



## New online tools

We've introduced new online tools for businesses. Two new products were launched on our website in May and we're encouraging tax agents to promote these tools to staff and their small and medium enterprise (SME) clients.

The two interactive products designed to help new businesses understand business taxes are the:

- Tool for Business – which has a number of links to relevant topics such as:
  - How do I start a business?
  - What records do I need to keep?
  - How does tax work?
  - Do I need to register for GST?
  - What do I do if I employ someone?

The record-keeping section, for example, will help your clients put into place good administrative systems, and in turn provide tidy and timely information to you, as their tax agent.

- GST demonstration tool – which is designed for GST-registered businesses wanting to file online. Filing online is quicker, more accurate and easier, and worthwhile promoting to your staff and clients who do their own GST.

You'll find these new products on [www.ird.govt.nz](http://www.ird.govt.nz), so check them out. Click on "Need help with business?" and then "Find out about our tools for business."



Having this tool in place will help us in our drive to send you fewer printed items, making life easier for you. As part of this drive, some of our business guides in the future will only be available on our website. This will allow us to update them and get them to you more quickly.

## Getting your newsletters online

We know how important it can be for businesses to receive timely tax information. To fast-track this information to you we will be publishing our newsletters online only from now on.

Your email subscription will mean you receive emails alerting you to relevant tax information such as:

- changes to tax policy
- reminders of due dates for payments
- how to use our online services

plus lots of other useful information.

All you need to do to receive the email is subscribe online at [www.ird.govt.nz](http://www.ird.govt.nz) "Newsletters and bulletins".

We're also going to include information about GST in *Payroll News* and will no longer publish *GST News*. If you currently receive *GST News*, you'll need to subscribe to *Payroll News*.

## Budget announcement 2009 – a quick summary

- Personal income tax cuts planned for 1 April 2010 and 1 April 2011 have been delayed. Tax cuts that came into effect on 1 April 2009 remain.
- Increase in the independent earner tax credit planned for 1 April 2010 has been cancelled.
- The KiwiSaver mortgage diversion facility closed to new applicants from 1 June 2009. It will remain available to existing participants.

### Revenue Minister's tax update

In May the Revenue Minister Peter Dunne addressed the New Zealand Institute of Chartered Accountants (NZICA) on the Government's plans for tax policy development now and in the medium term. Topics included the Government's tax policy work programme, the newly established Tax Working Group, and progress on the omnibus taxation Bill that is currently before Parliament.

You can read the full speech and budget announcements at [www.taxpolicy.ird.govt.nz](http://www.taxpolicy.ird.govt.nz)



## Reminders

### For companies

If you are requesting a transfer of credit or a refund out of the income tax account, we can't proceed with this request until:

- you have filed an IR 4J imputation return for the correct year
- the return has sufficient credit in the closing balance to allow the transfer or refund.

### Example

The 2008 IR 4J has been filed by 31 March 2009, it has sufficient credits therefore we would release the refund or transfer it out of income tax at your request.

If the 2008 IR 4J hasn't been filed by 31 March 2009 then both the 2008 and the 2009 IR 4J must now be filed to allow a refund or transfer of credit.

### For personal tax summaries

We automatically send a personal tax summary (PTS) in July if the customer:

- receives working for families tax credits
- has a student loan and didn't have enough money deducted from their income
- used the wrong tax code or used a special tax code
- is an IR 56 filer with no IR 3 income.

If your client doesn't receive a PTS by the end of July or requires one for another reason, they can be requested using "Get it done online" at [www.ird.govt.nz](http://www.ird.govt.nz)

Under current legislation, we can only issue a PTS for the last five tax years (2009 and previous four years), so the earliest one that can be requested is 2005.

## Student loan "Notify Me" e-newsletter

If you have clients with a student loan, the following will be of interest.

"Notify Me" is our new e-newsletter for student loans. Subscribers to "Notify Me" will receive emails containing relevant student loan information such as:

- changes to student loan policy (including updates to the voluntary repayment bonus)
- reminders of due dates for payments
- what to do if you're going overseas
- using the right tax code

plus lots of other useful student loan information.

The "Notify Me" e-newsletter started in May and will be sent three to six times a year.

Tax agents who subscribe can keep up to date with changes to student loan legislation and policy, and advise affected clients.

### Subscribe now

Go to [www.ird.govt.nz/aboutir/newsletters/](http://www.ird.govt.nz/aboutir/newsletters/) then "Subscriptions" where you can subscribe to all our newsletters including "Notify Me".

You won't be able to reply to the emails we send you through this service. If you wish to send us secure emails or check student loan details online you'll need to register for online services. Go to [www.ird.govt.nz](http://www.ird.govt.nz) and click on "Register now" under "Secure online services".

## Standard-cost determinations

The following determinations have been published in full in the *Tax Information Bulletin* Vol 21, No 4 (June 2009) and on our website [www.ird.govt.nz](http://www.ird.govt.nz)

### CPI Adjustment – CPI 09/01 for Determination DET 05/03: *Standard-cost household service for boarding service providers*

Agents with clients affected by the above determination are advised that the weekly standard-cost component for the 2009 income year is retrospectively adjusted as follows:

- (a) The weekly standard-cost for one to two boarders will increase from \$220 each to \$227 each.
- (b) The weekly standard-cost for third and subsequent number of boarders will increase from \$179 each to \$185 each.

For boarding service providers who have a standard 31 March balance date, the new amounts apply for the period from 1 April 2008 to 31 March 2009.



### **Determination DET 09/02: Standard-cost household service for childcare providers**

Agents with clients affected by the above determination are advised that in accordance with section 91AA(5) of the Tax Administration Act 1994, the Commissioner has issued a determination DET 09/02 to replace the previous determination (DET 001) which lapsed at the end of the 2008 income year.

