



Inland Revenue
Te Tari Taake

IR 23G
February 2012

Do you need a special tax code?



Why a special tax code might suit you

For some people, the standard tax codes (eg, M, ME, S, SH or ST) or the tax rates on schedular payments don't deduct the right amount of tax. For example, you:

- have a second job or other income apart from your main job
- receive an overseas pension that is taxable in New Zealand
- are a beneficiary or receive accident compensation and you also work.

If you're one of these people, a special tax code rate could help you. You may be heading for a tax refund or bill without even knowing it.

So, if you're having too much tax deducted from your pay, you're not paying enough tax, or you're in one of the situations listed above, give us a call.

Special tax codes don't apply to student loan repayments

You can no longer use a special tax code to change the amount of your student loan repayment deductions. You can now only use a special tax code for your income tax deductions. But you can ask Inland Revenue for a special deduction rate to reduce the repayment deductions on any secondary earnings.

You can ask your employer to make extra repayment deductions each pay period, even if you're earning under the repayment threshold. You don't need to contact us.

If you're studying full-time and earn under \$19,084 in the year, you can apply for a repayment deduction exemption, until you've finished studying.

For more information on these changes go to

www.ird.govt.nz/studentloans

Applying for a special tax code

You can get a *Special tax code application (IR 23BS)* from **www.ird.govt.nz** or order a copy by calling 0800 257 773. You normally apply at the beginning of the tax year, but if you start a second job half-way through the year, or your situation changes, you don't have to wait.

When we receive your application, we'll calculate the correct tax rate for your particular situation, so you won't get a large tax refund or bill at the end of the year. The rate may be higher or lower than the rates for the standard M, ME, S, SH or ST codes.

We'll send you a special tax code certificate which you give to your employer. It tells them what tax rate to use.

Tell us if your circumstances change

It's important to let us know of any changes in your circumstances because they might affect the amount of tax you should be paying. We'll give you a new special tax code so you'll always have the correct tax rate for your current situation.

Independent earner tax credit (IETC)

If you're entitled to IETC, your special tax code will include this, based on the details on your application form.

IETC is a tax credit for individuals who earn between \$24,000 and \$48,000 and don't receive Working for Families Tax Credits (you or your partner), an income-tested benefit, NZ Super, a veteran's pension, or an overseas equivalent.

How a special tax code works

- If you have a special tax code we'll send you a personal tax summary or an *Individual tax return (IR 3)*, depending on the type of income you receive.
- Your special tax code is based on the information you give us. Because your income will be an estimate, we can only work out the exact amount of tax you must finally pay when you receive your personal tax summary or *Individual tax return (IR 3)*.
- Special tax codes are valid for one tax year. We'll automatically send you a renewal form in time for you to re-apply before 20 February each year.
- A special tax code takes effect either from 1 April, or from the day we approve it if it begins after the start of the tax year. It can't be backdated.
- If you're receiving an income-tested benefit (except for New Zealand Superannuation) you can't apply for a special tax code.
- If we ask you to send back your special tax code certificate, you must do this within seven days.
- You must tell us if your circumstances change during the year (eg, your income goes down) or you may end up with a large tax bill at the end of the year.

Online services save you time

Inland Revenue online services make it quicker and easier to manage your tax and entitlements online.

Save yourself the effort of printing out forms, sending paperwork through the post or calling.

All your key information is in one place, making it simple to find balances, due dates and money you could be entitled to.

Register for a secure online services account today and:

- request and confirm personal tax summaries
- file an IR 3 tax return
- instantly update your bank accounts, phone numbers, addresses and email details
- view payments to or from Inland Revenue (including child support)
- apply for/manage your Working for Families Tax Credits
- check if you're due a refund.

Online services is available 24 hours a day, seven days a week. Go to **www.ird.govt.nz** to register and find out more.

0800 self-service numbers

This service is available seven days a week (any time, except between 5 am and 6 am) for a range of self-service options. Remember to have your IRD number with you when you call.

For personal information, such as account balances, you'll also need a personal identification number (PIN). You can get a PIN by calling 0800 257 777 and following the step-by-step instructions.

Order publications and taxpacks	0800 257 773
Request a summary of earnings	0800 257 778
Request a personal tax summary	0800 257 444
Confirm a personal tax summary	0800 257 771
All other services	0800 257 777

Overseas callers

Getting a PIN	64 4 978 0775
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Request a personal tax summary	64 4 978 0770
Confirm a personal tax summary	64 4 978 0769
All other services	64 4 978 0775