



**Inland Revenue**  
Te Tari Taake

**IR9XA**  
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# **Tax agents' extension of time (EOT) agreement**

**For filing period 1 April 2020 to 31 March 2021**

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## Purpose of this agreement

This agreement explains how tax agents can spread out filing their clients' income tax returns and achieve 100% filing by 31 March each year.

Interim dates are provided each year to help tax agents keep track of their filing targets.

This document explains the 2020-2021:

- EOT agreement
- interim guideline dates and expected filing percentages
- performance monitoring using myIR and how to reach 100% filing percentages
- reasons a client's or agent's EOT may have been withdrawn and how to have this reinstated.

The EOT agreement makes provisions for excluding clients from the 31 March target percentage if they're late providing the information necessary to file a return.

The agreement also allows for special arrangements where a client's return is affected by exceptional circumstances.

This agreement is negotiated between Chartered Accountants Australia and New Zealand (CA ANZ) and us (Inland Revenue). The administrative details of applying an automatic EOT to tax agents are regularly reviewed.

We apply the terms and conditions of this agreement to all tax agents, whether they're members of CA ANZ or not.

## Extension of time (EOT) arrangements for filing returns

### Why have an EOT?

Legislation requires income tax returns to be filed by 7 July each year. Tax agents often have large numbers of clients so it would be unrealistic to expect them to file all returns by 7 July.

The Commissioner can give clients of tax agents an EOT to file their income tax returns (to 31 March) and make their income tax payment (to 7 April) of the year after the assessment.

By extending these timeframes it allows:

- tax agents to spread return filing over a year rather than having 1 peak period
- us to maintain an even flow of processing tax returns over a 12-month window, and make sure no work is carried over to the next filing year.

Refer to page 8 for legal references relating to EOTs.

### Who qualifies for an EOT

Tax agents who meet most of their filing targets and clients with good filing history will generally qualify for an EOT.

### EOT Interim guideline dates

EOT monitoring and stats now include any client with an active income tax account.

The following interim dates and percentages apply as your tax return filing guidelines:

- 40% of clients' returns filed by the second Friday in September 2020
- 60% of clients' returns filed by the second Friday in November 2020
- 80% of clients' returns filed by the second Friday in February 2021.

Following these guidelines will help you achieve 100% of client returns filed, and automatic calculations for income tax confirmed, by 31 March 2021.

We send you a letter to remind you of your filing requirements and current filing percentage for clients with an EOT before each interim date.

This letter is sent electronically in myIR to all owner and administrator web logons. If you do not use myIR, the letter is sent by post.

## Filing performance as at 31 March

We measure filing performance for those clients who have an EOT. This does not negate from the expectation that in utilising the EOT provisions, you'll aim to file 100% of your clients' returns.

If you file 100% of client returns you'll get a letter of achievement confirming you've achieved the expected filing percentage.

If you file 98% or above you'll get a letter of achievement, with encouragement towards the goal of 100% for the following year.

If you achieve 90% up to 98% you'll also get a letter confirming your filing statistic results.

## Negotiated personal guidelines

We'll send you a letter of caution if you file less than 90% of required returns.

Your account manager will also supervise your filing performance for the following year. This may include negotiating interim guidelines that better suit your business, but will still include the requirement to file 100% of required returns by 31 March.

## Continued low filing performance

If you file less than 90% of required returns 2 years in a row, we'll issue a written notice to advise we're considering withdrawing your EOT.

Your account manager will then meet with you to discuss the circumstances that led to the failure. Following this meeting, we may continue, cancel or renegotiate the EOT arrangement.

If you're not satisfied with our decision, or think you've been treated unfairly, you may ask us to reconsider the decision.

## Reinstating a tax agent's EOT

If your EOT is withdrawn, it will not be reinstated before the end of the following filing year.

Any reinstatement of your EOT is at the discretion of your account manager and will be based on your past and current filing performance.

If you're not satisfied with our decision, or think you've been treated unfairly, you may ask us to reconsider the decision.

