

AGENTS ANSWERS

Inland Revenue's tax agents' update



Inland Revenue
Te Tari Taake

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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.

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

Business transformation

In late April, we went live with the latest – and largest – release in our transformation programme.

While there have been some issues, we're seeing great use of the new system improvements for tax agents, including:

- registering as a new agent online instead of using paper forms
- filing income tax returns in myIR, using pre-populated information
- filing donation tax credit claims electronically in myIR
- enjoying the increased reporting and information in myIR (including filing statistics) instead of relying on paper AMBR reports or having to call us; and
- using the new disbursement account for managing client refunds.

Your feedback

Feedback from tax agents has enabled us to theme the major areas of concern into key issues. We are focused on providing better information on how our new system works and delivering changes to our system where needed. We're continually looking for ways to improve our systems and we're working on enhancements that we'll be able to make over the next few months.

If you encounter a problem, you can keep up to speed on what's new, what we've done, and track our progress on ird.govt.nz/solutions. We would recommend you check this page regularly as updates are being posted several times a week.

Webinar

On 24 June we hosted a webinar for tax agents. You can watch this webinar on demand on the CCH Learning website cchlearning.co.nz (search keyword: tax agents).

We appreciate all the feedback and we are grateful for your help and patience.

Apply for IRD numbers

Remember that you can apply for IRD numbers online. This ensures that we have all the info we need first time, and it means that you'll get the number quicker.

Apply online and find out more at ird.govt.nz (search keywords: ird number).

Want a 'pay as you go' provisional tax option?

The Accounting Income Method (AIM) – an alternative provisional tax option – is now into its second year. It's provided through accounting software so it's tuned into a business's real-time account information. This helps determine a real-time tax liability and means your clients only pay provisional tax when they've made a profit.

Already some provisional taxpayers are reaping the benefits of AIM. They tell us they like:

- knowing what they pay is based on how their business is doing now rather than past years' profits
- paying more regularly – it's more manageable and better for their cashflow
- having no surprises at the end of the year
- being able to get a refund. If you have a drop in profit and are entitled to a refund you have options to:
 - receive a partial or full refund
 - ask us to hold your refund, or
 - transfer it to another tax type or customer.

And now you can opt your clients into AIM at any time of the year. Previously existing businesses needed to be set up and ready to go in time for the first filing but now you can start using AIM at any time.

We will be sending out letters and emails to some provisional tax customers encouraging them to consider AIM. Your clients might contact you to discuss if AIM is right for them.

Find out if AIM is suitable for your clients at ird.govt.nz/aim

New GST rules for low-value imported goods

From 1 December 2019 overseas businesses selling low-value goods to consumers in New Zealand must charge GST at the point of sale if they meet the GST registration requirements, including a NZ\$60,000 turnover threshold.

Low-value goods are physical goods valued at NZ\$1,000 or less (excluding GST), such as books, clothing, cosmetics, shoes, sporting equipment and electronic items. Goods sold for more than NZ\$1,000 will continue to be taxed by Customs at the border as they come into New Zealand.

These changes apply to:

- **merchants (or retailers)** who sell goods directly to New Zealand consumers (either online, by mail order or phone)
- **online marketplaces** merchants sell goods and services through
- **redeliverers** that offer mailbox redelivery and personal shopping services from other countries.

For each transaction, only 1 entity will be required to collect GST on the value of the good. There are rules for working out which of these businesses is treated as the supplier of the goods.

What does this mean for your overseas business clients?

Overseas businesses are required to register for GST if their total supplies (including services, digital products and low-value goods) to New Zealand consumers exceeds or are likely to exceed NZ\$60,000 in a 12-month period.

If your clients only supply goods for business use to GST-registered businesses in New Zealand, they don't need to register.

You will be able to register your clients online from early September.

What does this mean for your New Zealand business clients?

Low-value goods sold by overseas suppliers and sent to GST-registered businesses in New Zealand, for use in their business (business-to-business supplies) are generally excluded from these rules. In limited circumstances, overseas suppliers may collect and return GST on these sales.

Overseas suppliers will charge GST to New Zealand GST-registered businesses unless your client provides the supplier with their GST number, New Zealand Business Number or informs them that they're a GST-registered business.

Visit ird.govt.nz/GSTupdate for detailed guidance on these changes and to register your clients. If you have questions, email us at info.lvg@ird.govt.nz

New clients' bank account details

When you have new clients, please confirm that the bank account we have loaded for them is correct.

When you are using E-file the bank account loaded at the time the E-File return is generated remains in there even when the customer has switched tax agents. You need to update the bank account in your E-File software.

2019 Kilometre rates for business use of motor vehicles

The 2018-2019 kilometre rates have recently been published. You can find out more on our website: ird.govt.nz (search keywords: vehicle expenses).

2019 Square metre rate

The square metre rates can be used to calculate expenditure on the proportion of business use of a building that is used partly for business and other purposes.

A square metre rate of \$41.70 will apply to the business use portion of a building for the 2018-2019 income year. This adjustment reflects the annual movement of the Consumers Price Index for the 12 months to March 2019, which showed an increase of 1.5%.

R&D tax incentive advice now online

There is a new easy-to-use eligibility tool and guidance material online to help businesses tap into the new research and development (R&D) tax incentive.

The incentive aims to encourage more businesses of all sizes and across a range of sectors to invest in R&D.

The credit rate is 15% of eligible expenditure up to \$120 million. It is available for eligible businesses from the 2019-20 income year.

Companies need to spend at least \$50,000 per year on eligible R&D activity, unless they contract with a research provider approved by us. This allows smaller businesses to access R&D services and claim the tax credit.

If you have clients who are thinking of undertaking R&D in the 2020 tax year, you should advise them, they will need to keep records to support their claim.

The online tool gives businesses a useful indication of whether they should explore their eligibility further.

The guidance material gives more details on:

- the purpose of the R&D tax incentive and how it works
- eligible entities
- eligible activities
- eligible expenditure, and
- what records businesses should start keeping now.

There is also a list of approved research providers.

see ird.govt.nz/rd-credit

Student loan interim repayments

If you have customers with student loan interim repayments for their adjusted net income you need to remind them their instalment is due 28 August for a 31 March due date.



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