

# AGENTS ANSWERS

Inland Revenue's tax agents' update

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## Using our online services

At Inland Revenue we are developing more online services to help your business manage its accounts, file schedules and make online payments. Providing these services online will help you make business tax transactions more quickly, accurately and conveniently.

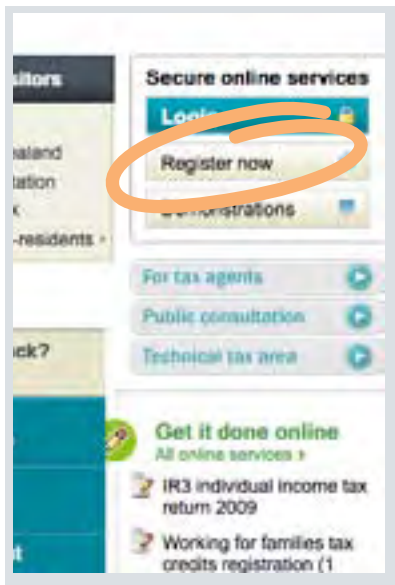
### Send and receive mail

With this service you can exchange (send and receive) secure mail with Inland Revenue. Mail is sent and received using a userID and password so you can discuss tax affairs, child support or student loan in a secure environment.

It's particularly good for agents as you can contact us immediately by email, which will save you time, instead of phoning or writing.

**Note:** This service can't be used to dispute an assessment or determination made by Inland Revenue. You need to use the formal disputes process for this. There is more information in our guide *Disputing an assessment (IR 776)*, which you can find at [www.ird.govt.nz](http://www.ird.govt.nz) under "Forms and guides".

You need to be registered to access the Send and receive mail service. You can do this through "Secure online services" on our website.



When you register to use this service, you may be given access to other secure services on our website:

- **File an employer schedule (ir-File)** – this service is available to employers, tax agents and payroll bureaus
- **Look at Account Information** – this service is available to all customers
- **Client maintenance** – this services is available to tax agents only
- **File a portfolio investment entity (PIE) return** – this service is available to businesses and employers only
- **Manage account access** – this service is available to all organisations
- **GST online filing** – this service is available to all customers. You can submit

your GST return online through our electronic filing system, which uses a secure internet connection. You don't need to register for this service, just select "GST return" from "Get it done online".

To learn more about these services use the interactive demonstrations at [www.ird.govt.nz](http://www.ird.govt.nz) "Secure online services".

Once you're registered you'll have to activate your account. Be sure to make a note of your Online Services userID and password. You'll need these to log in.

If you're already registered for one of the above services but not yet registered for Send and receive mail, your administrator for Manage Account Access can add this service to your profile.

There are lots of ways you can use our online services.

*(continued on next page)*



**Inland Revenue**  
Te Tari Taake

## Welcome to Agents Answers

In this issue: Interest rate changes, our compliance plans, the Tool for business, business guides online, new features for 0800 number, Public Rulings Unit, buyer-created tax invoices, instalment due dates, qualifying companies and LAQCs.

*If you have any suggestions for topics you'd like covered in this newsletter, email [agents.answers@ird.govt.nz](mailto:agents.answers@ird.govt.nz)*

## Our new look

We're rolling out our newsletters with a fresh new look, starting with *Agents Answers*.

Each newsletter has its own distinguishing colour so they'll be easily identifiable but we've applied a consistent layout. This will make it quick and easy for you to find the information you need.

This is the first step in a move to bring you tax information in real time to suit your needs. Other options will follow allowing you to customise your tax news so:

- you can get the information you want
- you can get information when you need it—real time or monthly or both.

We publish a range of newsletters for tax agents and other tax professionals, payroll staff, businesses, corporate organisations, community groups and students.

You can find all our newsletters at [www.ird.govt.nz](http://www.ird.govt.nz) "Newsletters and bulletins".

## Using ir-File

Did you know that as a tax agent you can file *Employer monthly schedules (IR 348)* and *Employer deductions (IR 345)* electronically for yourself and your clients using ir-File?

Filing electronically using ir-File is the most accurate and efficient way to send us employee information.

The benefits for tax agents and employers are that ir-File:

- is secure and accurate
- reduces the time to complete and file an employer monthly schedule
- provides online screen-specific help and an interactive demonstration
- is designed to interact easily with and be supported by payroll software packages
- lets you file both the KiwiSaver employee details (KS 1) form and the KiwiSaver new employee opt-out request (KS 10) electronically.

Go to [www.ird.govt.nz](http://www.ird.govt.nz) to:

- read our fact sheet *ir-File – filing electronically (IR 317)* in “Forms and Guides”
- register for ir-File or view a demonstration in “Secure online services”
- file electronically, see “For tax agents”, “Get it done online”.

