

AGENTS ANSWERS

Inland Revenue's tax agents' update



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REMINDERS

We have several calendars you can use to plan ahead to help you meet your obligations. Remember that if a due date falls on a weekend and public holiday, we can receive your return and payment on the next working day without a penalty being applied.

Mandatory barcodes for customers paying over the counter at Westpac

Customers can choose to pay their taxes over the counter (OTC) using cash or EFTPOS at a Westpac branch/smartATM even if they don't bank with Westpac. Currently OTC payments make up less than 1% of all payments.

From 1 July 2020, all OTC payments at Westpac must be accompanied by a barcode which identifies the customer, tax type and period. The barcode is a more reliable way of passing details to Westpac and will prevent payment going to the wrong place in the account, or potentially even the wrong person's account.

Barcodes are being added to notifications where we're requesting the customer to make a payment, but if a customer forgets to bring their barcode, they can generate one and either print off or show to Westpac staff on their phone.

There is barcode generator on our website ird.govt.nz/barcode for customers to create their own barcode.

How we're communicating to customers

Customers can learn about this change on our payments website ird.govt.nz/make-a-payment/paying-at-westpac and flyers are provided at Westpac branches.

We are planning direct marketing in mid-February targeting customers who pay OTC, and there may be another round of direct marketing in May, if needed.

Moving away from cheques

From 1 March 2020 we will stop accepting payment by cheque, including cheques dated after 1 March 2020.

Have your say on our standard practice statement

In preparation for this change we have drafted changes to our *Standard Practice Statement ED0221: Tax payments – when received in time*.

You can have your say on the proposed change by going to our website ird.govt.nz/public-consultation and downloading ED0221.

The consultation period closes on 13 December 2019.

Cheque letters

You may have received a letter advising that your client has recently made a payment to us by cheque.

We are aware that some letters have been sent without your client's details included. We have now fixed this issue. Going forward, these letters will contain this information.

Income equalisation

Currently income equalisation (IE) requires payment by cheque. As part of the next step in our Business Transformation, IE will be included as a myPay tax option. After that they will no longer be able to make payments by cheque. Until this occurs IE customers will need to continue paying by cheque as there is no alternative solution.

Residential property changes - ring fencing rental losses

From the 2019-20 income year, if your clients own residential rental property, they can no longer use excess deductions ("rental losses") from property to off-set other income, such as salary and wages. Instead, the excess deductions will be carried forward to use against residential property income in future years.

Record keeping

Keeping track of the excess deductions carried forward will be simple if you or your clients file electronically.

We're introducing changes for the 2020 tax returns which will allow our system to calculate the amount of excess deductions to be carried forward for the year.

This amount will be automatically included in the following year's return in a new box called "excess residential rental deductions brought forward".

If you or your clients file a paper return, the amount of excess rental deductions to carry forward will need to be manually calculated and shown on the return. When completing the following year's return, this amount will need to be shown as excess residential rental deductions brought forward.

Visit our website to find out more about residential property changes ird.govt.nz/ring-fencing

Investment income – what's changing in April 2020

From 1 April 2020, we are making changes that will affect your clients who are:

- payers of investment income including banks, companies, fund managers, PIEs, share registry companies and Māori authorities
- recipients of investment income.

We have addressed some of the questions you raised in our webinar on 23 October.

Impacts for payers

- More frequent reporting of investment income becomes mandatory (including interest, dividends, taxable Māori authority distributions and royalties). Organisations can voluntarily opt-in to this now.
- Electronic reporting will be mandatory.
- Reporting will not be required for nil returns or for resident withholding tax (RWT)-exempt investors.
- A publicly available electronic RWT-exempt status register will replace RWT-exempt certificates. We aim to launch it by early 2020.

Key things recipients should know and do

- Provide their IRD number to their investment income payer, if they have not already done so, to ensure they are on the right tax rate and to avoid the non-declaration rate (which will increase to 45%).
- When their income investment payer has moved to the new reporting regime, we will split any investment income reported for an account equally across all the joint account holders who have provided their IRD numbers to their payer. Recipients can change this allocation through myIR on our website (or on their income tax return).
- From 1 April 2020, if they are exempt from RWT they won't need to show their exemption certificate to their payer as their IRD number will be included on the new RWT-exempt status register. We will also stop issuing such certificates when granting exemptions.

Read more about what's changing and how to transition at ird.govt.nz/investment-income

Join our webinar on 12 December 2019

We've kicked off a series of webinars to provide more information on upcoming tax changes and invite tax agents and bookkeepers to join our next session.

On 12 December 2019 from 2:30pm to 3:30pm we will share more information on:

- Working for Families Tax Credits changes
- Research & development Tax Incentive (RDTI) changes
- Short-process rulings, and
- Ring-fencing rental losses changes.

To register, find out about future sessions or view previous webinars On Demand, visit our website ird.govt.nz/webinars

Thank you to those who participated in the 23 October webinar. We received a lot of questions and these are now published, along with our answers on our website at ird.govt.nz/webinars

Our hours over the holiday season

It's almost the end of another year. From all of us at Inland Revenue we wish you, your staff and family a happy holiday break. Agents Answers will be back in February 2020.

If you're working over the holiday break, the 0800 phone line and will be closed from 2pm Tuesday 24 December 2019 and reopen 8am Monday 6 January 2020.

All of our Front of House counters will close at 2pm on Tuesday 24 December. We'll be back to our normal hours from Monday 6 January 2020.

Employer filing over the holiday season

Employment income information

Please file your employment income information:

- electronically - within 2 working days after the payday
- non-electronically - within 10 working days after the payday.

Note that a working day does not include the days from 25 December to 15 January (both dates inclusive).

Payment due dates for PAYE and ESCT

Monthly employers

- November payments are due by 20 December
- December payments are due by 20 January 2020.

Twice monthly (large) employers

Payment for pay dates from 16 to 31 December 2019 are due by 15 January 2020.



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