



Tax agent filing performance for 2005 returns

Now that 31 March 2006 has passed, it's time to evaluate the filing percentage achieved for 2005 income tax returns.

A national filing percentage of 92.45% was achieved this year. As at 31 March, 100,650 income tax returns remained outstanding for clients of tax agents.

The national filing result for the last three years has gradually improved. We congratulate all those tax agents who achieved 100% of returns filed for 2005 and we will be looking to see how we can assist you all to reach 100% this filing year.

2004	92.88%
2003	93.25%
2002	92.31%

Regional performance

The return filing percentages for each of the regions around the country are shown below.

Auckland	91.46%
Hamilton	92.19%
Wellington	93.25%
Christchurch	93.49%
Corporates	81.85%

Extra money for your clients through in-work payments

As part of *Working for families*, the new in-work payment pays up to \$60 per week for families with up to three children, plus an additional \$15 for each subsequent child. It's available to families (including those with self-employed income) who do not receive a benefit or student allowance, who normally work 20 hours or more per week as a single-parent family, or 30 hours or more as a two-parent family.

In November 2005, we wrote to weekly and fortnightly family assistance customers to invite them to confirm their eligibility for the new in-work payment.

The response rate for customers represented by agents is low and as a result, some of your clients could be missing out on extra money through the new in-work payment.

If your clients receive weekly, fortnightly or lump sum family assistance payments and are eligible for in-work payment, please encourage them to confirm their working hours now by visiting www.workingforfamilies.govt.nz or by calling us on 0800 257 770.

Later this year we will also be contacting customers who receive lump sum payments to invite them to confirm their eligibility for in-work payment.

Transferring employer PAYE obligations to a PAYE intermediary

The introduction of PAYE intermediary legislation from 1 April 2004 enabled employers to contract PAYE intermediaries (payroll service providers) to deal with the PAYE component of their payroll-related obligations.

Further legislation passed in March 2006 means people accredited by Inland Revenue as PAYE intermediaries can apply to become listed PAYE intermediaries, enabling them to receive a subsidy.

The subsidy will be payable from 1 October 2006.

What is an accredited PAYE intermediary?

An accredited PAYE intermediary is a payroll service provider, accountant or other tax professional, accredited by Inland Revenue, who provides payroll services to an employer.

What is a listed PAYE intermediary?

A listed PAYE intermediary is an accredited PAYE intermediary who is eligible to receive a subsidy for undertaking the payroll obligations of small employers (those who pay less than \$100,000 in PAYE per annum).

What is the purpose of the subsidy scheme?

Using PAYE intermediaries is voluntary. The subsidy scheme is intended to encourage small employers to outsource their payroll obligations so they can focus their efforts on growing their business.

How much is the subsidy?

The level of the subsidy is being worked out and will be announced shortly.

Temporary tax exemption on foreign income for new migrants and returning residents

To reduce tax barriers to the recruitment of highly skilled people to New Zealand, a four-year tax exemption on foreign income will be available to new migrants or returning New Zealanders who have been non-resident for tax purposes for at least ten years. It applies to people who have arrived in New Zealand from 1 April 2006.

People who qualify for the exemption do not have to do anything to claim it as it is automatic. However, when the exemption expires they will have to declare their foreign income on their income tax return.



First you could just “Look” – soon you can “Link”

Online linking and delinking will be available for you in the next few weeks.

At the end of 2005 we made a commitment to add more features to our online services to meet more of your needs and help you to avoid delays on the phone. We said that we wanted you to be able to:

- **Look** at client information
- **Link** new clients (and delink former ones)
- **Do** more account maintenance for yourself.

The ability to link and delink clients yourself online is about to be delivered.

A high-level overview of the service follows, to help familiarise you with the new updates before they go live.

Getting access will be easy

This is a special service that will be available to you only. You will need to be registered to use the “Look at Account Information” service.

Getting set up to link and delink online is going to be easy.

All you need to do is go to the Online Services screen on our website, click on the “Apply for Other Services” link on the left-hand navigation bar and then:

1. Check the “Client Maintenance” box
2. Click on “Apply for Services”
3. Log out and log back in.

Online linking and delinking will then be available through the new “Client Maintenance” screen by choosing the appropriate option in the menu.

Linking a client

When you need to link a new client you will be able to do so straightaway and get an up-to-date view of their tax position (through Look at Account Information).

Go to “Client Maintenance”, choose “Link a Client” then:

1. Enter the client’s IRD number and name and confirm you hold their written authority to represent them.
2. Select the tax types you want to be linked, and the address for Inland Revenue correspondence to be sent to (ie the agency or your client’s). You will also be able to indicate the first return you will be preparing for them.

Inland Revenue
Te Tari Taakā

Inland Revenue home | Online Services help | Contact us | Logout

You are here: Online Services > Client maintenance > Link a client

Client maintenance

Link a client

NAME OF THE TAX AGENT LIMITED | IRD: 12-345-678

Progress (Step 2 of 3)

Client IRD number:

Client name:

Link start date:

Tax types to be linked	Tax type cease date	Return period DDMMYYYY	(A) Agent address OR	(C) Client address
<input type="checkbox"/> ALL			<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> GMD	31/03/2005		<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> INC			<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> IPE			<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> IPS			<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> NRT			<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> PAY			<input type="radio"/>	<input type="radio"/>
<input type="checkbox"/> RWT			<input type="radio"/>	<input type="radio"/>

Client's tax types including any that have been ceased

Select tax types to link. (Required)

Enter the period of the first return your tax agency will be preparing. (Optional)

Select which address you want correspondence to go to. (Required)

Tax types already linked to your tax agency

GST

Tax types linked today

FBT (FBA, FBI)

A client's account may only be linked or delinked once a day.

