

## Frequently Asked Questions

| Question   | Answer   |
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| <b>Business Transformation (BT)</b>  |  |
| <p>Is the handling of Child Support payments improving so it won't show money is due when it is being paid on time as part of the normal PAYE payment?</p>   | <p>Child support accounts for employers will move into our new system from April 2020, meaning that there will no longer be a separate account for child support payments. This will remove the mismatch; which employers may now see.</p>   |
| <b>Cheques</b>   |  |
| <p>What facilities will IRD put in place for those rural taxpayers who have no access to internet or to Westpac bank to be able to pay taxes when the IRD stops accepting cheques?</p>   | <p>There is a 'Moving away from Cheques' factsheet (AD268) which outlines all the available options of making payments to Inland Revenue. Alternative options to online methods or going to a Westpac bank, include setting up an Automatic payment with your bank, you can download an Automatic payment authority (IR586) from website (suitable for regular payments) or we can send one to you in the post for you to fill in and send to your bank. We also have credit card or direct debit payment facility and banks also have a variety of phone banking options - so it would be best to contact your bank to discuss what they have available. If you still don't think there is an option for you, give us a call on 0800 377 774.</p> |
| <p>We are a charity and do not have online bank access, the only way to pay the monthly payment of tax for one employee is to draw a cheque on the ASB bank and cash it, then take this to Westpac to be processed into the IRD acct. Is there a simpler method?</p> | <p>There is an Automatic payment authority form (IR586) which can be downloaded from IR website or which could be posted which can be filled in and sent to your bank, this form is suitable for regular payments. Aside from paying in person at Westpac, please discuss all other available options with your bank as they may have other options such as phone banking. Please refer to our factsheet 'Moving away from Cheques' (AD268) for a complete list of payment options.</p>  |
| <b>General Business</b>  |  |
| <p>How do I register a non-profit organisation?</p>  | <p>To register a non-profit organisation, the following information must be provided (in writing) to ensure the entity is eligible for an income tax exemption:</p> <ul style="list-style-type: none"> <li>• The IRD number - if the organisation already has one. If they don't, they will need to complete an IR596 IRD number application – resident non-individual.</li> <li>• A copy of its rules, constitution, trust deed or other founding documents at the date of application, whether draft or finalised</li> <li>• A copy of its certificate of incorporation (if applicable)</li> </ul>   |

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|   | <ul style="list-style-type: none"> <li>• A letter stating the type(s) of exemption being requested</li> <li>• The details of how it has been or will be operating.</li> </ul> <p>After the income tax exemption is granted Inland Revenue will send written confirmation of the organisation's tax-exempt status for income tax. Any such exemption is for income tax only.</p>   |
| <b>Income Equalisation</b>  |   |
| If we are due to pay an income equalisation deposit this month - can we use the new code EQU early and pay it by direct credit? If we can't use that code - what code do we use?  | You can use this code early we will know what it is and allocate it correctly.  |
| What's happening with income equalisation, what is it?  | The income equalisation scheme allows taxpayers to deposit income from farming, fishing or forestry with Inland Revenue. From mid-April we will manage income equalisation schemes in our new system. Deposits and withdrawals will be by direct credit (tax type EQU). Cheques will not be accepted.   |
| The income equalisation question and answer did not answer what happens for the deposit payments that are due for the year 31-03-2020. What will happen with these payments?  | They will be actioned as they are every year. There is no change to the process for the current year's deposits.  |
| <b>Investment Income</b>  |   |
| How do I go about getting a refund of RWT already deducted despite having an RWT exemption certificate? The transition to the RWT Exemption register seems to have caused a previously recorded exemption to have been dropped by share registries in some cases. | <p>The exemption register was not official until 1 April so you still should have been able to rely on the certificate of exemption held. The first recourse is to revert to your payer and ask them to make the necessary adjustment. This is dealt with here:</p> <p><a href="https://www.ird.govt.nz/income-tax/withholding-taxes/resident-withholding-tax-rwt/payers/investment-income-reporting/copy-of-correcting-errors-in-investment-income-reporting">https://www.ird.govt.nz/income-tax/withholding-taxes/resident-withholding-tax-rwt/payers/investment-income-reporting/copy-of-correcting-errors-in-investment-income-reporting</a>.</p> <p>However, given it is this close to the end of the year your tax return can return the RWT deducted then.</p> |