# Tools to help tax agents manage client filing

## EOT dashboard

In myIR you can view:

- your agency's filing performance
- the performance breakdown for client lists
- which clients have had an **L letter** issued or have **Deferred status**.

## Reports

You can generate a variety of reports in myIR to help manage your return filing. These reports can be exported to excel.

All reports indicate the:

- period covered
- date produced
- agency's IRD number and name.

A **client list report** is available in myIR to owners and administrators, and provides a high-level overview of client information (including clients who have an EOT). This report replaces many of the previous paper-based reports that were issued to tax agents on a regular basis. You can generate the client list report whenever required by the agency.

More information can be found on the **Top solutions for tax intermediaries** section on our website, under the **Resource Library**. Go to **ird.govt.nz** and search for **Top solutions**.

The agency activity report will show changes made to your clients' records (including changes to their EOT status).

## Late provision of information (L letter)

If a client has not provided you with the information needed to complete their tax return, you can ask us to issue an L letter to remind the client to provide you the information.

You can issue a reminder letter in myIR from the **Tax preparer** tab.

L letters are available between 1 August and 14 February the following year.

An example of the L letter is on page 7.

## Deferred status for clients with exceptional circumstances (D status)

We cannot grant an EOT beyond 31 March due to legislative constraints. However, in some circumstances clients cannot file their returns by 31 March through no fault of their own.

If this is the case, you can apply to change the client's EOT status to deferred (D status). You can only apply for D status if the client has either:

- an existing EOT
- received an L letter.

D status can be applied for in myIR from the **Tax preparer** tab.

If D status is granted, we'll delay asking for the client's outstanding return until after the new agreed date. You'll need to contact your account manager if circumstances continue to prevent the return being filed.

After 31 March, these clients will automatically be restored to your client list for filing their following years' returns.

D status applications are available between 1 August and 20 March the following year.

## Request to withdraw a client's EOT

If you have a client who is not responding to requests for records, information or to sign off their accounts, you may want to remove their EOT.

You need to contact us to request a client's EOT be withdrawn.

## Other EOT information

### Request to reinstate a client's withdrawn or returns overdue EOT

A withdrawn or returns overdue EOT may be reinstated for a client for the following filing year if either:

- all overdue returns are filed, and the current year return is filed before a late filing penalty is applied
- due to circumstances, it's unrealistic to expect the client to file their current year return before a late filing penalty is applied.

Approval for reinstatement of the client's EOT may be negotiated, as long as both:

- the reasons for not filing earlier year returns by 31 March have been reviewed, and where possible remedied
- you give us a written undertaking that your client's current year return will be filed by 31 March.

Where a written guarantee cannot be provided, an individual EOT may be negotiated.

If you want to apply for an EOT reinstatement, you need to contact us before any late filing penalty is charged.

### New clients and EOT

When you link a new client who has 2 or more outstanding returns at the time of linking (returns overdue EOT), an EOT is not automatic.

If you take on a client and find they have returns outstanding for 2 or more years, there are 2 options.

1. If the returns identified are not required to be filed, update the customer's income profile in myIR and contact us to have their return filing status updated.
2. You, or the client, can apply for an individual EOT arrangement, as long as the extended EOT timeframe has not expired.

### Returns outstanding after 31 March

Any returns outstanding after 31 March will be subject to enforcement action. We'll maintain open communication with you to prevent any misunderstandings over actions that may be taken for overdue returns.

A warning letter will be sent approximately 10 working days after the due date to advise the return has not been filed.

If the return is filed within 30 days from the date of the warning letter, no late filing penalty will be applied and the EOT will not be withdrawn.

If you have not filed 100% of your returns by 31 March and have not contacted us, we may contact your client directly to discuss their outstanding return.

### List of tax agents

We keep a list of all organisations and people that have tax agent status. Inland Revenue account managers are responsible for maintaining this list.