Tax types delinked today

RWT

A client's account may only be linked or delinked once a day.

<< Go back Continue >>

Online Services Help | Online Services Conditions of Use

For security reason you will be automatically logged off after 15 minutes of inactivity.

By accessing Inland Revenue's Online Services, you confirm.....

For more info on government services go to govt.nz

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3. Review and confirm the details you have entered are correct and “Send to Inland Revenue” or “Go back” to change them.
4. Confirmation that the client has been linked will be displayed and you can access their information through “Look at account information”.



Delinking a client

Removing someone from your client list will be just as easy. In “Client Maintenance” you will choose “Delink a Client” and:

1. Enter the client’s IRD number and name
2. Select the tax types you want to be delinked. You will also be able to indicate the last return you will be preparing.

3. Review and confirm the details you have entered are correct and “Send to Inland Revenue” or “Go back” to change them.
4. Confirmation that the client has been delinked will be displayed straightaway.

Linking the client to another tax agent at the same firm

Where the client is moving from one tax agent to another within the same firm, all you will need to do is link the client to the new tax agent. The delinking from the other tax agent will happen automatically.

Help text will be available. Your agent account manager will also be able to assist with any questions.

As with the “Look at Account Information” service, you will need to authorise your staff to use this new facility.

The online linking/delinking service is going to be available to you 23 hours a day, 7 days a week and give you more control over the maintenance of your client list.

So, very soon you will be able to “Look” and “Link” through our online services to avoid delays.

How will you know when the service is available?

We are going to announce the launch through “Breaking News” so watch for the email. If you are not registered for breaking news, you can do this through

www.ird.govt.nz/taxagents/newsletters/breaking-news

Tailored and timely education initiative

Our Industry Partnership team is trialling a new education initiative as part of our ongoing effort to improve compliance amongst small and medium-sized businesses in partnered industries.

When we interact with a business, we first identify the **accountable** person, and the **responsible** person. Then we tailor our approach so that each of these people **receives** the services and messages appropriate to their role, when they most need them.

The accountable person (usually the business owner) is the person ultimately accountable for the business. We make sure this person understands that they are accountable if returns are not filed, or if taxes are not paid in time—even if the business has a tax agent or an office administrator.

The responsible person (often an office administrator) is the person who manages the tax affairs of the business. We make sure this person has the right information and tools to do their job.

We find that identifying the different roles in a business is a useful approach for Industry Partnership. The new initiative is based on feedback from industry members on how Industry Partnership can better deliver educational services.





Electronic filing

To help us process your client's GST returns faster, here are a few tips.

Period end date

Make sure you've entered the correct period end date. If you have made a request to change the filing frequency of a GST return, you must continue filing returns using the current taxable period until we advise you when to change.

Correspondence

When attaching correspondence to a return, only attach correspondence that is relevant to the return being filed.

If you are filing more than one return at a time and want to transfer a credit against a debit, attach the instructions to the credit return only.

Amended returns

If you are sending in an amended return, please note this on the return, eg when you file your return online, put "amended return" at Box 16B.

This will avoid the need for phone contact to confirm that the return period is correct.

Online filing

Duplicated records

If you are filing your return online, please do not send us the paper return as it may be processed resulting in a duplicate record.

Multiple locations

If you have separately registered branches or divisions where a prime IRD number and various location numbers are involved, please enter the location number at Box 16. Even though returns may be filed under the location number as shown on preprinted forms, our system accepts them under the prime number and location 1.

Error in 2006 IR 3 guide

An error has been found in the printed 2006 IR 3 guide. It relates to the worksheet for ACC earners' levy on page 18.

Box 3 shows the maximum liable earnings of \$92,189. This was the 2005 figure. For 2006 this amount is \$94,226.

The guide on our website and on the tax agents' CD Rom shows the correct figure. We apologise for any inconvenience this may cause.

Tax credits on dividends from the United Kingdom

In line with the standard New Zealand treatment of foreign-sourced dividends, tax credits on dividends from the United Kingdom can no longer be claimed.

Just as franking credits on Australian dividends cannot be claimed as a tax credit in New Zealand, as they represent tax paid by the company, tax credits on dividends from the United Kingdom cannot now be claimed as a foreign tax credit in New Zealand.

As these changes apply from 1 April 2005, tax credits cannot be claimed in the 2005 – 06 income tax returns to be filed this year.

Further information is available from *Tax Information Bulletin* Vol 16, No. 7 (August 2004), and *Tax Information Bulletin* Vol 17, No 7 (September 2005), p 55 as well as www.taxpolicy.ird.govt.nz/international/dta (for the details of the protocol itself).

2006 Version 8 CD Rom

If you require this product you can order it through StationeryXpress and INFOexpress from 15 May 2006. Please note that unlike previous years we will not be posting out this product automatically

Depreciation rates

Legislation has now been enacted confirming new depreciation rates for assets acquired after 1 April 2005 and buildings acquired after 19 May 2005. We hope to have the new rates available on our website by early May.

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:

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AGENTSanswers is also on our website:

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