| <b>KiwiSaver</b>  |   |
| What is the difference between Voluntary KiwiSaver employer contribution and KiwiSaver employer Contribution?   | <p>Employers must contribute a minimum of 3% of their employees' gross salary or wages to their KiwiSaver schemes or complying funds, this is called compulsory employer contributions. Any contributions received above the 3% is called Voluntary KiwiSaver employer contributions.</p> <p>From the 1st April 2012, up until the changes we introduce this April, voluntary contributions may have shown on employers' statement of accounts due to our system calculation process as we are currently unable to determine what ESCT rate has been used for each employee. We do this currently to stop employers from being seen as under-calculating their employer contributions and failing to meet their employer</p>  |

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| KiwiSaver employer contributions shows twice on this slide, why?  | The reason you can see KiwiSaver employer contributions twice on slide 11 is because the contributions have been split out to show what portion has been allocated to 'compulsory employer contributions' and 'voluntary employer contributions'.  |
| Will the 3% now show as compulsory for the Employer KiwiSaver, instead of being split?  | Yes, now that employers report to us how much ESCT is deducted for each employer we can determine what portion of employer contributions are compulsory and what are voluntary.  |
| Do we complete this form if a current employee wants to join KiwiSaver?   | The Employee Onboarding form is for new employees only, if you have an existing employee wishing to join KiwiSaver, you should find them in your list of employees and choose the option in the upper right hand side I want to "Opt-in to KiwiSaver"  |
| What income would be exempt from KS deductions?   | The following remuneration is exempt from KiwiSaver deductions: <ul style="list-style-type: none"> <li>• redundancy payments</li> <li>• the value of providing board or lodging or use of a house or part of a house, or the payment of an allowance instead of the provision of this benefit</li> <li>• taxable allowances for accommodation and living costs overseas.</li> <li>• payments under a Voluntary Bonding Scheme funded by the Ministry Primary Industries, the Ministry of Health or the Ministry of Education.</li> <li>• Retiring allowance</li> <li>• Benefits provided under an employee share scheme (ESS) (also known as a share purchase agreement).</li> <li>• An overpayment of an amount of an employer's superannuation cash contribution, that an employee chooses to have treated as salary or wages</li> <li>• Honoraria payments paid by Fire and Emergency New Zealand to a volunteer</li> </ul> |
| Hi, if you are employing a person not eligible for KiwiSaver - do you say that all income is not to be used for KiwiSaver deductions?<br>Thanks | If you are employing a person who is not eligible for KiwiSaver or not subject to Auto enrolment, you should let us know by choosing the appropriate KiwiSaver Status when completing their onboarding. Then when it comes to filing their wage information you do not need to include anything else for KiwiSaver.  |
| Does KiwiSaver opened to all ages mean that payroll needs to make deductions for employees under 18?  | Under 18-year olds have always been able to join KiwiSaver, but they are and will remain not subject to auto enrolment through an employer. If an employee who is under 18 is already a KiwiSaver member or chooses to join KiwiSaver directly through a provider, they can advise their employer (in the form of a KS1) to start making KiwiSaver deductions.   |

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| <p>Can you please explain what you mean by the provisional period for new members reduced from 3 months to 2 months? Can you give an example?</p>  | <p>When an individual joins KiwiSaver, IR are required by legislation to apply a 'holding period' which is currently 3 months, this is to allow the member time to choose a provider other than the one they have been default allocated to or submit an opt out application. This hold stops IR from sending any details or contributions to the allocated scheme provider who is at this stage only 'provisionally allocated'. With the reduction to 2 months, this will mean your provider will get your enrolment details quicker and contributions will flow sooner allowing the provider to invest this sooner.</p> |
