

AGENTS ANSWERS

Inland Revenue's tax agents' update

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Inland Revenue
Te Tari Taake

REMINDERS

Registration and reporting is available in myIR for the Common Reporting Standard (CRS) and Foreign Account Tax Compliance Act (FATCA).

CRS and FATCA disclosures due to us by 30 June 2018 for the period ending 31 March 2018.

7 May Provisional tax instalments, student loan interim payment GST returns and payments due.

28 May GST returns and payments due.

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

More advanced online services are here

We've released the latest myIR upgrade to provide more advanced online services for you.

The **GST** section in myIR has been renamed **Business** and includes:

- A new way to link and delink clients.
- The ability to file, pay and amend fringe benefit tax and gaming machine duty, as well as GST.

Find out more at ird.govt.nz/taxpros

Employer Obligations Reminders

All employees must complete a *Tax code declaration (IR330)*.

If they're a KiwiSaver member they must also complete a *KiwiSaver deduction form (KS2)*. They must supply a contributions holiday letter to you if they're on a contributions holiday.

If they are not a KiwiSaver member but are eligible to join, you must also give them a *KiwiSaver employee information pack (KS3)*, and automatically enrol them if they're eligible.

You can find our more information on our website www.ird.govt.nz/payroll-employers/employ-staff/start-stop

Cryptocurrency – What are your tax obligations?

In simplest terms, cryptocurrency is money that only exists digitally or virtually. Cryptocurrency uses **cryptography** and **blockchain technology** to regulate its generation and verify fund transfers.

There are no special tax rules for cryptocurrencies, ordinary tax rules apply.

Inland Revenue have recently released **Cryptocurrency and Tax** guidance about how the tax laws apply to the new technology. The guidance includes answers to some frequently asked questions to assist customers in understanding their tax obligations.

For example, retailers have asked how to account for cryptocurrency receipts. If cryptocurrency is accepted as a method of payment for goods or services it is business income, which is taxable. This is seen as a barter transaction and you'll need to calculate the value of the cryptocurrency in New Zealand Dollars at the time it is received.

If you believe that you haven't got your tax right, you can make a voluntary disclosure to let us know.

For more information on cryptocurrency check out www.ird.govt.nz/campaigns/2018/cryptocurrency-tax.html

Exempt Employee Share Schemes (ESS)

If you operate an exempt employee share scheme (exempt ESS) you don't need to provide us with information about ESS benefits in your payroll returns. You will need to send us a *Notification of Exempt Employee Share Scheme (IR1211)* form so we can note this in our records. The form can be emailed to us at **exemptESS@ird.govt.nz**. To see if your employee share scheme meets the criteria to be an exempt ESS, see the forthcoming TIB Volume 30 No. 5 for more information.

For additional information see **www.ird.govt.nz/forms-guides/number/forms-1200-1299/ir1211-notification-exempt-employee-share-scheme.html**

Register and report multiple New Zealand Financial Institutions for the Common Reporting Standard

New Zealand is part of the global OECD initiative to combat tax evasion.

Common Reporting Standard (CRS) registrations for New Zealand financial institutions (NZFIs) began 17 April 2018 in myIR. Tax agents can register and report on behalf of existing clients for a CRS account within myIR – as long as you have their authorisation.

Once your Reporting NZFI is registered then you can submit a CRS disclosure in myIR using one of the three reporting options, no later than **30 June 2018**:

1. Online form (small volume disclosures)
2. Excel file (medium volume disclosures up to 1,000 records); or
3. XML file (large volume disclosures, maximum file size of 200MB).

Go to the **CRS registration and reporting webpage** and read our user guide for information on how to do this in myIR.

Remember to go to our **CRS guidance and support materials**, especially if you are involved in administering trusts in New Zealand. Or if you are unclear about how this may impact you we welcome your questions at: **global.aeoi@ird.govt.nz**

Foreign Account Tax Compliance Act (FATCA) obligations

Find out about changes and how to register and report for FATCA using myIR from 17 April 2018.

FATCA disclosures are due to us no later than **30 June 2018**, for the year ending 31 March 2018.

Use of Money Calculated Incorrectly on Non-Resident Companies

All non-resident contractor companies, non-resident entertainer companies and agents for non-resident insurers with balance dates between October and February will have incorrect use-of-money interest (UOMI) calculations. This is because of a system miscalculation at our end.

End of year tax for a company with no fixed establishment in New Zealand, which is considered to be non-resident in New Zealand is due and payable on:

- 7 February in the next year, or
- 7 April if the company is linked to a tax agent.

If this issue affects you, please call Significant Enterprises on 0800 443 773 (or 04 9167118 if calling from overseas) and we will put a hold on your account and arrange correction. This may take 10-14 days so we thank you for your patience.

These due dates only apply to taxpayers with standard balance dates.

Authority to act for non-individuals

We have recently reviewed the signing requirements for non-individuals, e.g. trusts and partnerships, to appoint an agent (including an executive office holder and a nominated person) to deal with Inland Revenue on their behalf. These requirements are based on the respective laws that determine who can bind the particular type of non-individual.

Generally, an agent must be appointed by the person or persons who have the delegated authority to act for the non-individual. For trusts in particular, trust law provides that all trustees must make decisions unanimously unless a trustee has been delegated the authority to act on all of their behalf. We have accordingly updated the *Correspondence Guidelines (IR1025)* and other relevant forms (IR401 and IR597), which are available on our website.

Please note, this does not affect the need for tax agents to verify the identity, and in some circumstances, the authority of the signatory.

Get your clients ready to take AIM

The Accounting Income Method (AIM), the new pay-as-you-go option for managing provisional tax through accounting software, is now available as part of a suite of new online services successfully introduced in April.

If you have clients whose businesses could benefit from using AIM, there are some key filing dates to remember to ensure that they can take up AIM in the 2018-2019 tax year.

AIM due dates are aligned to GST dates, so the submission of statement of activity will depend on businesses' GST dates or their balance date if they are not registered for GST. For example, if they have a standard 31 March balance date:

- they're one-monthly filers of GST, they will need to submit their first statement of activity by 28 May.
- If they pay their GST every two or six months, or if they're not registered for GST, their first filing deadline for their statement of activity is 28 June.

Existing businesses who want to take advantage of AIM need to pay their first provisional tax instalment by the above filing dates. Unless your client is a new business, they are able to adopt AIM only at the start of the tax year.

Payments are only required if a profit is made.

Software providers MYOB, Reckon and Xero are offering an AIM solution in their tax management accounting packages. MYOB is also providing AIM-capable software to their business customers. You'll find more information on their websites.

Talk to your software provider or visit www.ird.govt.nz/aim for more information. New resources are being uploaded regularly to this site.

Updating client details

Around 20 percent of paper correspondence requests received by Inland Revenue from Agents to Link/Delink or make other Client Changes have already had the change made by the Agent or the client.

Some of these changes are completed by the Agent online and the Agent also sends in the request via paper correspondence.

Agents are able to check online to see if the change has already been made and if not, they can make the change online via IR's self-service option instead of sending a request via paper.

This would reduce the timeframe for the client's data to be updated.

