

AGENTS ANSWERS

Inland Revenue's tax agents' update



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REMINDERS

9 November: This is a guideline for having 60% of your clients' tax returns filed and 80% by 8 February 2019.

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

Investment income changes

If you provide benefits or payments in the form of interest, dividends, PIE income, taxable Māori authority distributions or royalties, then you'll need to know about the investment income changes.

This includes a change to the filing date for end-of-year RWT and NRWT withholding certificate returns and multi-rate PIEs that are not superannuation funds or retirement schemes.

From now on both of these returns will now be due on 15 May (previously 31 May).

Webinars & seminars

You can catch IR webinars live and on demand at cchlearning.co.nz. There is one coming up on 26 November for tax agents to run through payday filing and the changes coming next year. We're also going to run seminars in the new year – we'll be in touch to invite you to these soon.

Payday filing and the Employer deductions form (IR345)

When your clients shift to payday filing you no longer need to file an employer deductions form. They just simply pay IR on the 20th of the month (or 5th and 20th of the month if they pay twice monthly).

One less thing to do!

Remember, your clients can shift to payday filing now, but they must shift by 1 April 2019.

You can find out more about payday filing at ird.govt.nz/payday

Payday filing seminars are coming to a town near you

Are you a payroll officer, payroll manager, CFO or tax manager in your business? Then attending one of our payday filing seminars is a must for you.

There are still places available around the country.

Register for a seminar today at ird.govt.nz/payday

And watch out for our radio and online advertising beginning in November.

Changing for You campaign

This month we will begin communicating to New Zealand taxpayers about proposed changes to the end of year tax process, including tax refunds becoming automated. You can go to our "Changing for you" website from early November to find out more about how the proposed improvements could work and what the changes might mean for your customers.

Post-dated cheques

At Inland Revenue we're working on ways to reduce the numbers of cheques we issue for refunds and accept for payment. We're doing this because from March 2020 the systems to handle cheques will no longer be supported. The banking sector is in a similar situation.

From February 2019 we intend to no longer accept post-dated cheques as a method of payment. You can have your say on this proposed change by visiting our consultation website (ird.govt.nz/public-consultation) and look for "Standard Practice Statement ED0208: Tax payments – when received in time". You'll still be able to set up future-dated payments through your online banking.

Some recent publications

OS 18/02: Non-disclosure right for tax advice documents

This operational statement sets out the process that the Commissioner will follow when issuing a notice to a taxpayer, tax advisor and/or a third party requiring the disclosure of documents, which may contain tax advice and may be subject to the right to claim non-disclosure.

You can find the operational statement at www.ird.govt.nz (search keywords: OS 18/02. Tick "All of site").

QB 18/14: GST treatment of fees that suppliers charge customers for using a credit or debit card

This item considers the GST treatment of credit or debit card fees charged by suppliers to customers. These are fees charged by suppliers to recover the cost of providing a card processing facility.

You can find the QWBA at www.ird.govt.nz (search keywords: QB 18/14. Tick "All of site").

IS 18/04: Goods and services tax - single supply or multiple supplies

This item is a reissue of IS 17/03 that clarifies that the provision of a payment facility will not always be an exempt supply of a financial service.

You can find the interpretation statement at www.ird.govt.nz (search keywords: interpretation statements. Tick "All of site").

IS 18/05 Income tax – donee organisations – meaning of wholly or mainly applying funds to specified purposes in New Zealand

This item and accompanying factsheet *IS 18/05 – fact sheet – applying the "safe harbour" approach* are relevant to organisations applying funds to purposes within New Zealand **and** to purposes overseas. They are not relevant to organisations listed in schedule 32 of the Act.

You can find the interpretation statement at www.ird.govt.nz (search keywords: interpretation statements. Tick "All of site").

Application of the CRS to trusts

We continue to receive queries about trusts and the CRS, specifically NZFI trusts such as managed family trusts, trustee documented trusts, foreign trusts, and corporate trustees that act for such trusts. The crux for the CRS and a NZFI trust is identifying whether there are any relevant **'foreign tax residents' connected to the trust**.

The CRS is an inherently complex OECD initiative, incorporated into New Zealand law and in effect since 1 July 2017. We have developed guidance with useful examples, to help navigate the CRS. Get started by working through these questions:

1. Is the trust considered a NZFI for CRS purposes?
 - There is a broad definition of a financial institution. You can work it out through our guide *CRS: Is the Trust a Reporting NZ Financial Institution? (IR1052)*
 - Check out a trust's NZFI or account holder responsibilities through our guide *Family Trust obligations under the CRS (IR1053)*
2. Does the NZFI trust need to report to Inland Revenue?
 - Understand the due diligence process that an NZFI trust needs to carry out to determine if they have any accounts that they need to report through our guide *CRS: Due Diligence and Reporting Obligations (IR1049)*
 - Find out more about the different family trust obligations including record keeping in our guide *Family Trust obligations under the CRS (IR1053)*

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3. What does the trust need to report? How?

- Learn about the specific identity and financial account information required for reportable accounts and reportable persons in our guide *Guidance on the CRS for AEOI (IR1048)* (sections 1.6, 1.7 and 6)
- Use myIR to register for the CRS and submit a disclosure by 30 June annually. Check out our *Common Reporting Standard (CRS) – registration and reporting user guide*.

You can find the guides at www.ird.govt.nz/crs

Note

If a trust is a NZFI, the relevant account holders of the trust would be:

- the settlor
- all beneficiaries (including discretionary beneficiaries that receive distributions – paid or payable)
- any other natural person that controls the trust, and
- any person that has provided a loan to the trust.

For example, the NZFI trust may have a settlor (account holder) that is a relevant foreign tax resident from a Reportable Jurisdiction and is, therefore, reportable to Inland Revenue. Refer our *Guidance on the CRS for AEOI (IR1048)* sections 3.5 'Non-Reporting FIs', 11.2.3 'Foreign Trusts', 11.1.5 'Due diligence and reporting obligations of Reporting NZFI trusts'.

Find out more at www.ird.govt.nz/crs

Changes to the Inland Revenue website

You'll notice a few changes on the www.ird.govt.nz website this month as we move towards an improved design for our mobile users.

We are removing the right-hand navigation as it has been malfunctioning and is costly to maintain.

We're taking the homepage wider and removing the right-hand navigation links. These links will be found in the header or footer including: login (now top right), make a payment, tax technical, international, tax seminars and others.

If you can't get through to our online services

There is some helpful information on this page, including how to bookmark pages correctly.

Go to www.ird.govt.nz/help/site-use/online-cantgetthrough.html



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