| <p>I'm still not sure about these new members not locked in for 5 years before they can withdraw... does this mean anyone can withdraw at any time?</p>  | <p>No, what this means is for members who join KiwiSaver between the age of 60-64 they will now not be required to stay a member for a minimum of 5 years. For example, a member who joined KiwiSaver at the age of 64 before July 2019 was previously required to be a member of KiwiSaver for 5 years before being able to withdrawal their funds for retirement. Now that there is no lock in period, the same member can now withdrawal their funds once they reach the retirement age (currently 65).</p>  |
| <p>We have an employee who started last year we got him a work to resident's visa, his previous employer was deducting KiwiSaver from him which they shouldn't had, can I advise him to contact you guys? He didn't know he wasn't entitled to this yet until he gets residency.</p> | <p>If your employee still does not meet the eligibility to be a KiwiSaver member, yes, please get them to contact us.</p>   |
| <p>KiwiSaver Employer contributions are going to be guaranteed. What happens if you have an employer that falls behind in making their monthly payments? So, employees KiwiSaver contributions are not received by IRD</p>   | <p>The penalties on unpaid or short paid compulsory employer contributions will remain the same.</p>  |
| <p>KiwiSaver - you talked about 60-64-year olds being able to opt out of the 5-year lock in period. Did I hear correctly that if an employee chooses this option, then employers do not need to contribute for that employee?</p>  | <p>This is correct. If one of your employees falls into this category and chooses to opt out of the lock in period effectively closing their KiwiSaver account, you will no longer be required to make compulsory employer contributions.</p>   |
| <p><b>PAYE</b></p>   |   |
| <p>I just do PAYE for Board of Trustees Honoraria, and this only happens 2-3 times a year - am I correct in thinking that I only must put in a return when this happens.</p>   | <p>Yes, you only need to file an Employment Information return when you pay staff.</p>  |
| <p>PAYROLL. For payments, now to be potentially payable "on filing", can the payment date be postponed to at or near the "due date".</p>   | <p>When you are setting up a payment in myIR you can chose a payment date up to 60 days in the future. There are no changes to payment due dates. You are not required to pay upon filing, the system will allow you to pay if you want to.</p>   |
| <p>Can payment be set for date 20th or does it happen on the day you process, e.g if I file the return on 10<sup>th</sup>, is the payment going through on 10<sup>th</sup>?</p>  | <p>You can choose whatever payment date you want (up to 60 days in the future).</p>   |

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| How much is late filing penalty?   | The late filing penalty is \$250 which can be applied every month in which you file late Employment Information returns.  |
| Can we see any details of fee charge and interest per day, if we pay late?   | You can see transactions in myIR including your assessments, payments made, penalties and interest.   |
| How will irregular payment period, eg: quarterly be handled?   | You are only required to file when you have paid someone.   |
| What is the easiest way to get future payroll periods open for early filing?   | Send us a secure message through myIR.  |
| We operate with a couple of casual employees - if we have a monthly period where there have been no wages paid, should we submit a nil return for that month, or not necessary.                  | No, you don't need to file a nil return if you do not pay anyone.   |
| If there is a single payroll account, how does this work for executive payrolls that have multiple numbers attached to them and payroll administrators need to only be able to see certain ones? | Account owners can manage who has access to which accounts. If you have two separate payrolls, there will still be two separate EMP accounts that the account owners can manage.  |
| Hi, can we pay weekly PAYE if you can file and pay at the same time? Thanks.   | Yes, the system lets you set up a payment at the same time you file but you don't have to (so long as you pay by the due date). To make payments easy in myIR, we let you set up payments up to 60 days in advance so when you file you can set up a payment to happen on the due date if you choose. |
| If we do payroll payments fortnightly, am I correct in assuming that we still do fortnightly reporting - within 2 business days of payment being made?   | Correct, there is no change to the filing due dates.  |
| I file a return fortnightly; this has changed to once monthly correct?   | No, there is no change to often you must file. Payday filing requires an employer to submit an employment information file within two working days of you paying an employee.   |
