

AGENTS ANSWERS

Inland Revenue's tax agents' update

Issue No 209 • February 2018 • IR787



Inland Revenue
Te Tari Taake

REMINDERS

7 February: Income tax payments, student loan repayments and Working for Families Tax Credit overpayments are due for clients without an extension of time or not linked when assessed.

9 February: This is the third interim filing date for tax agents with an EOT when 80% of returns should be filed for clients with standard balance dates.

15 February: This is the last day for requesting L letters to be issued.

28 February: Provisional tax payments are due for ratio option clients who have a March balance date. January GST returns and payments are also due.

Note: If a due date falls on a weekend, public holiday or provincial anniversary day, we can receive your return and payment on the next working day without a penalty being applied.

If you have any suggestions for topics you'd like covered in this newsletter, email agents.answers@ird.govt.nz

Next round of changes in our business transformation

We're in the process of modernising the tax administration system. The first stage was last February when we moved GST onto our new computer system.

For the next stage of changes in April we'll be:

- introducing a new option for provisional tax
- moving more tax types onto the new computer system, including Fringe Benefit Tax, and
- replacing ir-File with a new Payroll returns account.

Quick, easy option for managing provisional tax

AIM – the new provisional tax option – is going to be simple to set up and manage for your clients.

If your clients' records are up to date in their accounting software then there's very little work to do. When you set up your clients in AIM at the beginning of the tax year the software will check the tax treatment of a few key accounting adjustments.

During the year the accounting software does all the calculations and will produce a statement of activity for your client, and tell them how much to pay (or whether there's a refund due) and when.

Even if there's a top-up payment needed at the end of the year, there's no interest or penalties for AIM users, as long as the client pays what the software says, on time and in full.

AIM-capable software will be available from April this year from:

- MYOB (MYOB AccountsRight Live, and MYOB Essentials Accounting)
- Reckon (APS software), and
- Xero (Xero Tax Practice Manager).

Read more at www.ird.govt.nz/aim

Some of our services will be unavailable from 12-17 April

To implement the next stage of our business transformation we need to temporarily close down some of our services. A lot of work has gone into determining the most suitable timing for this. We've considered things such as key filing dates; we wanted to avoid disruption around the 7 April due date. We also spoke to tax agents, who said

(continued on next page)

(continued from previous page)

mid-April is a good time traditionally as there is a lull between end-of-year processing at the start of April and end-of-month processing.

Similar to when we switched on the new GST services back in February 2017, we need to shut down most of our customer-facing services for the upgrade. This means that myIR and our contact centre will be unavailable from the afternoon of Thursday 12 April until early on Tuesday 17 April.

It's fair to say there's no good time for this but we hope this date causes the least amount of disruption for all our customers.

Free webinars on our business transformation

For more information, listen to a free recording of a webinar via the CCH Learning store at cchlearning.co.nz/events/cat-57-inland-revenue/

You have to register to be able to watch and listen to a recording, but this only takes a minute.

New LinkedIn page for tax professionals

If you work in tax and have a LinkedIn profile you'll be interested in our new LinkedIn page for tax professionals. We'll be posting exclusive content for the tax professional community as well as important information about our ongoing business transformation programme.

Check out the page at www.linkedin.com/showcase/inland-revenue-nz-for-tax-professionals/

Common tax issues for business sales and purchases

Your business clients may be buying or selling a business (in whole or in part) and may need advice from you on any tax issues that may arise.

There can be tax implications if either party gets it wrong, so it's best for your clients to talk with you early to make sure they get it right from the start.

Taxes are treated differently depending on whether the sale is an assets sale, or a share sale.

The seller and buyer often have differing interests. Both will likely want to structure the sale and purchase to achieve the best outcome for them.

You can find our general guidance on this at

www.ird.govt.nz/yoursituation-bus/ceasing/business-ceasing-common-tax-issues.html

Update on MyACC for Business

ACC will soon be getting in touch with agents and advisors to confirm tax agent status as preparations to replace ACC Online with MyACC for Business are finalised.

Once tax agent status is confirmed and accounts are ready to use, current users of ACC Online will receive an email invitation to MyACC for Business. Agents and advisors should continue to use ACC Online until then.

Access to MyACC for Business will require each representative of an agent or advisor organisation to use a RealMe account.

More details will be provided before the transition period.

Learn more at www.acc.co.nz/businessupdates

Delinking non-active clients

This time last year we issued a reminder that agents will be delinked from the accounts of any companies that have been removed from the Companies Office Register and have ceased to be legal entities.

As part of this work, this month we'll also be delinking agents from other entities and individuals who:

- no longer have an active account with us, and
- have had no activity for more than five years.

When you've been delinked from an account it'll no longer appear on your client list. You won't have to do anything. Your weekly activity reports will show which accounts you've been delinked from.

Keeping Imputation Credit Accounts correct and up to date

In order to get company refunds issued out on time, the Imputation Credit Account (ICA) needs to be correct.

An important factor for this is making sure that the correct opening and closing balances are used. The opening balance should always match the closing balance of the previous year's Imputation Account Return.

Imputation returns need to be filed every year for us to have an accurate record of the ICA balance. An imputation return is included with the *Income tax return – Companies (IR4)*. You can also file a separate *Annual imputation return (IR4J)*.

You need to make sure that we have any outstanding returns from the 2014 tax year until now. You can check this through myIR. Just select the 'View and confirm' tab and then click the 'ICA' tax type.

To learn more see our *Imputation (IR274)* guide. Go to www.ird.govt.nz (search keyword: IR274).

Filing returns for bankrupt clients

In the year that your client is declared bankrupt, they can't have a personal tax summary (PTS) under their pre- or post-bankruptcy IRD number.

If they're required to file or need an end-of-year square-up, you'll need to file two part-year income tax returns (IR3s) for them.

If only one return is filed we may raise a default assessment for the missing return. This is so we can calculate your client's tax position based on a full year of income.

Learn more at www.ird.govt.nz/yoursituation-bus/ceasing/bankruptcy.html

