

COMMUNITY WISE

Inland Revenue's community update



November 2009 • IR 160

Payments for Working for Families Tax Credits over the holiday season

During the holiday season the days you receive your Working for Families Tax Credits payments can change if the usual payment day falls on or near a public holiday.

This year over the Christmas and New Year holiday, there are some changes to when you'll receive your weekly or fortnightly payments for Working for Families Tax Credits.

If you receive weekly or fortnightly payments, the payment you'd usually receive on Tuesday 29 December 2009 will be available on Friday 25 December 2009.

If you receive weekly payments, the payment you'd usually receive on Tuesday 5 January 2010 will be available on Friday 1 January 2010.

Here's a table that shows you the actual payment dates for the holiday period.

If you're paid ...	then you'll receive your December 2009 payments on ...	and your January 2010 payments on ...
weekly	1, 8, 15, 22 and 25 December	1, 12, 19 and 26 January
fortnightly	1, 15 and 25 December	12 and 26 January

Our call centre hours over the holiday season

Over the Christmas and New Year holiday season our call centre opening hours are as follows.

Holiday dates	Availability
Family assistance, student loans, personal tax and business tax enquiries	
Thursday 24 December	Open 8 am to 5 pm
Friday 25 December to Monday 4 January	Closed
Tuesday 5 January	Open 8 am to 8 pm
Child support	
Thursday 24 December	Open 8 am to 5 pm
Friday 25 December to Monday 4 January	Closed
Tuesday 5 January	Open 8 am to 6 pm
KiwiSaver	
Thursday 24 December	Open 8 am to 5 pm
Friday 25 December to Monday 4 January	Closed
Tuesday 5 January	Open 8 am to 6.30 pm
Other information: The tax agent queue will be closed from 5 pm Thursday 24 December until 8 am, Tuesday 5 January.	



Inland Revenue
Te Tari Taake

Welcome to Community Wise

In this issue: Working for families payments over the holiday season, child support and school holidays, let us know if your circumstances change, tax payments due 7 February, payroll giving – a new initiative, are you dealing with redundancy, contacting our community relationship advisors.

If you have any suggestions for topics you'd like covered in this newsletter, email communitywise@ird.govt.nz

Seasons greetings

We'd like to wish you and your families a happy and safe holiday season.

Have a wonderful break and if you're travelling, travel safely. We look forward to catching up again in the New Year.



Reminders

Tax payments due 7 February

See page 3 for how to manage your payments.

Child support and school holidays

Often the end of year brings changes to children's living arrangements or personal circumstances.

Changes such as holiday jobs, moving to live with the other parent for the holidays, leaving school and receiving student allowances, can all affect your child support eligibility.

What if my child spends school holidays with the paying parent?

Shared care provisions apply where the paying parent cares for the child for at least 40% of the total nights in a year. In most cases, only looking after the child during the school holidays is unlikely to equal this amount. If a paying parent thinks their care of the children has increased to 40% or more, they should contact us to discuss the change in circumstances as it may mean their payments are reduced.

What if my child gets a job for the holidays?

Child support can be affected if the child works 30 hours or more each week—regardless of how much the child earns. If your child works 30 hours a week or more, please call us on 0800 221 221 to discuss your circumstances.

If the child is employed for less than 30 hours per week it won't affect eligibility for child support.

What if my child receives a student allowance?

Child support payments continue until the child turns 19 but will stop if the child:

- marries or enters a civil union or de facto relationship
- starts living with the paying parent
- becomes financially independent through full-time employment
- starts receiving a benefit or student allowance.

Young people who receive a basic grant, or the independent circumstances student allowance, no longer qualify for child support as they're considered to be financially independent. If an away from home allowance is being paid for the child, they still qualify for child support as they're still considered to be financially dependent. This is because the allowance is paid to the caregiver, not the child.

Receiving a student loan doesn't affect child support entitlements. With the end of the school year, a number of children under the age of 19 will leave school and begin full-time jobs or start full-time tertiary study with a student allowance. We need to know as soon as possible if any of these changes happen, to make sure all child support entitlements and obligations are met. You can tell us about these changes by completing a *Change of circumstances (IR 116)* form. You can go to www.ird.govt.nz (keyword: IR116) and:

- complete it online, or
- download the form, fill it out and post it to us, or
- call us on 0800 221 221 and we will send you a form.

Let us know if your circumstances change

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 make sure you get paid the right amount, don't miss out on payments you're entitled to, and don't have a bill at the end of the year.

Please tell us if the following changes occur.

Parenting arrangements

If these change they could include:

- a child leaving school to start work
- a child receiving income such as a benefit or student allowance
- a child leaving the family
- altering shared care arrangements
- a new child in the family.

Family arrangements

If these change they could include:

- a one-parent family becoming a two-parent family (or the other way around)
- marriage, civil union, or a de facto relationship.