| To make the payment in conjunction with filing - do we have to use the "make a payment" option within myIR, or can we utilise the DC option within the banking system?                           | You can choose whichever payment option suits you best (myIR or via your bank). Using myIR to make payments is simple as all the payment details are pre-populated for you.   |
| Will this account balance be current? Currently, the balance displayed is not up to date as they advise it takes up to 15 working days to be processed?  | Transactions will show up much earlier than they do today, so your balance will be more up to date.   |
| Is the balance on the summary page for the prior month due on payment date, or include the current month filings?  | The balance is an aggregation of all employment information files filed.  |
| Can the letters be emailed?  | Currently, if you have myIR, we send you an email telling you to log into your account to view your mail.   |
| Do we still need to upload separate file for EI, ED and KED or will they be consolidated in one file?  | The ED and KED are being consolidated - the EI is still a separate file.  |
| Why is correspondence still coming by post-snail mail? Email faster?   | Currently, if you have myIR we send you an email telling you to log into your account to view your mail. As part of our April changes a lot of our PAYE mail that was paper has been converted to electronic.   |

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| Do I have to fill out hours worked for salary employees?   | Yes, if you hold this information in your payroll system.  |
| Do you require both salaried hours and waged hours?  | Yes, hours paid includes salaried hours and waged hours.   |
| What if you have employees on a daily rate and no set hours?   | If you do not hold hours paid in your payroll system, you are not compelled to provide it.   |
| Hours paid - what happens if works a Saturday and is entitled to time and a half. What do you submit - worked or total?  | Hours paid (not hours worked).   |
| If we are supplying hours paid, will this mean we no longer have to send this to ACC when an ACC is made by an employee.   | No, you will still be required to send this information to ACC.  |
| If you are paying a casual agricultural employee a daily rate or you pay a weekly salary regardless of actual hours worked, how does that factor into the hours recorded.  | You are asked to provide hours paid, not the hours worked. So, if you paid an employee for 40 hours but they work 38, you should report 40 hours.  |
| When we must make a change to details filed, are we still going to have to continue to re-enter the start date.  | There has not been any change to this function.  |
| If you have software that has a form that prints automatically for a new employee that we can upload to IRD, do we need to change that form to include the new KiwiSaver information?  | If you upload that information, then your software provider will make the change to the form.  |
| Do IR346 and KS1 forms need to be completed for all employees or just new ones or changes going forward?   | IR346 forms are only required for new employees.   |
| Our employees are paid on a salary, so hours are not counted. We will not use the hour count box, is that correct?   | If you do not hold hours paid in your payroll system you are not compelled to provide it   |
| What is this new combined (IR346 & KS1) form called? Or do we (the employer) have to load it into myIR or does the employee upload it?   | The form is called the "employee details" form both in myIR and on paper. Please see slide 12 in the webinar.  |
| If an employee changes address and we update the Employer Information with the new address, does the staff member have to also advise IRD of their change of address or is the employer notification enough?   | You don't need to tell IRD when your employee's address changes. Your employee needs to update their address with IRD.   |
| When paying the EI, can we enter a later date for payment? E.g filing at beginning of month and selecting 20th for payment.  | Yes, you can.  |
| Can we still file online, rather than uploading information?   | Yes, the ability to complete the EI by using the myIR online form is still available.  |
| I am responsible for a small charitable organisation with 2 employees. 1 paid monthly and 1 weekly. Typically, the same amount each time for a year. This currently requires me to file 5 times a month through a user interface that is not at all resilient to entry errors. Can I upload the five pay dates in one upload file? | You can file upload as many EIs a month as you need. If you file them together, be aware that they need to be filed before the due date (2 working days of the payday).                              |
| We use Excel for payroll calculations, why can't I submit a PDF file of the Excel sheet, instead of completing online information?   | A PDF is not an accepted electronic filing format. You can create an up-loadable file from Excel if you follow the format set out in our payroll specifications (which you can find on our website). |