- (a) Variable standard-cost – \$3.09 per hour per child (rounded to the nearest cent); and
- (b) Administration and record-keeping fixed standard-cost – \$301 per annum, for a full 52 weeks of childcare services provided (rounded to the nearest dollar).

The above standard-cost values apply to the 2009 income year.

## **Managing tax debt**

We acknowledge that in the current economic environment many businesses and individuals may be facing financial pressures, or worried they will be in the future.

It's important for businesses and individuals to continue complying with their tax requirements. In tough times the temptation can be to push tax payments down the list of priorities, but opting out of paying can have serious consequences. We recognise tax agents have an important role in helping their clients comply. By working together we can help people and businesses keep their tax affairs in order.

- If your clients are experiencing financial difficulty, or if they are worried they may not be able to pay their tax, contact us as soon as possible. That way they will minimise any interest and penalties that may apply. You don't have to wait until the due date to contact us.
- Ensure your clients know the payment options available and that we have discretion and flexibility in applying these.
  - We may be able to set up an arrangement to pay tax in instalments over time. Businesses and individuals can renegotiate this plan if their situation changes.
  - If your client is experiencing serious financial difficulty there are other ways we may be able to help. It's best to contact us and we can talk about the options available.
- Remember, indecision and inaction are never good tactics. If you see your clients putting off their tax payments, it's a good idea to encourage them to take matters in hand. We recommend filing a tax return, even if they can't pay in full and on time. They're likely to have more problems down the track if they just ignore their tax obligations and hope they'll go away.

## **New mileage rate for motor vehicle expenditure**

The Commissioner is required under section DE 12(3) of the Income Tax Act 2007 to set a mileage rate for taxpayers to calculate the expenditure or loss on a motor vehicle that represents the proportion of business use of a motor vehicle.

Operational Statement (OS 09/01) published in the *Tax Information Bulletin* Vol 21, No 3 (May 2009) set out the new rates for the 2008–2009 income year.

The new mileage rate set for motor vehicles is 70 cents per kilometre.

This mileage rate doesn't apply in respect of motor cycles.

### **Self-employed**

The mileage rate applies in respect of:

- self-employed taxpayers
- up to a maximum of 5,000 kilometres of work-related travel each year
- motor vehicles irrespective of engine size whether they are powered by petrol or diesel.

### **Employee reimbursement**

We accept that mileage rates may be used as a reasonable estimate by employers reimbursing employees for:

- business use of an employee's vehicle, and
- shareholder employees.

We also accept that employers may use the motor vehicle running cost data published by other reputable sources, eg the New Zealand Automobile Association, as an alternative reasonable estimate for reimbursement of employees.

To ensure taxpayers are not disadvantaged by any significant change to overall vehicle running costs, the mileage rate will be reviewed at least once a year.

You can find more detail on mileage rates, including information for the self-employed, by going to [www.ird.govt.nz](http://www.ird.govt.nz) (keyword: mileage rates).





## Australian Economic Security Strategy Payments

In October 2008, the Australian Government announced that it was going to make Economic Security Strategy Payments. Legislation was passed and the payments were made in early December. While the payments were predominantly made to Australian residents, a number of New Zealand resident taxpayers received the payment, including a number of recipients of the Australian Age Pension.

In late December 2008, the Ministry of Social Development (MSD – Work and Income) sent a letter to a number of New Zealand resident taxpayers advising them that their Australian Economic Security Strategy Payment would be credited to their bank account shortly.

That letter also included the statement:

“Please note that the payment of [the relevant amount] is a gross payment and you will need to declare it in your tax return for the period ending 31 March 2009.”

We have now considered the nature of the Australian Economic Security Strategy Payment and has concluded that the payment isn't subject to income tax. As such, it doesn't have to be included in any tax return furnished by recipients. This applies to all payments of the Australian Economic Security Strategy Payment, whether on the basis of an entitlement to the Australian Age Pension or otherwise.

If a taxpayer has acted on the advice from MSD and included the payment in their return, please contact us.

## Consolidated groups on tax agents' lists

When companies are members of a consolidated group, the balance date may not always show correctly on our system as the dates automatically default to 31 March. However, the group's IRD number should always show the correct balance date. Contact us if this date is incorrect.

## Printing errors

### 2009 IR 4 return guide (IR 4GU)

The 2009 IR 4 company income tax return guide contained errors in relation to the limitations allowed to imputation credits. The correct information is shown below in bold.

- Page 15, Question 14, under heading “Dividend tax credits” should read:  
“Important: The total tax credits for dividends (imputation credits and FDP credits) you can claim is limited to the income tax payable (30%) on **each dividend the company receives**.  
This is because the reduction in the company income tax rate also reduced the ratio of imputation credits that can be attached to dividends.”
- Page 16, Calculation table, step 3 should read:  
“Write your total imputation credits (**as calculated on a per dividend basis according to the note on page 15**) in Box 3.”
- Page 16, paragraph second to bottom should read:  
“Write the total dividend imputation credits (**limited as explained above to 30% of each dividend**) you are claiming in Box 14.”

### 2010 IR 341 four-weekly and monthly PAYE tables

Pages 90 to 133 of the IR 341 have a printing error. For all the secondary earnings tax codes, the headings at the tops of these pages show “Weekly and fortnightly PAYE deduction tables”. They should read “Four-weekly and monthly PAYE deduction tables”.

The calculations for the secondary tax codes are correct.

The online versions of these publications have been corrected and are available at [www.ird.govt.nz](http://www.ird.govt.nz)

### 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 email [agents.answers@ird.govt.nz](mailto:agents.answers@ird.govt.nz) or contact:

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