



Inland Revenue  
*Te Tari Taake*

IR 192  
December 2001

# Cheque duty

Information about cheque  
duty legislation for people  
who print cheques



# Introduction

This booklet has been written to tell people who print cheques what they must do under cheque duty legislation.

It tells you how to register as a cheque duty payer, when to pay cheque duty to Inland Revenue, and your other obligations.

If you have any questions or need more information after you've read this booklet, please contact:

The Duties Unit  
Inland Revenue Department  
PO Box 2871  
Christchurch  
New Zealand

Phone	0800 105 654
Fax	03 363 1840
Website	<a href="http://www.ird.govt.nz">www.ird.govt.nz</a>
International phone	64 3 363 1022
International fax	64 3 363 1840

## *Note*

The information in this booklet is based on current tax laws at the time of printing.



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# Part 1 – General information

## What is cheque duty?

Cheque duty is a charge on every cheque printed. The rate of cheque duty is five cents per cheque.

## Record keeping

You need to keep full records of all the cheque duty you pay.

Your records must be in English, unless we have given you written authority to keep your records in another language. You must keep your records for seven years. If we are currently auditing or considering auditing your records, we might ask you to keep them for a further three years—in which case you must do so.

## Types of payers

Cheque duty may be payable by:

- licensed printers
- temporary licencees (special cheque licences or other licences)
- licensed banks



## Part 2 – Licensed printers

With the advent of MICR (magnetisable ink character recognition) on cheques, and the use of computers by banks, the bulk of cheque printing is done by relatively few printers who have been licensed to pay cheque duty monthly.

A printing firm engaged extensively in the printing of cheques on their own behalf or for the use of its customers, may apply for a licence to print cheques on a monthly basis. Otherwise, numerous applications for individual temporary licences would be required before printing.

To apply for a licence, write to the Duties Unit and provide the following details:

- the expected volume of cheques and the number of printing orders
- the approximate number of cheques to be produced per month
- the number, if any, of “temporary licences” or extensions of licences in the previous 12 months and the number of cheques involved in such licences.

When a licence is granted, we will advise the authorised printer in writing of the allocated licence number. This number must be shown on the face of all cheques printed under that licence.

*Example:*

“Cheque duty paid - Lic.85”.

## Monthly returns

You must file a *Monthly return for licensed printers of cheques (IR 191)* and pay the duty each calendar month. You may request these returns by phoning INFOexpress—see page 21.

The monthly return will require you to provide the following details:

- name of licensed printer
- address of printer
- licence number
- month of the return
- cheque duty payable
- quantity of cheques printed
- name of applicant(s)
- name of bank and branch, or other drawee
- serial numbers of cheques printed

### Due date

You must send your return and payment by the 21st of the following month. For example, the return and payment for August 2001 are due on 21 September 2001.

### No cheque duty to pay

You must file an IR 191 form for each month, even if you have no cheque duty to pay for the period. If this happens, please write “nil “ on the form, sign it, and return it to us by the payment due date. If you don't do this we will ask you to explain why you haven't paid.

## If you stop printing cheques

If you would like to cancel your licence, please send a letter with your final return to tell us when you stopped or intend to stop printing cheques.

The IR 191 return is required to be filed within seven days of cancellation, together with any cheque duty payable.

Please note that under legislation Inland Revenue may cancel a printer's licence. Cancellations will be made in writing and forwarded by registered post. That licence will cease to have any force or effect seven days after the issue of the cancellation notice.

### For more help

If you require more help about applying for a licence, please phone the Duties Unit in Christchurch—see page 3.



## Part 3 – Temporary licences

Any person or firm may apply for a temporary licence allowing them to have cheques printed on their behalf by a nominated printer.

An application may also be made to extend a temporary licence already granted.

### *Example:*

A department store was issued licence number 99999 to print 1000 cheques in August 2001. In July 2002 a further 750 cheques are required. An application must be made to apply for an extension of the licence already granted before the additional cheques can be printed.

To apply for a licence complete an *Application for a temporary licence (or extension of a temporary licence) (IR 190)*. You can order a copy by phoning INFOexpress—see page 21.

Before cheques can be printed, you must:

- complete this application
- pay your cheque duty
- receive approval from us to print.

The application will require you to provide the following details:

- name of applicant
- address of applicant
- licence number if your application is for an extension of a licence
- cheque duty payable
- name and address of nominated printer
- quantity of cheques to be printed
- name for whom cheques will be printed
- name of bank and branch, or other drawee
- serial numbers of cheques printed.

When a licence is granted, we will advise the applicant and the nominated printer in writing of the allocated licence number. This number must be shown on the face of all cheques printed under that licence.

*Example:*

“Cheque duty paid - Lic.99999”.

The serial numbers for which the licence was issued must be printed on the forms consecutively, and the total number of forms printed must not exceed the number for which the licence was issued.

**For more help**

If you require more help about applying for a licence, please phone the Duties Unit in Christchurch—see page 3.

## Part 4 – Licensed banks

Licences authorising banks to commute the duty on cheques issued to their customers are issued by the Banking Sector of the Corporates Unit.

