



New donation thresholds from 2008–09 income year

The donation thresholds have increased. These are explained below.

Individuals

Individuals can claim a tax credit (formerly rebate) of one-third of qualifying cash donations they make to donee organisations, up to the level of their taxable income. Previously, no matter how much they donated, the maximum amount they could claim was the lesser of \$1,890 or their taxable income.

Example

Kath donates \$10,000 to donee organisations during the year ended 31 March 2009. Her taxable income for that year is \$40,000.

Previously, Kath would have only been entitled to a claim of \$630 (one-third of \$1,890).

With the increase in threshold, Kath will be able to claim \$3,333 (one-third of \$10,000).

Companies

Companies will be able to claim a deduction for cash donations they make to donee organisations, up to the level of their net income (before deducting the donation amount). Previously, the maximum they could deduct was 5% of their net income.

Close companies (companies with five or fewer shareholders) which aren't listed on any recognised exchange will also be able to claim a donation deduction.

Māori authorities

Māori authorities will also be able to claim a deduction for cash donations they make to donee organisations and Māori associations, up to the level of their net income. Like companies, the maximum they could deduct previously was 5%.

Go to www.ird.govt.nz/technical-tax/legislation/2007/2007-97/2007-97-greater-tax-incentives-charitable-donations/ for further details.

Donation tax credit (formerly rebate) reminders

• Receipts

If you're claiming a donation tax credit for your client, you need to sight their receipts. Your client must keep all their receipts for four tax years, starting from the end of the claim year.

Write "A" (for agent) on the front page of the claim form above the client's IRD number or the claim, without receipts, may be rejected.

Note: You can't claim payments to organisations that aren't donee organisations. Go to www.ird.govt.nz/donee-organisations/ to check our list of donee organisations.

There are certain payments to schools that you can't claim either. Read about them at www.ird.govt.nz/income-tax-individual/end-year/dch-rebates/

• Reassessments

If you've already filed a donation tax credit claim for a client and they want to make another claim for the same tax year, send us your client's receipt(s) with a covering letter. Include their name and IRD number and request a reassessment. Don't complete another *Tax credit claim form (IR 526)*.

• Taxable income

Deduct any losses brought forward before determining whether your client's taxable income exceeds the amount of their tax credit claim.

• Not limited by tax payable

The tax credit claim will be limited by your client's taxable income and their annual amount of tax credits, not the amount of tax your client has paid or is liable to pay.

Provisional tax estimates/re-estimates

Provisional tax payers can now supply estimates or re-estimates over the phone by calling us on 0800 377 774. Their records will be updated at the same time.





2009 annual returns

We'll send you the following 2009 annual returns for your clients. You should receive them by the dates below:

Return type	Dates
<i>Companies income tax return (IR 4)*</i>	End of March
<i>Estate or trust income tax return (IR 6)</i>	End of March
<i>Partnerships income tax return (IR 7)*</i>	End of March
<i>Māori authorities income tax return (IR 8)</i>	End of March
<i>Clubs or societies income tax return (IR 9)</i>	End of March
<i>Registered superannuation funds income tax return (IR 44)</i>	End of March
<i>Resident withholding tax on interest reconciliation statement (IR 15S)</i>	End of March
<i>Non-resident withholding tax on interest, dividends and royalties reconciliation statement (IR 67S)</i>	End of March
<i>Family assistance end-of-year statement for IR 3 filers (IR 541)</i>	Early May
<i>Summary of earnings (IR 544)**</i>	Mid-May
<i>Individual tax return (IR 3)*</i>	End of May
<i>Individual tax return for use by tax agents (IR 3A)*</i>	Mid-May
<i>Non-resident individual taxpayers income tax returns (IR 3NR)*</i>	End of April
<i>Tax credit claim form (IR 526)</i>	End of March
<i>Personal tax summary (IR 537) and (IR 538)</i>	End of July

* These returns can be filed online. Letters with the document lodgement number (DLN) for clients who filed their 2008 IR 3, IR 3A, IR 3NR, IR 4 or IR 7 online will be received by the end of March

** Summary of earnings available through E-file mid-May

GST group registration

A group of companies can register as a group, for GST purposes, for convenience and to help reduce cost. Provided the companies forming the group meet certain criteria, there are many advantages of registering as a GST group. Some of these include:

- transactions between the companies will not generally be liable for GST
- one member represents the group
- the representative accounts for GST on all the members' taxable activities and files the returns with Inland Revenue
- all notices from Inland Revenue are sent to the representative.

