



Upcoming changes at Inland Revenue

Webinar for Tax Agents & Bookkeepers
23 October 2019, 2:30 – 3:30pm



Inland Revenue
Te Tari Taake

Welcome to your webinar



*Rochelle Cole,
External Relationship
Manager*



*Nick Wilkins,
External Relationship
Manager*



Inland Revenue
Te Tari Taake

How to participate



Slides

A screenshot of a Q&A panel. It has a title bar 'Q&A' and a large empty text area. Below the text area is a label 'Enter your question' and a blue 'Submit' button. An orange arrow points from the text 'Submit your questions here' to the 'Enter your question' field.

Submit your questions here

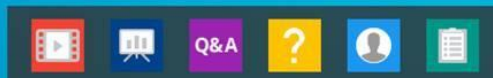
A screenshot of a survey panel. It has a title bar 'Survey' and four questions, each followed by a 'Select a Choice' dropdown menu. The questions are: 1. Rate your level of understanding of the upcoming changes. 2. Rate the webinar presentation in terms of the following: the sound quality was good. 3. Rate the webinar presentation in terms of the following: the pace at which info was shared was appropriate. 4. Did you have any technical difficulty signing up for, or during the webinar?

Survey panel

A screenshot of a 'Speaker Bio's' panel. It lists two speakers: Rochelle Cole and Nick Wilkins, both External Relationship Managers at Inland Revenue. Each has a profile picture and a brief bio. Rochelle's bio mentions her 10 and a half years at Inland Revenue and her focus on bookkeepers, tax agents, and intermediaries. Nick's bio mentions his 13 years at Inland Revenue and his role in supporting tax intermediaries and the Business Transformation Programme.

Presenter info

Control panel



Why are we changing?

We're making tax and payments simpler and more certain for individuals



Fair



Easy to get right



Quick to self-manage








Provide confidence



Less cost

Our transformation

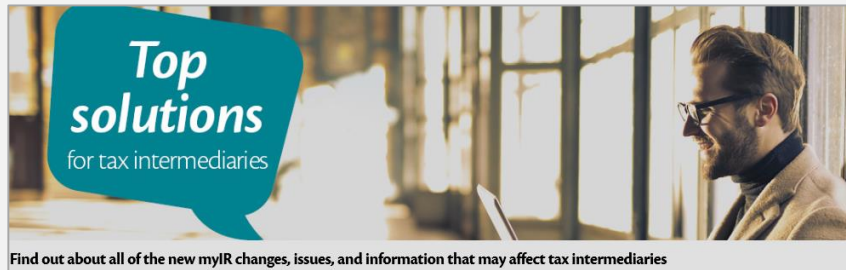
2016/17	2017/18	2018/19	2019/20	2020/21
Stage 1 Enable secure digital services	Stage 2 Streamline tax	Stage 3 Streamline social policy	Stage 4 Complete the future revenue system	
				
Release 1 – Feb 2017	Release 2 – April 2018	Release 3 – April 2019	Release 4 – April 2020	Release 5 – April 2021
<p>Making it easier to manage GST:</p> <ul style="list-style-type: none"> ▪ file and pay at same time ▪ amend previous returns ▪ set-up instalment arrangements and direct debits <p>▪ NZ Business Number recognition</p> <p>▪ Digital registration for migrants and company entities</p>	<p>Making it easier to manage:</p> <ul style="list-style-type: none"> ▪ withholding taxes ▪ fringe benefit tax ▪ gaming machine duty ▪ Wine equalisation tax (WET) ▪ AIM (provisional tax) ▪ Automatic Exchange of Information ▪ Payday filing (<i>voluntary</i>) 	<p>Making it easier to manage:</p> <ul style="list-style-type: none"> ▪ income tax ▪ provisional tax ▪ imputation ▪ Working for Families ▪ Payday filing (<i>mandatory</i>) ▪ Reduce PAYE electronic filing threshold ▪ Changes to investment income reporting (<i>voluntary</i>) and KiwiSaver 	<p>Making it easier to manage:</p> <ul style="list-style-type: none"> ▪ KiwiSaver ▪ Student loans ▪ Investment income reporting (<i>mandatory</i>) ▪ New R&D incentives ▪ Write-off rules ▪ Short process rulings ▪ Reserve schemes <p>Further changes for employers:</p> <ul style="list-style-type: none"> ▪ Single employer account ▪ Coordinated approach to notifications 	<p>Making it easier to manage:</p> <ul style="list-style-type: none"> ▪ Child support ▪ Paid parental leave ▪ Duties ▪ Unclaimed monies ▪ Customers can see all their info in one place ▪ Changes for WfFTC

Our previous release was significant

- Income tax and Working for Families – new systems and processes.
- New automatic year-end process.
- Payday filing become mandatory
- PAYE electronic filing threshold reduced
- New reporting requirements for employment and investment income information.
- New Inland Revenue website & revamped digital channels and services.