To apply for a licence, the bank's General Manager for New Zealand must write to:

The Banking Sector  
Inland Revenue Department  
PO Box 2198  
Wellington  
Fax 04 802 6192

Please provide the following details:

- the expected volume of cheques
- the approximate number of cheques to be produced per month.

You must file a quarterly return *Committed duty on cheques and other bills of exchange (IR 193)*. Your return and payment are due within 21 days of the end of the quarter.

You can request returns from the Duties Unit—see page 3 for contact details.

### For more help

If you require more help about applying for a licence, please phone the Duties Unit in Christchurch—see page 3.



## Part 5 – Other information

### Refunds

Cheque duty may be refunded on duty paid by licensed printers and temporary licencees.

Refunds may be made on cheques that have become unusable or cancelled before use. You may destroy these cheques and apply for a refund for the cheque duty already paid. Please do not send any unusable or cancelled cheques to us.

Application for a refund should be made in writing to the Duties Unit. Please include the following:

- your licence number
- number of cheques included in the refund
- total value of duty paid on the cheques
- sequence number for the cheques
- a declaration signed by an authorised person certifying that all cheques have been destroyed.

Banks can claim a refund for cheque duty paid on the *Commutated duty on cheques and other bills of exchange (IR 193)* return as a deduction from the quarterly payment.

### Rate of refund

Cheques printed under licence receive a five cents refund. The minimum refund is \$1.

## Making payment

All cheque duty payments must be in New Zealand dollars and sent to:

Duties Unit  
Inland Revenue Department  
PO Box 2871  
Christchurch

Please make all cheques payable to “Inland Revenue” and cross them “Not transferable”. Do not send cash.

## Late payment

If tax is not paid by the due date, late payment penalties will apply. For every month the amount remains unpaid a further incremental penalty will also apply. We will also charge interest on any outstanding amounts.

– **For penalties imposed on or after 1 April 2001 and up to 31 March 2002**

A 5% late payment penalty will be charged on the day after the due date. A further 1% penalty will be added on every month the amount owing remains unpaid.

– **For penalties imposed on or after 1 April 2002**

An initial 1% late payment penalty will be charged on the day after the due date and a further 4% penalty will be charged if there is still an amount of unpaid tax (including penalties) seven days after the due date.

Every month the amount owing remains unpaid we'll add a further 1% incremental penalty.

– **Amounts less than \$100**

Interest and late payment penalties are not charged on outstanding amounts less than \$100.

## Instalment arrangements

If you are unable to pay your tax by the due date, please contact us to discuss an instalment arrangement. In some situations, if you are in financial difficulties, we may agree to you paying your tax and any penalties and interest this way.

Instalment arrangements can be agreed upon before or after the due date. However there are greater reductions in the penalties charged if the arrangement is made before the due date.

## Disputing an assessment

If you disagree with how we assess your tax, you must follow a formal disputes process. Any dispute must be received in the prescribed format within two months from the payment receipt date. For more information, read our booklet *Disputing an assessment (IR 776)*. It's available on our website or you can order a copy by phoning INFOexpress—see page 21.



## Part 6 – For more help

### Inland Revenue's website

Visit our website at:

[www.ird.govt.nz](http://www.ird.govt.nz)

for detailed information about tax and social policy, and online access to our booklets, returns, forms, newsletters, public rulings and the many other services we offer.

### INFOexpress

INFOexpress is our automated telephone service. These are some of the things you can do by phoning INFOexpress:

- order Inland Revenue forms and booklets
- get tax payment information
- get updates on your account balances (income tax, GST, employer accounts for PAYE, child support, SSCWT, FBT and student loans)
- request or change a personal identification number (PIN).

All you need to use INFOexpress is a touch tone phone and your IRD number. It's also helpful if you know the number of any forms or booklets you are ordering. For personal information, such as account balances, you'll also need an INFOexpress PIN. You can get a PIN by phoning 0800 257 777 and following the instructions given.

INFOexpress is available between 6 am and 12 midnight, seven days a week.

You can call these numbers for:

Forms and stationery	0800 257 773
Taxpacks	0800 257 772
All other services	0800 257 777

## If you have a complaint about our service

We're committed to providing you with good service. If there's a problem we'd like to know about it and have the opportunity to fix it.

If you have a complaint, the quickest and easiest way to resolve it is usually with the staff member you've been dealing with. If you're not satisfied ask to speak to their manager.

If you're still not satisfied, we have a Complaints Management Service that can take a fresh look at your complaint. You can call toll-free on 0800 274 138 between 8 am and 5 pm weekdays or, if you prefer, you can put your complaint in writing and send it to the Complaints Management Service, Inland Revenue, PO Box 1072, Wellington.

If you disagree with how we've assessed your tax, you may need to follow a formal disputes process. For more information, read our leaflet *If you disagree with an assessment (IR 778)*. You can view this on our website or order a copy by phoning INFOexpress—see page 21.

## Privacy Act 1993

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 Work and Income NZ, the Department for Courts, the Ministry of Education, the 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 phoning us on 0800 105 654. Unless we have a lawful reason for withholding the information, we will show it to you and correct any errors.