Please go to www.ird.govt.nz using the keywords "Group registration" or see our *GST guide (IR 375)* for more information including the criteria to form a GST group.

Refunds we've sent in error

If you or your clients receive a refund for payments or credits we've released in error, please return it to us in one of these ways:

- For refunds made by cheque, please return our cheque, and attach advice of where the payment or credit should have gone.
- For refunds made by direct credit, please send payment (cheque or electronic) for the exact amount of the refund and advice of where the payment or credit should have gone. When we get the full amount of the refund we will update the payment or credit at the date originally received, giving your client the best advantage date for any transfers.



Non-residents

Dunedin Non-resident Centre

Are you a tax agent with clients who are non-residents? If you need to discuss their tax affairs, please contact our Dunedin Non-resident Centre by:

Phone: 64 3 951 2020
Fax: 64 3 951 7106
Email: nonres@ird.govt.nz

Non-resident customers are:

- customers living overseas who are non-resident for tax purposes, and have a continuing source of New Zealand income
- non-resident companies with no fixed establishment in New Zealand
- payers of NRWT and approved issuer levy (AIL)
- non-resident film renters.

The Non-resident Centre verifies and issues all individual non-resident and exception process IRD numbers.

Go to www.ird.govt.nz for other non-resident information relating to:

- customers living overseas who have queries relating to when they were resident in New Zealand (eg, their date of departure, returning to New Zealand)
- New Zealand residents enquiring about a double tax agreement
- New Zealand residents earning income overseas
- visitors to New Zealand who are working here, eg, ski-field staff, fruit pickers
- New Zealand residents wanting a residency determination
- returning residency visa applicants
- overseas companies with a fixed establishment (branch) in New Zealand
- customers who are filing year of departure returns, and who have no continuing source of New Zealand income
- intending migrants.

Incorrect interest calculations for some non-resident companies

All non-resident contractor companies, non-resident entertainer companies and agents for foreign insurers with balance dates between October and February will have incorrect use-of-money interest (UOMI) calculations.

This is due to a system fault.

End-of-year tax for a company that does not have a fixed establishment in New Zealand and is not deemed to be resident in New Zealand is due and payable on:

- 7 February in the next income year, or
- 7 April if the company is linked to an agent.

If you have affected clients, please call Large Enterprises on 0800 443 773 and we'll put a hold on the account and arrange a correction.

Note: This correction will take several weeks so we apologise for any inconvenience.

Low-income tax credit*

A number of you have asked why early 2009 income tax returns aren't getting the under \$38,000 low income tax credit.

One of the tax rate changes that took effect from 1 October 2008 was the removal of the low-income tax credit on income under \$38,000 from 1 April 2008. A new tax rate of 12.5% on income up to \$14,000 has applied from 1 October 2008.

Under the previous rates the tax rate on income under \$38,000 was 19.5% so the low-income rebate ensured the correct amount of tax was paid.

The annual rates for the 2009 tax year mean the correct tax is paid without the need for the low-income tax credit.

The tax credit for income under \$9,800 remains the same.

* Formerly rebate



Correction

Employer tax credit (ETC)

There was an error in the “KiwiSaver changes” article in the February 2009 issue of *AGENTSanswers*, about the removal of the employer tax credit (ETC).

This should have read:

“The employer can continue to claim a tax credit if the pay period ends before 1 April 2009. They’ll be unable to claim a tax credit for any pay period that starts before 1 April 2009 but finishes after 1 April 2009.”

Examples

Employer 1: Pay period 24 March 2009 to 31 March 2009—pay details returned in the March 09 EMS schedule, ETC claim allowed for this period.

Employer 2: Pay period 27 March 2009 to 2 April 2009—pay details returned in the April 09 EMS schedule (2 April 09 pay date), no ETC claim for this period.

We apologise for this error. The online version of the newsletter has been amended.

Use-of-money interest rates

Use-of-money interest rates on underpayments and overpayments of tax will change from 1 March 2009.

The new rates are:

Underpayment rate 9.73% (down from 14.24%)

Overpayment rate 4.23% (down from 6.66%)

For more information see: <http://taxpolicy.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 or contact:

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