



Personal tax summaries

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

Clients who will automatically receive a PTS

In the following situations a PTS will be sent automatically in June and early July to salary and wage earners who:

- received family assistance from Inland Revenue
- received family assistance from Work and Income and earned over \$20,356
- had a student loan and is entitled to an interest write-off (other than the full interest write-off for full time/full year students)
- used an incorrect tax code or a special tax code
- received IR 56 income.

Clients who have to request a PTS

A PTS must be requested by anyone 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 Inland Revenue 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 \$16,172 and received more than \$200 in dividends, interest or taxable Māori authority distributions.

First instalment of provisional tax

With 7 July approaching, it is time to ask you to remind 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 that date, 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.

Clients who may want to request a PTS

You may also want to request a PTS for other clients in July who do not receive one automatically.

If any of the following situations apply to your clients, they may be entitled to a refund and want to receive a PTS.

Anyone who:

- is entitled to claim the child rebate (this applies to school children who worked part-time and paid tax)
- is entitled to claim the under \$9,880 rebate (unless they used the ML tax code during the year)
- worked only part of the year, but lived in New Zealand for the whole year
- received income under \$38,000 and also received dividends taxed at 33%
- had income fluctuations during the year
- had more than one employer during the year
- wants to claim expenses, for example fees for completing their return, income protection insurance etc.

If you wish to request a PTS for a client there is an option to do so on the tax agents' page on our website www.ird.govt.nz

Personal tax calculator

There is also a PTS calculator on the tax agents' page on our website which is a quick and easy way to check whether your client may be entitled to a refund before requesting a formal assessment.

Agents CD Rom

You should have received Version 7, 2005 in the mail, enclosed with this was a letter updating agents on the budget.

We will be surveying agents on the CD Rom again this year and look forward to receiving your responses.

In the meantime please feel free to provide feedback via the link agents@ird.govt.nz

Forms and publications updated since the production of the CD Rom can be accessed through the following link www.ird.govt.nz/cgi-bin/tacdversioncgi?version=7



Tax agent filing performance for 2004 returns

Now that 31 March 2005 has passed it is time to evaluate the filing percentage achieved for 2004 income tax returns.

Due to the problems with the TAMS reports we are unable to provide an exact result at this stage. Based on the information we currently have, a national filing percentage of 92.88% was achieved this year. As at 31 March, 116,000 income tax returns remained outstanding for clients of agents.

Your agent account manager will be contacting you shortly with your individual results.

When the final filing percentages are available, we will provide the national and regional results in a future issue of *AGENTSanswers*.

We congratulate all those tax agents who achieved 100% returns filed for 2005 and we will be looking to see how we can assist you all to reach 100% this filing year.

Amortisation rates for listed horticultural plants

The Commissioner's first determination issued under section 91 AAB of the Tax Administration Act 1994 has been published in the May 2005 *Tax Information Bulletin (TIB)*. You can find this under "Newsletters and bulletins" on our website.

This determination applies to 2004 and subsequent income years and sets out:

- the types of horticultural plant, tree, vine, bush, cane or similar plant that are listed horticultural plants, and
- the diminishing value amortisation rates applicable to those listed horticultural plants.

For returns already filed that may require adjusting to take into account the new rates, requests should be made:

- in writing, and
- for the income year where the adjustment arises, and
- at the earlier of when the next income return is filed or before the last day for filing that return.

Additions of new amortisation rates/amendments to existing amortisation rates

Changes may be made to the determination on receipt of written applications from grower organisations. Amendments may include adding further horticultural plants, adjusting the useful life of a plant or removing a plant that is no longer commercially grown.

For further information about this determination see *Tax Information Bulletin (TIB)* Vol 17, No 4, May 2005.

Determination DET-001:

Standard-cost household service for childcare providers – consumers price index adjustments (March 2005)

In accordance with the provisions of Determination DET-001, Inland Revenue advises that, for the 2005 income year:

- (a) the variable standard-cost component has increased from \$2.67 per hour per child to \$2.74 per hour per child; and
- (b) the administration and record keeping fixed standard-cost component has increased from \$260 to \$267 per annum, for a full 52 weeks of childcare services provided.

The above amounts have been adjusted in accordance with the annual movement of the All Groups Consumers Price Index for the twelve months to March 2005, which showed an increase of 2.8%. For childcare providers who have a standard 31 March balance date, the new amounts apply for the period from 1 April 2004 to 31 March 2005.

Rebate claim forms

If you are E-Filing your clients' rebate claim forms for 2005 and they require a transfer of the refund to another taxpayer, please make sure that you fully complete keypoints 7 and 8 of the IR 526 with all the relevant information. This will help us to make the transfer without delay and avoid any further unnecessary contact with us.

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:

The Editor
AGENTSanswers
Inland Revenue
PO Box 2198
Wellington

Email: agents.answers@ird.govt.nz

AGENTSanswers is also on our website:

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