### Subscribe now to our online newsletters

Just a friendly reminder that our newsletters will only be available online from now on, so sign up now to receive an email notification when each issue is published. To receive the email just subscribe online at [www.ird.govt.nz/subscribe](http://www.ird.govt.nz/subscribe)

## Our compliance plans for the coming year

Every year, we address areas that pose a risk to the government’s revenue base. We undertake a mix of assistance, education and enforcement activities in response.

This year, you and your clients can get a heads-up about what we’re doing. Our plans are set out in the document *Helping you get it right: Inland Revenue’s Compliance Focus 2009–10*, which is available on our website.

We hope that by being open and transparent, you’ll have a greater understanding of the areas we are targeting. That way you can manage your clients’ tax affairs more effectively—resulting in lasting improvements in compliance.

Our plans will have some relevance to almost all of your clients. The document has sections for different community and business segments:

- small and medium enterprises
- high-wealth individuals

## Interest rate changes

There have been recent changes to two interest rates around use-of-money and FBT.

### Use-of-money interest rates

Use-of-money interest rates on underpayments and overpayments of tax changed on 29 June 2009.

The new rates are:

- underpayment rate 8.91% (down from 9.73%)
- overpayment rate 1.82% (down from 4.23%).

You can find out more information on the tax policy at [www.taxpolicy.ird.govt.nz](http://www.taxpolicy.ird.govt.nz) (keywords: use of money).

### FBT rates on low-interest loans

The prescribed rate used to calculate fringe benefit tax on low-interest, employment-related loans dropped from 8.05% to 6.41% on 1 July 2009.

## Instalment due dates for tax and student loan

The first instalments of provisional tax and student loan interim payments for the 2010 year are due on 28 August. This due date applies to provisional taxpayers who use the standard or estimation option to calculate their provisional tax payments and have a standard balance date.

If you think your clients have something to pay but you’re not sure, you can ask us through “Send and receive mail” (a secure, online service on our website) or call us on:

- 0800 377 776 for SME client enquiries
- 0800 377 778 for student loan borrowers
- 0800 443 773 if you are a large enterprise/corporate client.

- large enterprises
- non-profit groups
- employers
- individuals
- families.

Because tax agents are an important part of the tax system, we’ll continue to work closely with you. You’ll see that “Tax agents” is one of the sections in the plan.

During 2009–10 our areas of focus include: extension of time arrangements, advice on tax planning and structuring, and awareness of fraud and evasion indicators.

Please take the time to read the report. You’ll find it at [www.ird.govt.nz](http://www.ird.govt.nz) (keywords: compliance focus).

We value our relationship with tax agents and we’re looking forward to working with you throughout 2009–10.

## Business guides moving online

We know how important it is for businesses to receive timely information from Inland Revenue. To fast-track this information to you we will be publishing most of our guides online only at [www.ird.govt.nz](http://www.ird.govt.nz). This means we can keep the information current.

We'll also be providing more online options for you to interact with us, such as our Tool for business (see over).

So you can always have the most up-to-date version on hand, the following guides will only be available on our website:

- *IR 260 Depreciation – a guide for business*
- *IR 289 Provisional tax guide*
- *IR 320 Smart business guide*
- *IR 335 Employer's guide*
- *IR 340 Weekly and fortnightly PAYE deduction tables*
- *IR 341 Four weekly and monthly PAYE deduction tables*
- *IR 375 GST guide*
- *IR 409 FBT guide.*

For everything you need to know about business and tax, go to [www.ird.govt.nz](http://www.ird.govt.nz) "Businesses & employers". Here you'll find our online tools, guides, forms and calculators—all the information you need to help you run your business—plus who to go to for advice.

## Inland Revenue's Public Rulings Unit

The Public Rulings Unit is a division of the Office of the Chief Tax Counsel. The Unit was established to provide a real focus on, and commitment to, the provision of public rulings and statements, given their important role in clarifying areas of uncertainty and fostering compliance.

### Customer feedback survey 2009

In early 2009, the Public Rulings Unit ran a customer survey to explore ways of improving its public items and its consultation and publication processes.

A short report is available online at [www.ird.govt.nz](http://www.ird.govt.nz) (keywords: public rulings customer survey). The report sets out what actions the Unit is taking based on comments and suggestions received, together with some brief highlights of the responses.

You can read more about the Public Rulings Unit and the work it does in the article "Inland Revenue's Public Rulings Unit", published in the July 2009 *Tax Information Bulletin*, Vol 21, No 5 (see [www.ird.govt.nz/aboutir/newsletters/tib/](http://www.ird.govt.nz/aboutir/newsletters/tib/)).