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| Can I still enter employee information manually in payroll? as I don't have a software programme for PAYE.  | Yes, you can.   |
| Is there an ability online to advise IRD that an employee no longer works for us when we receive a letter?  | When an employee stops working for you, you should enter a cease date in myIR.  |
| How will the employers be notified? Via post or will this be done on IRD online account?  | If you have a myIR account, we won't send you paper letters. Instead we will send you an email telling you to log into myIR to read your mail.  |
| Do we still make PAYE payment to the same bank account and use the same reference?  | Yes, you can still make payments to the same bank account, however the reference will change, for example new payment code change to EMP or the existing DED, or the new payment codes highlighted in this Webinar.               |
| Is it necessary to submit an IR346 or KS1 form if we lodge a payroll file every pay day?  | You will only need to provide the new combined form for new employees.  |
| If the payroll person is on leave but sets up the payroll to pay-out and then sorts out sick leave and annual leave for employees when they return, how can the employer avoid a penalty for late filing?       | You can file your Employment Information returns in advance if you are going to be away.  |
| What are my PAYE obligations as an employer if all work is done by subcontractors and directors? The directors are not paid, yet. Once the business is profitable, we will compensate the director with equity. | We require further information to provide you with an answer. Please contact us to discuss your circumstances.  |
| Will there be changes on the format of EI file which is uploaded via myIR?  | Yes, a new version is now available. Your software provider will let you know when it is ready for you to use.  |
| Can you post-date a PAYE payment at the time of payday filing?  | Yes, you can - you can set up a payment for up to 60 days in the future, just make sure there are funds in your account to make the payment on the date you choose.   |
| Will there still be a facility to manually enter payday & employee information?   | Yes, you can directly input this information online via myIR.   |
| <b>Payments</b>   |   |
| I bank with ASB and they have DED in the list and not EMP can we use DED to replace PAY, KSE, KSR and SSC and do we use one lumpsum amount?   | All banks that have a Pay Tax function have been asked to update their payment options to include EMP when our changes go live in April. So, you can choose to use either EMP or DED to replace PAY, KSE, KSR, CSE, SLE and SSC.  |
| If all payment, employer payment codes will disappear, how will IRD know what account to Cr the payment too?  | All codes are not disappearing, IR have transformed the way we manage Employment Activities to the one account.   |
| So is the new code of EMP the best one to use when making a payment?  | You can either use EMP or DED. Ideally you should use EMP.  |
| So, we don't pay through our bank?  | No, you can continue to pay through your bank as usual.   |
| For which payments do we use DED refence?   | Any payments that are for Employment Activities, can be paid using DED - this is: CSE - Child Support; KSE KiwiSaver Employer; KSR KiwiSaver Employer; PAY Pay as you earn; SLE Student Loan and SSC Superannuation Contribution. |
| What is the difference between EMP and DED codes?   | There is no difference, the reason we retained DED is that this is what most customers used to make payment for all the related tax types.  |

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|  | EMP was established to assist with the change to the Employment Information and to try and assist customers with making one single payment rather than multiple payments.  |
| I know that the due date must be kept to, but if I choose the pay on filing option, is that automatically deducted from our account at time of filing, or can I elect a payment date closer to or on the due date. | You can elect a date that is up to 60 days in the future for domestic DD payments, this option is not available for International.   |
| Why would we use the DED code going forward? Can we just use the new one (EMP) for everything (except those 3 new items)?  | Yes, you can use EMP to make one payment to cover all your employer associated deduction types and do not need to use DED.   |
| Can we make the tax payment without Barcode at Westpac?  | From 1 July 2020, all payments made at Westpac must be accompanied by a barcode.   |
| Will EMP be able to be used for payments from 1 April 2020, or is it from a later date?  | It will be after the go live date in most cases, but some banks may deploy their changes earlier.  |
