



2006 Annual returns

We intend to send you the following 2006 annual returns for your clients by the dates below:

Return type	Dates received by
<i>Companies income tax return (IR 4)</i>	27 April
<i>Estate or trust income tax return (IR 6)</i>	5 April
<i>Partnerships income tax return (IR 7)</i>	7 April
<i>Māori authorities income tax return (IR 8)</i>	29 March
<i>Clubs or societies income tax return (IR 9)</i>	5 April
<i>Registered superannuation funds income tax return (IR 44)</i>	11 April
<i>Resident withholding tax on interest reconciliation statement (IR 15S)</i>	7 April
<i>Non-resident withholding tax on interest, dividends and royalties reconciliation statement (IR 67S)</i>	7 April
<i>Family assistance end-of-year statement for IR 3 filers (IR 541)</i>	10 June
<i>Summary of earnings (IR 544)</i>	27 May
<i>Individual tax return (IR 3)</i>	30 May
<i>Individual tax return for use by tax agents (IR 3A)</i>	30 May
<i>Non-resident individual taxpayers income tax returns (IR 3NR)</i>	30 May
<i>Rebate claim form (IR 526)</i>	10 April
<i>Personal tax summary (IR 537 and IR 538)</i>	30 June

EFILE – summary of earnings and debt letter 1

As part of our continued development of the E-File service we are introducing two key enhancements to assist you to manage your clients' filing and paying requirements. These are the:

- debt letter 1 report – available late April 2006
- summary of earnings report – available early May 2006.

Agents who have an E-File package with software developers that have had these enhancements certified will be sent the information through E-File rather than having to wait for the paper copy.

If you are not registered to use E-File this could be a good time to consider the advantages of using the total E-File package and the benefits that it will bring to your business.

The following link provides full information relating to E-File including all the software developers. Your agent account manager is also able to provide information relating to this service.

www.ird.govt.nz/taxagents/working-ird/e-file/ta-e-file-intro.html

Future editions of *AGENTSanswers* will provide further information about these enhancements.

Linking and delinking clients during April

To ensure that 31 March filing statistics are accurate, bulk transfer requests for client linking and delinking will not be actioned between 1 April and 17 April 2006. Requests for individual linking and delinking will not be affected.

You will be able to link and delink clients through INFOexpress during these two weeks, but only clients that are not linked to another tax agent or agency will be updated immediately.

Requesting any bulk transfer of your client list prior to 31 March will avoid any delays in keeping your list current. Normal services will resume from 18 April 2006.

Please note:

- Letters issued to clients as a result of linking or delinking will not be processed until 18 April 2006.
- The AMBR1006 (weekly activity report) will not be processed on 7 and 14 April 2006. It will resume on 21 April 2006. This report will contain all clients linked and delinked between 1 April and 20 April 2006.



Inland Revenue numbers to change from 8 to 9 digits

From 1 April 2007 IRD and GST numbers are to change from an 8-digit to a 9-digit format. Current projections tell us the 8-digit number range will come to an end by June 2007. To ensure the changeover is successful, we're working with other government departments, ministries and commercial organisations on altering their systems and forms to the new 9-digit numerical range within this timeframe.

In the six to nine months leading up to 1 April 2007, a zero will be added to the beginning of 8-digit numbers to change them to the 9-digit format. For example, 12-345-678 would convert into 012-345-678.

Individuals or organisations applying for IRD or GST numbers from 1 April 2007 will automatically be issued with a 9-digit number.

The two main impacts for tax agents are:

- payroll and internal systems will need to be adjusted
- they may need to field queries from clients.

Payroll and systems

The main impact on an organisation will be the changes needed in the payroll and internal systems, as a leading zero will need to be added to all employee numbers. We're defining the specifications for software developers and payroll providers so their products will be 9-digit compliant.

We want to minimise any flow-on effects to your business by working with your suppliers to automate this transition as much as possible. If your organisation does not use a payroll provider, you must ensure your in-house systems are altered to comply with the specifications available from the software developers' page on www.ird.govt.nz/payroll-employers/software-dev/

If you use E-File to file returns this will be 9-digit compliant from 1 April 2007. We aim to have all preprinted details on our items such as employer monthly schedules and returns to show 9 digits from 1 April 2007.

Client queries

As we begin to communicate the intended change in IRD and GST numbers, your clients may start to ask questions. Clients with existing numbers need do nothing, as we'll move them automatically to the new number range. They'll notice these changes from 1 April 2007 when they receive statements, notices of assessment, income tax returns and GST returns.

It's important that you remind your clients to take note of their new 9-digit number for use in future discussions with us.

We're currently investigating how to communicate the change to the wider public so that they understand what they need to do. You'll receive additional information in the future from us.

If you have any questions about these changes please contact Frank Easton, Project Manager, email frank.easton@ird.govt.nz

Language Line

Child Support is now using Language Line, a telephone interpretation service managed by the Office of Ethnic Affairs to help customers who don't speak English as a first language.

