



Changes to GST returns

As part of the GST & provisional tax due date alignment, we're producing a new *GST & provisional tax return (GST 103)* making it simpler for clients to pay their GST and provisional tax.

To incorporate the payment of provisional tax and GST on the GST 103, we need to use different printing equipment. We'll also be printing it on both sides making it easier to use and tailoring it to suit your clients' circumstances.

The GST 103 and the *Goods and services tax return (GST 101)* will be printed on the same paper, which has meant a shift to using this equipment for both returns.

From November, orange borders will be printed on the sides of the GST 101 and the remainder will be printed in black and white—the orange borders will help as an identifier for this return.

The layout, and information required by the GST 101, will remain the same.

These changes will also enable us to print the layout of the return at the same time as your clients' details, rather than using pre-printed returns. This means:

- the consistency of the text we print on the returns will be improved
- the details we print on the returns will be better aligned to the headings
- the return will be easier to read.

We've also added an additional barcode and inserted a letter next to the shoulder number to help us process these returns more effectively.

A flyer outlining these changes will be inserted with the GST 101 in November and December.

Second return filing target 16 November 2007

The second extension of time (EOT) filing target date for filing 2007 income tax returns (in the period 1 April 2006 to 31 March 2007) is approaching.

The percentages due to be filed by 16 November 2007 are:

Standard target: 60%

E-File target: 57.5%

Late balance date target: 50%

If you think you may have difficulty achieving your targets, contact your agent account manager or Corporates account manager to discuss your situation. Remember, you can use INFOexpress to send an L letter to clients who haven't given you the information needed to prepare their return.

More about the company tax rate changes

The company tax rate will reduce from 33 to 30% from the beginning of the 2008/2009 income year—1 April 2008 for companies with a standard balance date. This applies to companies, and other entities defined as companies by the Income Tax Act, including incorporated societies and unit trusts.

The change also applies to some savings industry entities. In addition, the top investor rate for portfolio investment entities (PIEs) has been capped at 30%. The qualifying company election tax (QCET) rate and foreign dividend withholding tax rate will also reduce to 30% from 1 April 2008.

A number of amendments required as a result of the company tax rate change are included in the Taxation (Annual Rates, Business Taxation, Kiwisaver and Remedial Matters) Bill. These include changes to imputation, branch equivalent and conduit accounts and foreign investor credits.

We'll update you after the legislation is enacted which is expected to be December 2007.

2009 provisional tax—transitional rules

Revised formulas have been introduced for calculating provisional tax using the standard and GST ratio method which adjust the amount payable taking into account the new, lower tax rate. These rules will apply from the start of the 2008-09 income year.

GST method

If your client has elected to use the new GST ratio method we'll use the revised amount to calculate the ratio that will apply. We'll notify you in writing of the ratio percentage.





Standard method

You should calculate provisional tax payments based on the transitional percentages shown below for clients using the standard method.

Prov tax year	Based on RIT for	Current uplift	Transitional uplift or discount
Standard method (including 6-monthly GST method)			
2008-09	2007-08	105%	95% (multiply 2007-08 RIT by 95%)
2008-09	2006-07	110%	100% (multiply 2006-07 RIT by 100%)
2009-10	2007-08	110%	100% (multiply 2006-07 RIT by 100%)
GST ratio for 1 and 2-monthly filers			
2008-09	2007-08 and earlier years	100%	90% (multiply 2007-08 RIT by 90%)
2009-10	2007-08 and earlier years	100%	90% (multiply 2007-08 RIT by 90%)

Estimation method

You should also take the new tax rate into account if using the estimation option to calculate clients' provisional tax.

For more detail

See our *Tax Information Bulletin* Vol 19 No 6 July 2007 for more detail. *The Provisional Tax Guide (IR 289)* is being updated and will contain some practical examples you can refer to.

Enhancements to KiwiSaver

Major enhancements to KiwiSaver, affecting you and your clients, were proposed in Budget 2007. Some are already law while others are expected to become law later this year. They build on existing KiwiSaver benefits and aim to give New Zealanders further incentives to save.

Subject to legislation being passed include:

- compulsory employer contributions
- employer tax credits.

The proposals are going through the parliamentary process with changes expected to be legislated in early December 2007. You can view the Bill and commentary at www.taxpolicy.ird.govt.nz or visit www.treasury.govt.nz for more details.

You can also register to receive regular emails to stay up-to-date with these changes at:

www.ird.govt.nz/kiwisaver/employers/

More information about the changes will also be available on the website as soon as the legislation is passed.

KiwiSaver uptake

KiwiSaver enrolments continue to increase with over 200,000 members at the start of October. We've also started passing members' contributions to their scheme providers.

We anticipate more than \$41 million will be paid to providers in October, including \$32 million in Crown contributions. This sum doesn't include the \$20 per week member tax credit, which will be paid directly to providers then into KiwiSaver accounts from the end of June 2008.

As planned, funds are being transferred progressively depending on when people joined KiwiSaver and when employers passed on members' contributions to Inland Revenue.

Self-employed leaflet

A leaflet about KiwiSaver for the self-employed is now available. *Self-employed? Your guide to KiwiSaver (KS 12)* provides an overview of KiwiSaver and explains what self-employed people need to do if they want to join. This is a helpful guide for any of your clients who are self-employed. To order copies please use your INFOexpress or StationeryXpress ordering facilities.

All KiwiSaver stationery is available as downloadable PDFs from: www.ird.govt.nz/forms-guides/keyword/kiwisaver

Note from the editor

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