After a thorough review, we may remove a tax agent from the list of recognised tax agents if the Commissioner is satisfied that continuing to list the tax agent, or tax agency would adversely affect the integrity of the tax system and/or the tax agent is no longer eligible to be a tax agent.

Some examples where we'll consider removing a tax agent include:

- poor compliance history including personal debt and outstanding returns
- poor filing performance
- found guilty of a dishonesty crime under the Crimes Act
- found guilty of an offence or breach by their professional body
- convicted of an offence under the Tax Administration Act.

You can find more detailed information in the **Tax Information Bulletin** - Vol 20, No 3, April 2008 (page 65).

## Copy of the "L letter"



www.ird.govt.nz



IRD number  
Reference  
Issued

Dear

**Income tax return for the year ending 31 March \_\_\_\_**

**Your tax agent requires information to file this return**

Your income tax return for the year ending 31 March \_\_\_\_ is due 31 March \_\_\_\_.

### What you need to do

You need to provide the information required to file this return to \_\_\_\_ as soon as possible.

### If your return isn't filed on time

If your tax agent doesn't get the information they need to file your return on time, it could result in:

- a late filing penalty charged to your account
- a default assessment (estimate of your tax liability) being added to your account
- withdrawal of your extension of time for filing future income tax returns
- prosecution for failing to file.

### Your responsibilities

Even though you have a tax agent, it's your responsibility to make sure your return is filed by 31 March \_\_\_\_\_. Contact your tax agent to discuss when you'll provide your information to them.

If you've recently given your agent all the information they need, you don't need to do anything further.

### Talk to your tax agent about future returns

Find out when you need to provide the required information to file your income tax returns on time.

Yours sincerely

# Legislation relating to EOT

All references are to the Tax Administration Act 1994 (TAA).

## Section 3

The definition in section 3(1) of the TAA sets out that a tax agent is a person who:

- is eligible under section 124C(3) of the TAA to be a tax agent, and
- is listed by the Commissioner as a tax agent, and
- has not been removed from the list of tax agents.

## Section 124C

Section 124C sets out the eligibility criteria to be a tax agent.

A person is eligible to be listed as a tax agent if they prepare the returns of income required to be filed for 10 or more other persons and is:

- a person carrying on a professional public practice, or
- a person carrying on a business, occupation or employment in which annual returns of income are prepared and filed, or
- a person employed by a company that is a member of a group of companies, and returns of income are prepared and filed by the company for the group
- the Māori Trustee.

Section 124C also:

- requires the Commissioner to compile and maintain a list of tax agents, and
- explains how to apply to be listed as a tax agent.

## Section 124E

Section 124E requires:

- the Commissioner to collect the names of key people from tax agent organisations, and
- a tax agent entity to provide certain information to the Commissioner.

## Section 124G

Section 124G:

- allows the Commissioner to refuse to list someone as a tax agent, when listing the applicant as a tax agent would adversely affect the integrity of the tax system and/or the applicant is not entitled to make the application
- allows the Commissioner to remove someone from the list of tax agents, when continuing to list the applicant as a tax agent would adversely affect the integrity of the tax system and/or the applicant is not eligible to be a tax agent, and
- requires the Commissioner to provide certain information before refusing to list a tax agent or removing them from the list.

## Section 37

Section 37(3) allows the Commissioner to give individual taxpayers an extension of time to file tax returns. This extension is decided on a case or class of cases basis to a date that the Commissioner thinks appropriate under the circumstances.

Section 37(4) allows the Commissioner to "extend a tax agent's time for furnishing a return of income for any taxpayer to a date that the Commissioner thinks proper in the circumstance, if the Commissioner is satisfied that:

- a) the tax agent is unable to furnish the return of income on or before the date set by subsection (1), or
- b) it would be unreasonable, having regard to the circumstances of the tax agent preparing the return, to require the return to be furnished on or before the date set by subsection (1)."

Sections 37(4B) and (5) allow the Commissioner to give tax agents' clients extensions of time to file income tax returns up to, but not beyond, 31 March of the following year.