Single view of customer in our new system

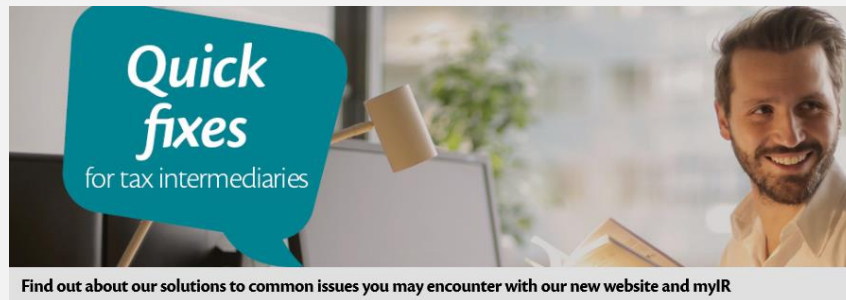
It wasn't all plain sailing



Check on progress



Issues as they happen



View all solutions



<https://www.classic.ird.govt.nz/campaigns/2019/top-solutions/>

New year-end process ran for the first time

More people received refunds or a bill for tax to pay compared to last year

2018

773,000 people received refunds

\$383.9 million paid in refunds

2019

1.3 million people received automatically issued refunds

\$572.2 million paid in refunds

Employers are now Payday filing

Majority of employers (98%) filing digitally

The next phase of our transformation: April 2020

Making it easier to manage:

- KiwiSaver
- Student loans
- Mandatory electronic investment income information reporting
- New R&D incentive
- Write-off rules
- Short process rulings

Further changes for employers:

- Single employer account
- Consolidated approach to notifications

Research & Development Tax Incentive

- In conjunction with Callaghan Innovation and MBIE.
- 15% tax credit for eligible R&D activities
- Eligibility tool and guidance material on IR website.
- Eligibility includes:
 - minimum \$50,000 of eligible expenditure in income year (unless using an approved research provider)
 - maximum eligible expenditure \$120M
- Enrol for the Tax Incentive in myIR.

Short process rulings

- New process - interpretation of legislation.
- From 1 October 2019 eligible customers can apply.
- Eligibility
 - Annual income of less than \$20 million
 - Tax at stake - less than \$1 million
- Apply, pay and track status through myIR.
- Cost: \$2000 (inclusive of GST).
- Turnaround time: 6 weeks.



Ring-fencing rental losses



- Can no longer reduce tax liability by offsetting residential rental property losses.
- Ring-fenced deductions carried forward - only used against residential rental or sale of property income.
- Some tailored tax codes will need changing.

Helping customers get it right

The information provided by third parties is key to helping customers get things right



Employer changes

- File and pay with employment information submitted.
- Improved automatic return validations.
- Consolidated approach to employer notifications.
- Improvements to employee on-boarding process.
- Collecting additional data from employers - Hours paid (via digital channels only)
- Notices when an employee's student loan is close to being paid off.
- Transactions visible sooner.

Investment Income filing

- More frequent reporting of investment income
- Payers to provide additional information (where held)
- Currently optional – mandatory from 1 April 2020
- File electronically
- Non-declaration rate for RWT on interest income increases to 45%
- Multi-rate PIE annual returns now due on 15th May

Some administrative changes:

- Removing need for some end of year tax certificates
- Improved error correction processes
- Earlier reporting for annual returns (IR15S/IR67S) during transition
- Additional record keeping requirements for NRWT

RWT exemption register

Certificates no longer issued from 1 April 2020.

- RWT exempt status will show on electronic RWT exempt register.
- If you already have a valid RWT exemption certificate – your IRD number will be automatically added to the register.
- If seeking RWT-exempt status you will still need to apply to IR

Student loans

- Administered in new system
- Interest no longer charged and written off. Statements will be easier to read. *
- Employer notified where possible, when loan is close to being paid off. *
- Repayment holiday renamed “temporary repayment suspension”. *
- Unable to pay - medically unable to work/care for yourself, apply to be treated as overseas – interest free. *

**Subject to passage of legislation*



A new look for student loans in myIR

- Improved look including:
 - Simplified view of total balance and upcoming/overdue obligations
 - Interest free or not.
 - Travel movements.
- Customers can do more things online
 - Tell us where you want any overpaid student loan payments to go.
 - Easy access to multiple payment options, including direct debits from Australia, UK, Europe (SEPA), USA and Canada
 - Improved repayment and day count calculators
 - Application for hardship and reduced deduction rates
 - Provide world-wide income

Working for Families Tax Credits (WfFTC)

- New entitlement instalment arrangement option.
- Automatically offset partner's income tax credit.
- Change in payment due date – partner's extension.
- New customers – request backdated entitlement.