Family income

This could include changes:

- in employment
- in the number of hours worked
- in the type of income received
- in estimated family income
- from going on to 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.

Tax payments due 7 February

If you have an income tax, student loan or family assistance bill, your payment is due on 7 February 2010 (unless you use a tax agent). You'll be sent a reminder letter in January 2010. If you can't pay, disagree with the amount due, or wish to alter the details of an existing arrangement you have with us, please call us as soon as possible to discuss alternative arrangements.

Payments can be made:

- online through your bank's website (all major banks now provide this service)
- using the payment slip attached to the reminder letter and posting a cheque to us (please do **not** post cash)
- by cash or cheque at any Westpac branch.

Interest and penalties will be charged on any outstanding payments from 8 February if no arrangement has been made.

What if you can't pay on time?

If you're unable to pay the full amount due on time, please contact us as soon as possible—preferably before the due date.

We'll discuss your current circumstances, payment history and ability to meet future obligations to help decide on the best option for dealing with the amount due.

Options for payment are:

- payment in full
- an instalment arrangement where you repay an agreed amount over time
- writing off an agreed amount if we determine that full payment would cause serious hardship
- a combination of an instalment arrangement and a serious hardship write-off.

If you contact us, a formal arrangement is made before the due date, and all the obligations under the arrangement are met, you'll only be charged one late payment penalty of 1%. No further penalties will be charged.

Note: Even with an arrangement, we still charge 8.91% interest on amounts owed over \$100.

Are you dealing with redundancy?

If you or someone you know was made redundant during the year and received a redundancy payment, you or they may be entitled to the redundancy tax credit. To qualify, the redundancy must have been paid:

- because the position was surplus to the requirements of the employer, and
- the person lost their job.

The redundancy tax credit is six cents per dollar, for the first \$60,000 of the redundancy payment, up to a maximum of \$3,600 per redundancy. This is based on the amount of redundancy before tax.

To claim the redundancy tax credit a *Redundancy tax credit (IR 524)* claim form needs to be completed, and sent in along with documentation that clearly shows the amount of redundancy received.

If this information isn't available from the employer to support the claim, please phone us on 0800 020 012.

For more information go to www.ird.govt.nz (keyword: redundancy).



Keep your postal details up to date

If you need to update your postal details, or want to add another agency to the mailing list for *Community Wise*, please email the details to us at communitywise@ird.govt.nz

Payroll giving – a new initiative

From 7 January 2010, payroll giving will be introduced as a way for employees to donate to approved donee organisations from their pay and receive an immediate tax credit.

Payroll giving is voluntary and it's up to employers to decide if they will offer it. Employees can then choose if they want to donate using the scheme.

More detailed information is available at www.ird.govt.nz (keywords: payroll giving), but for now here's a brief introduction.

How can I join in?

First of all you need to check if your employer is offering payroll giving. Only employers who file their employer monthly schedules and deductions forms to us electronically can take part.

Then check if the donee organisation you want to donate to is on the approved donee organisation list on our website at www.ird.govt.nz/donee-organisations.

Once you know your employer is offering payroll giving and you've confirmed your donee organisation is approved, you need to give your employer the following details:

- the donee organisation's name
- the amount of the donation you want to make
- the pay period, or periods, the donation is to be made for
- and either the bank account details for the donee organisation or their postal address.

The frequency, amount and organisation you want to donate to are up to you but you might want to talk to your employer about this first.

Your employer will ensure your donation is deducted and passed on to your chosen donee organisation. They'll also calculate the tax credits for payroll donations for your donation and ensure you receive this in your pay.

Tax credits for payroll donations

Tax credits for payroll donations are worked out at 33 $\frac{1}{3}$ % for every dollar donated. For example, the following table shows how tax credits for payroll donations would affect the payslip of an employee, paid monthly, who chose to make a \$150 donation.

Gross wage	=	\$4,164.00
PAYE (including earner's levy)	-	\$865.71
Student loan deductions	-	\$257.36
KiwiSaver employee deductions	-	\$166.56
Donation	-	\$150.00
Total deductions	=	\$2,724.37
Tax credits for payroll donations	+	\$49.99
Take-home pay (after donation)	=	\$2,774.36

In the example the deductions and contributions for KiwiSaver and student loans have been calculated using the tax code of M SL as at November 2009. The KiwiSaver employee deduction rate used is 4%.

What's a donee organisation?

A donee organisation is an organisation that has Inland Revenue-approved donee status. Individuals, certain companies and Māori authorities can get certain tax benefits by making gifts of money to a donee organisation. A charity can also be a donee organisation.

Only approved donee organisations listed at www.ird.govt.nz/donee-organisations are eligible to receive donations under payroll giving.

Is there anything else I need to know?

