject to new rules based on the election rate the filer opted to pay in quarter three, unless they meet the criteria in the transition year proviso. Filers have three choices in the transition year. They may: <ul style="list-style-type: none"> Pay quarter four at 64% (if this rate has been used in the previous three quarters). Use the multi-rate calculations. Top up to 64% (transition year only where exemption criteria apply).
Quarter One 01/04 – 30/06	64% or 49% – Choice of two rates for quarters one to three and in future years.	Quarter one return due 20 July XX. Quarter two return due 20 October XX.
Quarter Two 01/07 – 30/09		Quarter three return due 20 January XX.
Quarter Three 01/10 – 31/12	From 1 April 2001 onwards.	
Final Quarter 01/01 – 31/03	Multi-rate calculations come into effect for quarterly and annual return filers.	<ul style="list-style-type: none"> Return due 31 May XX. Options include: <ul style="list-style-type: none"> Pay final quarter at 64% (if this rate has been used in the previous three quarters). Use the multi-rate calculations. This is mandatory if 49% has been used in any of the previous three quarters.

(This table reflects the proposed FBT legislative changes as at 26 September 2000.)



Depreciation Guide on the web

The IR 260 Depreciation Guide is one of Inland Revenue's most popular publications, with demand for printed copies often outstripping available supply.

Furthermore, because of changes in depreciation rates the printed copies can be out of date within a short time.

Because of this, tax agents, academic institutions and businesses are being encouraged to view the document on-line at www.ird.govt.nz.

The on-line version is always the most current version and it can be downloaded should a hard copy be required.

While the on-line version is currently only available in PDF format, consideration is currently being given to upgrading the presentation of this information. This includes the possibility of using both HTML and PDF formats. We would welcome any feedback or suggestions you may have about the on-line version of the guide. These can be sent by email to agents.answers@ird.govt.nz.

Electronic Products from IRD

We are currently reviewing all electronic information media, and how these can be best used to provide information to tax agents, corporates and solicitors.

In the past the main product has been the Tax Agents CD Rom. We are now reviewing whether this is the best electronic medium to use, particularly with regard to the opportunities the Internet offers.

If you would like to provide feedback or have any suggestions as to how we can better provide electronic information which meets your specific needs, please email us at agentcd@ird.govt.nz. Alternatively, leave a message on (04) 498 5752.

New Notice of Proposed Adjustment form

A new *Notice of Proposed Adjustment form IR 770* (NOPA) has been prescribed under section 35 of the Tax Administration Act 1994. The form replaces the old IR 210. Stocks of the IR 210 will continue to be accepted at the moment, as will copies of the NOPA printed from the tax agents' CD Rom.

Family Assistance Registration (FS 1) form

The current version of the *Family Assistance Registration (FS 1)* form is dated February 2000 and is available through the INFOexpress stationery phone line or on the CD Rom issued to agents this year.

Some agents are still using an out-of-date version. To prevent delays for you and your clients, we recommend using the current version.

Ordering the IR 901/901A payment slips

There has been a change in the way you order the IR 901 (single tax type payment slip) and the IR 901A (multiple tax types payment slips). When ordering through *StationeryXpress* and *INFOexpress* the unit of measure for these two items is pads of 100 forms. A limit has been placed on the number of pads that can be requested to ensure that accidental over ordering does not occur.

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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Email: agents.answers@ird.govt.nz

AGENTSanswers is also on our website:
www.ird.govt.nz/business/tax_agents/index.htm