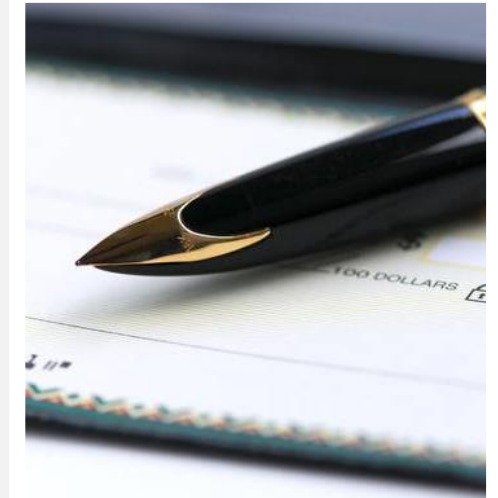
KiwiSaver: Member changes

- KiwiSaver administered in new system.
- Enhanced visibility of funds in myIR.
- Employer contributions sent to Scheme Providers faster
- Faster voluntary transfers between Scheme Providers
- Reduction of holding period from 3 to 2 months
- Funds to Scheme Provider faster - retirement savings grow faster.



Changes to payment methods

- Cheques no longer accepted from 1 March 2020.
- Alternative ways to pay, including:
 - Direct credit payments
 - Automatic payments
 - Dedicated tax payment option (via the bank)
 - Pay online
 - through myIR
 - direct debit or debit card on ird.govt.nz
 - Overseas payments
 - Pay in person at Westpac bank.



Improved digital services

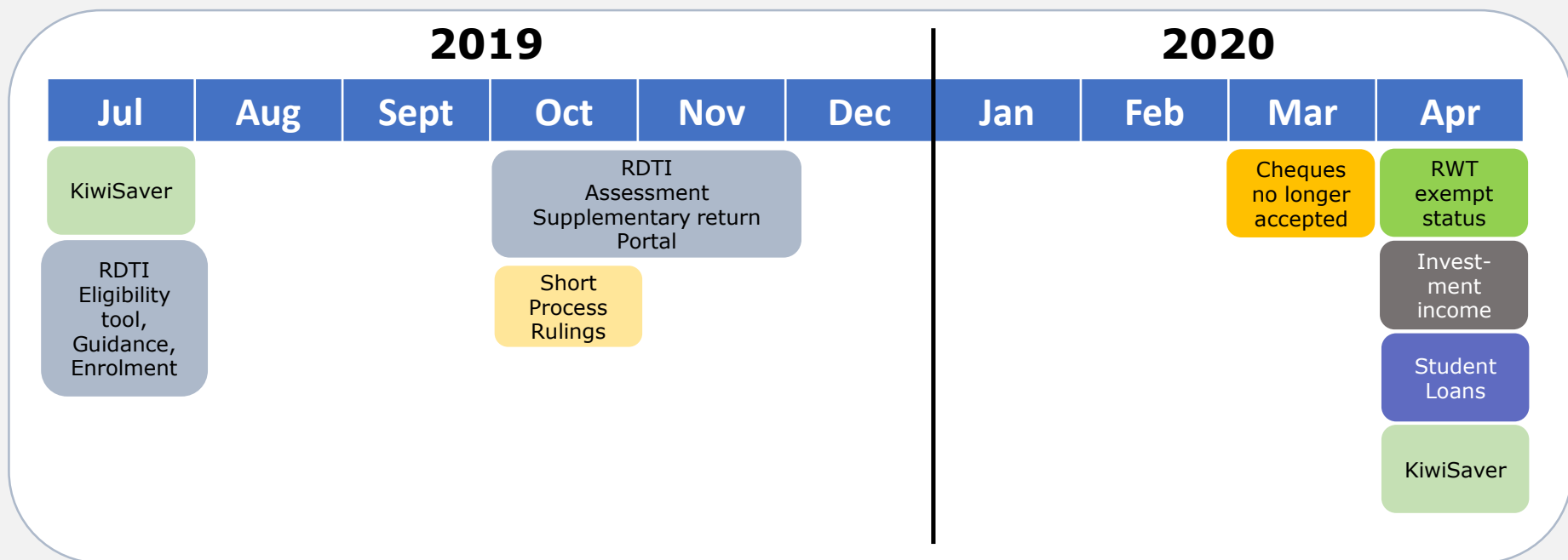
- New and expanded services for software providers and intermediaries.
- Improved data quality and validations.
- New Gateway Services for intermediaries filing tax on income, investment income and associated data exchange.
- New channel options for intermediaries - submit income tax info.
- Extending development portal - online support and developer resources.



Recap: When are the changes effective?

Most changes will be effective April 2020.

Some are effective earlier:



Time for Q & A

**Enter your questions
on your screen in the
“Enter your question”
section**



Thank you for your time

Find future webinar topics & On Demand sessions on
<https://www.classic.ird.govt.nz/transformation/transformation-webinars.html>

Any other questions?
Send them to IRTransformation@ird.govt.nz