Donations are collected by the employer and passed directly to your chosen donee organisation. Inland Revenue will not know who you donate to, only that you have tax credits for payroll donations.

If you choose to donate through payroll giving you won't need a receipt from the donee organisation as you'll have received your tax credits for payroll donations straight away.

The end-of-year *Tax credit claim (IR 526)* form will still be available so you'll be able to claim tax credits for any other donations you make.

Carl is rescuing stranded mountaineers

GIVE AS YOU EARN

Now you can give as you earn. It's simple. You can make a donation to a donee organisation from your payroll. You'll receive a tax credit for your donation. It's easy. It's simple. It's giving.

Give as you earn
Inland Revenue
United Way

Contacting our community relationship advisors

Our community relationship advisors are responsible for educating customers on entitlements and compliance responsibilities. Check the list below for the community relationship advisors in your area.

Area and name	Contact number		
Whangarei			
Angela Pearson	09 986 6081		
Luana Poata	09 986 6028		
Leanne Hohaia (Kaitakawaenga Māori)	09 986 6007		
Takapuna			
Nicola Sharp	09 984 1641		
Tangi Folau	09 984 1494		
Kura Cherrington (Kaitakawaenga Māori)	09 984 1421		
Manukau			
Helen Lisiua	09 984 2230		
Kevin Mascarenhas	09 984 2254		
Paul Tuisaula	09 984 2343		
Sophie Chungson	09 984 2332		
Jason Dickinson (Kaitakawaenga Māori)	09 985 7415		
Hamilton			
Chris Novak	07 959 0267		
Maureen Thornton (Kaitakawaenga Māori)	07 959 0238		
Wiremu Panapa (Kaitakawaenga Māori)	07 959 0690		
Tauranga			
Lorraine Morten	07 927 5361		
Anthea Te Moana (Kaitakawaenga Māori)	07 927 2761		
Rotorua			
Edward Nathan	07 921 3824		
Nikki Emery (Kaitakawaenga Māori)	07 921 3809		
Sheree Perfect (Kaitakawaenga Māori)	07 921 3822		
Gisborne			
Danny Fong	06 986 2003		
Ian Procter (Kaitakawaenga Māori)	06 986 2028		
New Plymouth			
Emma-Jane Lund		06 968 4124	
Naida Tuirirangi (Kaitakawaenga Māori)		06 968 4026	
Napier			
Nikki Harrison (Kaitakawaenga Māori)		06 974 6359	
Palmerston North			
Philippa McNae		06 953 3096	
Charmaine Ratima (Kaitakawaenga Māori)		06 953 3026	
Rhys Mohi (Kaitakawaenga Māori)		06 953 3105	
Wellington			
Iriea Williams		04 890 3294	
Tracey Taylor		04 890 1153	
Ruta Wright (Kaitakawaenga Māori)		04 890 1169	
Nelson			
Kaye Latham		03 989 6154	
Margaret King		03 989 6158	
Dayveen Stephens (Kaitakawaenga Māori)		03 989 6146	
Greymouth			
Juliette Henry		03 906 0317	
Christchurch			
Don Amyes		03 968 0488	
Mary Jane Heu (Kaitakawaenga Māori)		03 968 0792	
Nicole Manawatu (Kaitakawaenga Māori)		03 968 0648	
Timaru			
Annie Light		03 956 7020	
Dunedin			
Cindy Henry		03 951 2011	
Heather Anderson		03 955 7469	
Kiwhare Mihaka (Kaitakawaenga Māori)		03 951 2087	
Invercargil			
Paul Howden		03 948 4047	

✓ KEY DATES & EVENTS

February

Individuals and students

End-of-year tax payments for income tax, Working for Families Tax Credits overpayments and student loan customers (without a tax agent) are due on 7 February.

Child support (February and March)

Notice of assessment for paying parents (telling them what they will be required to pay over the next year) is mailed out.

March

Student loans

Courses completed before 31 December 2009 are transferred from Studylink to Inland Revenue. Letters are sent to borrowers giving full details.

Working for Families Tax Credits

Details are automatically transferred to the next tax year.

Certificates of entitlement for 1 April 2010 – 31 March 2011 are sent to customers who receive payments weekly or fortnightly.

Student loans

For students who aren't on a repayment holiday, your student loan instalment for non-resident borrowers living overseas is due.

Child support

Notice of entitlement for custodians (telling them what they can expect to receive in the coming year) is mailed out.

Employer deduction notices, confirming the amount to be deducted from paying parent's income, are mailed out to employers and a copy to the paying parent.

newzealand.govt.nz

Community Wise comments generally on topical tax issues relevant to the community. Every attempt is made to ensure the law is correctly interpreted, but articles are intended as a brief overview only. The examples provided are not intended to cover every possible factual situation.

Email: communitywise@ird.govt.nz



www.ird.govt.nz