Since this service started, 260 successful interpreting sessions have been carried out. In total, 15 languages were asked for, with the most requested being Samoan (86), Tongan (33), Mandarin (29) and Cantonese (22).

The effectiveness of the service in meeting the needs of our customers, and in providing education to a section of the community who may otherwise miss out on information, will be fully evaluated in June each year.

Urgent fax number

Please note that the Upper Hutt Processing Centre 24-hour urgent fax number for agents has been changed to 04 920 1755.



Legislative programme

Here is an update of the progress of the bills released in the 2005 budget affecting small businesses. The select committee considering these bills is likely to recommend delaying the application dates and Parliament will probably agree to them. All this is expected to take place in March 2006.

The proposed new application dates are:

- The first part of the proposal to align provisional tax and GST payment dates is to change the GST due date.
Proposed new date: *Delayed for one year, from 1 April 2006 to 1 April 2007.*
- Aligning the provisional tax payments with GST due dates and basing provisional tax payments on a percentage of GST turnover for a year.
Proposed new date: *Moved from the 2007-08 income year to the 2008-09 income year.*
- Providing a subsidy to employers who engage a payroll agent.
Proposed new date: *A delay of six months, from 1 April 2006 to 1 October 2006.*
- Depreciation—low value asset threshold increase. *No update since the reintroduction of the bills in November 2005.*

Progress of these bills can be followed at www.taxpolicy.ird.govt.nz/

New registrations for ceased tax types

Tax agents can currently remain linked for tax types after they have been ceased, which means they can continue to get information on that account.

Please note that if we add a new record for a tax type that was previously ceased, the existing agent authority will cease for that tax type, as it applied only to the previous registration. If you still hold written authority, you'll need to relink for the tax type in question.

Example

A taxpayer (employee) was previously self-employed and GST-registered. They are about to become self-employed again, so their tax agent sends through a new GST registration form.

Inland Revenue processes the GST registration form, and a new GST record is opened. The existing tax agent link for GST ceases. The tax agent still holds written authority and so they relink for GST.

Reconfirming the agent's authority helps protect the client's privacy. It's important to have this process in cases where a new record is created but the agent on the ceased record no longer acts on behalf of the client.

You can relink the client through filing a *Client linking or delinking (IR 795)* form, through INFOExpress or through E-File.

Clients who are unable to file their return by 31 March

If you haven't done so already, now is the time to contact your agent account manager about any clients you think will be unable to file their income tax returns by 31 March, because of circumstances outside their control. In these cases we can defer policing action for their returns by recording a "D" status for the client.

Circumstances where a client may qualify for a "D" status include:

- difficult personal circumstances involving the client (for example, serious illness)
- unavoidable difficulty or delays in obtaining third-party information
- pending legal proceedings
- other non-personal circumstances beyond the client's control where the client's records are damaged or destroyed (for example, major computer systems failure, major fire or flood).

The above criteria will also be taken into account if they affect a related entity and you expect flow-on effects.

You should contact your agent account manager or corporates account manager if you have clients whose circumstances you feel may qualify them for "D" status.

Clients who do not file their 2005 income tax return by 31 March 2006 and who are charged a late filing penalty will lose their extension of time (EOT) for their 2006 return. In these cases they will need to file both their 2005 and 2006 income tax returns by 7 July 2006 to have their EOT reinstated for 2007.

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 shows the correct figure. We apologise for any inconvenience this may cause.





“ Look ” what’s in the Look at Account Information service

These articles describe just some of the information you can get direct access to online at www.ird.govt.nz. We get updates into Look at Account Information directly from the source and it contains the most up-to-date information we hold about your clients. Why not go straight online and avoid waiting on the phone?

Amount due – 7 April 2006

Need to confirm a client’s liability due on 7 April? The amount due on this date, along with a description, is available in the “Income Tax Account Detail” screen, just under the transaction details.

This balance is the up-to-date amount we have recorded in our system.

As well as paying by cheque and at any Westpac branch, most major banks offer online payment options so that you can complete the whole process online.

Earnings details

Have you viewed the additional earnings details that are now available in the Look at Account Information service?

You can check earnings details for previous years (back to 2003) as well as for 2005 and 2006. The 2006 details are updated each month as we receive the information from employers.

Not only are the gross income and total earnings not liable for ACC and PAYE deductions available, but each employer/payer is listed, and you can see monthly breakdowns of the gross income and PAYE deductions.

Earnings details can be accessed from the “Income Tax Account Summary” screen—there is a link in the middle of the screen (Earnings Information).

The graphic below shows the screen layout:

Earnings and Income Detail
01 April 2004 - 31 March 2005

Client Name IRD NO:

Income from Salary, Wages, Benefits or Taxable Pensions

Employer or Payer	Earnings not liable for ACC	PAYE Deductions	Gross Income
<u>Employer / Payer Name</u>	00.00	40.01	247.00
TOTAL	00.00	40.01	247.00
Less ACC Earnings levy		2.96	
TAX DEDUCTIONS		37.05	

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