



A new look ir-File system

We have enhanced the ir-File look and feel to match our website. We have done this to make it easier for you to use ir-File. You can now move backwards and forwards through our website without losing your place. We've introduced new features to improve our service to you and we've also made some enhancements as suggested by a number of you. For instance, we have added a sort function on the top menu bar of your ir-File workspace. This lets you organise and sort the details in your workspace according to your individual requirements. For example, you may want to sort your employer monthly schedules by return period. All you need to do is click on the down arrow next to "Return period".

For more information on ir-File changes please see the June issue of *Payroll News*. You can get this from our website www.ird.govt.nz/aboutir/newsletters/payroll-news/

Note: Although ir-File has a new look and we've added some enhancements, we have not made any changes to the way you file your electronic employer monthly schedule.

What will change in the future

The new look you will experience with ir-File will be applied to the following services shortly:

- Online services (remaining webpages)
- Send and receive mail, and
- Look at account information

If you have any questions about the new look ir-File please phone us on **0800 473 829**

Using our urgent fax service

When faxing urgent IRD number applications for clients, please make sure that you also fax through a *Client linking/delinking (IR 795)* form. This is required before the IRD number can be released.

This fax line is also being used for general correspondence and, as a result, is causing delays in issuing IRD numbers.

We have introduced the online service to send and receive mail. If you have not already registered for this service and wish to use your tax agency's IRD number, you will require a visit from your agent account manager. Personal customers registered for another online service that requires userID and password can automatically access this service.

IR 8 annual income tax return

There have been changes to the IR 8 this year and all keypoint changes have been noted in the guide. However, there are two significant changes.

1. There is no longer any requirement to differentiate between under 20 and over 20 owners. All Māori authorities are taxed at the same rate.
2. We have introduced a new keypoint, 8B, for Māori authorities to add in any taxable distributions they received from another Māori authority.

The IR 8J Māori authority credit account (MACA) also needs to be completed and is attached to the IR 8. The following information must be shown in this return:

- the opening balance
- the amount and source of all debits
- the amount and source of all credits
- the closing balance.

All Māori authorities maintaining a MACA must complete a statement advising us of the total amount of distributions of credits made to its members. If no distributions have been made, a nil statement must be completed. It is important that the above return and statement are sent with the *Māori authorities (IR 8)* income tax return.

Disputes products

As a result of the new disputes rules that came into effect from 1 April 2005, the following forms and booklets have been updated and have a version date of April 2005:

Notice of proposed adjustment (IR 770)
Notice of response (IR 771)
Statement of position (IR 773)
Notice of waiver of time bar (IR 775)
Disputing an assessment booklet (IR 776)
Disputing a notice of proposed adjustment (IR 777)
If you disagree with an assessment (IR 778)

These versions are now available on our website and through INFOexpress and should generally be used for all disputes that commence on or after 1 April 2005.

If you have stocks of the old forms dated 2000 they should only be used for disputes that commenced prior to 1 April 2005.

Reminder

To be "valid" in law your NOPA must be in the "prescribed form". As a minimum requirement, the Commissioner requires a NOPA to be attached to the IR 770 cover sheet and its contents to follow the format of the headings from the IR 770. The cover sheet of the form clearly notifies Inland Revenue that the document received is a disputes document and must be actioned promptly.



KiwiSaver

KiwiSaver is a voluntary, work-based savings scheme, due to start in April 2007, to help New Zealanders save. In general, Inland Revenue will administer the scheme using the existing PAYE tax system.

The initiative was announced in Budget 2005 as part of the Securing Your Future package. The government expects to introduce legislation towards the end of 2005, so that the scheme can be passed into law in 2006.

Under the proposal:

- employees over 18 will be automatically enrolled into KiwiSaver when they start a new job, but can opt out within three weeks if they choose to
- existing employees and workers under 18 will be able to join if they wish
- contributions will be at 4% or 8% of gross salary and will be "locked in" except for certain circumstances (such as hardship, illness or retirement)
- after a minimum of three years in the scheme, savings may be used to contribute toward a deposit on a first home
- self-employed and beneficiaries may join but need to make payments directly to Inland Revenue
- the government will make an upfront contribution of \$1,000 per person (to be "locked in" until the recipient reaches the age of eligibility for NZ Superannuation or for five years whichever is the greater) and provide a fee subsidy.

Savers will be able to select their own fund and can change fund providers, but can only have one provider at any time. Those who do not specify a fund will be randomly allocated to a default provider. Savers can stop contributions for up to five years at a time by applying for a "contribution holiday".

Employers will have responsibility for:

- distributing an information pack about KiwiSaver, provided by Inland Revenue, to their employees outlining how the scheme works, and
- deducting employees' contributions and forwarding them to Inland Revenue along with PAYE.

Employers will not be required to choose a KiwiSaver scheme for their employees to join but they may do so if they wish. Employers may use the infrastructure provided by the government through KiwiSaver to contribute to their employees' accounts, with some flexibility over the terms and conditions of those payments.

Existing superannuation schemes will have the option of converting to KiwiSaver, subject to certain criteria. Members of other schemes may choose to open a KiwiSaver account, instead of or as well as, their existing scheme.

More information about KiwiSaver is available on Inland Revenue's website www.ird.govt.nz/kiwisaver/

SPS 05/02 – Income Tax Act 2004 – Penalties and interest arising from unintended legislative changes

This standard practice statement (SPS) sets out the treatment of shortfall penalties and use-of-money interest when a tax position is taken under the Income Tax Act 2004 and a confirmed unintentional legislative change gives rise to a tax shortfall.

This SPS can be found in *Tax Information Bulletin (TIB)* Vol 17, No 5 (June 2005) and is also available on Inland Revenue's website at www.ird.govt.nz

FBT on low-interest loans up

The rate used to calculate fringe benefit tax on low-interest, employment-related loans will rise from 8.76% to 9.01% from 1 July 2005. For more information see the government's media statement on www.taxpolicy.ird.govt.nz

Deemed rate of return increases

The deemed rate of return used for taxing foreign investment fund interests has increased from 9.45% to 10.17% for the 2004–05 income year. For more information see the government's media statement on www.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 contact:

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AGENTSanswers is also on our website:
www.ird.govt.nz/taxagents/newsletters/agents-answers