## New features being introduced for 0800 numbers

We're introducing a new version of our interactive voice response system. This system manages calls to our contact centres and offers customers self-service alternatives.

Speech navigation will allow our phone system to understand your speech so calls can be directed to a specific point within self-service, or to a staff member, depending on your interaction with the system. When a call is transferred to one of our staff members, the call 'intent' will be displayed on their screen so they'll know immediately what you're calling about.

Another new feature will allow you to be identified (after entering your agency and client IRD number). You'll then be able to complete security verification via your current INFOexpress personal identification number (PIN).

Pilot and testing phases commenced early in August 2009 and you'll be able to use the new system from late September 2009.

Further information will be available from your agent account manager.

## Extension of time agreement

The review of the extension of time (EOT) agreement is now complete.

These are the main changes from the review:

- Interim target dates are now guidelines and will only be monitored if the tax agent's performance is being monitored.
- All clients who are placed on the D-list will be given a due date of 15 May. Agents only need to contact agent account managers if they require a further extension past this date.
- The wording of the L-Letter has changed, based on feedback received, to encourage agents to make better use of this tool.
- The cut-off for issuing the L-Letter has been extended to mid-February.

You can read the new EOT agreement on our website [www.ird.govt.nz](http://www.ird.govt.nz) (keywords: extension time).

If you have any questions contact your agent account manager.

## Donee status – where to find it?

The May 2009 *Agents Answers* referred to the Charities Register as one way to check if an organisation your client has donated to qualifies as a charity. There are also non-profit organisations that aren't charities but qualify for donee status. These organisations won't be listed on the Charities Register. You can find a list of all donee organisations at [www.ird.govt.nz/donee-organisations](http://www.ird.govt.nz/donee-organisations).

## Clarifying qualifying companies and LAQCs

*Agents Answers*, issue 109, February 2009, ran an article on qualifying companies (QCs) and loss attributing qualifying companies (LAQCs). A correction has been made to the following text in that article: "If the company has a trust as a shareholder we require all trustees and *sui juris* beneficiaries to make the election. Make sure you include the names of the trustees and beneficiaries on the election".

It has been changed to: "If the company that is electing to become a QC/LAQC has a trust shareholder we require all of the trustees and at least one beneficiary with legal capacity to sign the election, not all of the beneficiaries" (as stated above).

## Tool for business – have you checked it out yet?

We are keen to make life easy for our customers when dealing with business tax. This is why we've developed the "Tool for business".



We talked about it in detail in the July issue of *Agents Answers*. We encourage you and your staff to take a tour of this new tool at [www.ird.govt.nz](http://www.ird.govt.nz) (keywords: tool for business).

## Buyer-created tax invoices

Sometimes when a sale takes place the buyer (not the supplier) issues the invoice.

### Example

A freezing works buys livestock from a farmer. The freezing works weighs the livestock and values it. So, the freezing works is in the best position to issue the invoice for the supply.

If you have clients that decide the sale price, they must have approval from us to issue "buyer-created tax invoices". An approved buyer-created tax invoice is needed for your client to claim the GST they pay to the supplier.

**Note:** Your clients still need to apply for approval, even if we've recognised that buyer-created tax invoices are appropriate to their industry as a whole.

### What does a buyer-created tax invoice look like?

Firstly, it has to meet the requirements for a regular tax invoice. For example, it must show the supplier's name and GST number. For more detail about tax invoices, go to our website [www.ird.govt.nz](http://www.ird.govt.nz) (keywords: buyer-created) or go to "Forms and guides" for our *GST guide (IR 375)*.

In addition, it must include the words "buyer-created tax invoice – IRD approved" in a prominent place on the invoice.

If you have clients who are charging the supplier for costs, they need to show the sale and costs separately. Don't just provide the net figure. And they need to be sure they add their own GST number to the invoice.

## Applying for approval

You must send us an application letter that covers the following:

- Confirmation that your client helps determine the value of the supply.
- That buyer-created invoicing is the normal business practice for your client.
- An explanation of how approval would help your client and their suppliers comply with the GST Act.
- Confirmation that your client and their suppliers have agreed that only your client will issue a tax invoice—there won't be any "double-ups".
- Confirmation that both your client and their suppliers will keep a copy of the invoice.

Also include a copy of your client's proposed invoice with your application letter so we can check that the invoice meets the requirements.

## Not sure if your client is approved?

We've found that some registered persons have been issuing buyer-created tax invoices without first getting the proper approval. If you have clients that should have approval but you are unsure, call us on the tax agents line, so we can check our records. Your client's GST claims may be disallowed if they don't hold approved buyer-created tax invoices.

For more information on buyer-created invoices, go to our website [www.ird.govt.nz](http://www.ird.govt.nz) (keywords: buyer-created).