| What happens if a customer has chosen the wrong code for the payment? Payment will be reversed or paid in to DED?  | It depends on what the customer elects, when they make the payment and whether they are registered for the tax type that they make the payment for. We rely on customers entering the correct information but if they make a payment for DED but use GST and they are registered for GST then it will direct to the other tax type. However, if they use DED and they are not registered for Employment Activities then we will review the payment and allocate it based on the information or after contacting the customer to ascertain the correct direction. |
| What is the difference between EMP and DED?  | There is no difference. DED was what most customers used to make payments and IR felt that to remove DED was too bigger change. However, with IR's transformation to the pay day filing, EMP was included as for some customers this made more sense.  |
| Currently client managers/tax agents have access to set up direct debits for their clients to pay tax, is this going to change 1st April?  | Only the signatory on a bank account is authorised to set up a direct debit payment from that bank account. Therefore, tax agents can only set up direct debit payments from bank accounts they are approved signatory on.   |
| <b>Rental Losses</b>   |  |
| Will IR record the amount of Losses Ring Fenced held as taxpayers will not retain this information?  | Ringfenced amounts (excess deductions) will be captured in the income tax return and stored in our system. Each year the excess deductions will be carried forward until you can use them.<br><br>The amount IR holds is an aggregate figure so where there is more than one property/portfolio with excess deductions, customers will need to ensure their records track these for each property/portfolio.   |
| <b>Service Delivery</b>  |  |

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| <p>Why is it when I have called to speak to Inland Revenue on at least two occasions, I get a response that IRD is not available to take my call or words similar and tells me to go on line but on both occasions I was ringing because I couldn't get online. This has happened on quite a few occasions. It has taken 10 minutes for IRD to load.</p> | <p>Apologies, unfortunately if we receive more calls than exceed our capacity to answer you will receive a message that you aren't able to connect with us, many options should be available online.</p>  |
| <p><b>Software</b></p>   |   |
| <p>If we are updating employee info in our payroll systems, will it automatically import to IR?</p>  | <p>It depends on the software you are using and how it is configured. If you have any concerns, please contact your software provider.</p>  |
| <p>We use myob (ace payroll) this automatically provides a file that we upload. Will this still be the same?</p>   | <p>Your internal processes should not have to change. We have been working with all software providers to inform them of the coming changes, these changes are currently not mandatory until April 2021, so some software developers are not making them right away. If you have any concerns, please contact your software provider.</p>   |
| <p>Will we need to have changes made to the file created in our payroll system?</p>  | <p>If you use Payroll software, we have been working with all the software providers to inform them of the coming changes, these changes are not currently mandatory until April 2021, so some software developers are not making them right away. If you have any concerns, please contact your software provider.<br/>If you have a bespoke payroll system (created by you) then the changes will have to be made by whomever administers your system, they should contact PaydayReporting@ird.govt.nz, for details of the changes.</p> |
| <p>We are doing digital filing. Are these changes communicated with the payroll platform like ADP? Does the employer need to do anything to adapt to the changes?</p>  | <p>Employers should not have to do anything different, but it may depend on your software. We have been working with all the software providers to inform them of the coming changes, these changes are not currently mandatory until April 2021, so some software developers are not making them right away. If you have any concerns, please contact your software provider.</p>  |
| <p><b>Student Loans</b></p>  |   |
| <p>Will agents be able to see all Student Loan details? To be able to apply for hardship etc for client?</p>   | <p>Yes, if you're linked for Student loans, you'll be able to see everything your client can see. This includes the ability to view loan details and submit applications.</p>   |
| <p>Will there be a new app for Student loans, or it is connected to IRD? As you said it will be available on mobile?</p>   | <p>Student loan details are available within myIR. To access, select the student loan account tab from the customer's myIR home page. The Student loan display is mobile optimised, so easily accessed via desktop, mobile and tablet.<br/><br/>There won't be a specific app for student loans.</p>  |