

AGENTS ANSWERS

Inland Revenue's tax agents' update



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Final round of Business Transformation implemented

The final round of our Business Transformation has now been implemented and the changes to our system are live.

A recap of the key changes and some helpful information is available in our Day 1 information pack ird.govt.nz/day1intermediaries

GST and provisional tax due date extended to 4 November

Due to the timing of the recent system shutdown over Labour Day weekend, we understand that some businesses may have struggled to file and pay GST and provisional tax by the 28 October due date. **The Government has extended the due date to 4 November.**

Details for filing GST in the new version of myIR can be found in the day 1 pack link above.

The decision to allow this extension was made quickly and there may be some instances where our systems show some variations.

If you have not yet filed, please note that:

- myIR will still show 28 October as the filing due date, however, you will not be penalised as long as you file and pay your GST and provisional tax on or before 4 November.
- automated messaging has been turned off, however if you receive one between now and 4 November, please ignore it, and make sure you file and pay on time by 4 November.

More information

For more information about the recent changes including links to the Day 1 pack and detailed webinars, visit ird.govt.nz/changes-intermediaries. We've also contacted your clients directly about myIR and other changes.

Significant support is available for businesses impacted by COVID-19. For the latest updates visit business.govt.nz/covid-19

Managing third party access

All customers, including your clients, have the ability to restrict third party myIR access.

If you are linking a client or find you no longer have access to a client, you may see the following message:

This client no longer allows third party myIR access. Please contact your client to discuss their preferences.

You will need to ask your client to log into myIR > select Manage my profile > I want to... > Manage third party access

Under the question 'Do you want to allow third parties to request access to your accounts' they will need to change the "No" to "Yes" for you to have myIR access.

Upcoming contact about Wage Subsidy Scheme (WSS) receipts

We have processed a number of 2021 IR3/IR3NR Income tax returns where WSS payments received by customers directly (not via an associated entity) were not reported in the "Government Subsidies" field of the return. We made the decision not to select these returns for review at the time the return was filed but would follow these up outside our high service demand period.

Contacting you by web message or directly

We will shortly (currently planned for mid-November 2021) contact tax agents (and customers without tax agents) by web message requesting these returns be reviewed to ensure the WSS payments are reported. For most, the web message will be sent to the web logon who filed the return in Gateway Services or myIR. There are, however, some tax agents with 10 or more affected clients. Our Account Managers will directly contact these tax agents with a list of their clients who need a review.

Your action

If you receive a web message or are contacted by your Account Manager, please review the WSS payment detail with your client and make the necessary amendment. Where you find the amount to be included differs to the amount shown in the web message or advised to you, please include a supporting note (and/or information) as necessary when amending your client's return.

Find out more

If you need further information on how the WSS receipts should be accounted for, please go to the IR1251 guide on our website.

Reminding customers about their Small Business Cashflow loan

This month we're contacting tax agents of customers who took out the Small Business Cashflow loan (SBCS) between May and July 2020. We'll remind them of their client's loan obligations and the option to avoid interest by repaying the loan in full within the first 2 years if they can.

We'll contact SBCS loan customers without a tax agent directly.

We understand the pressure many business owners are under, and that it might not be possible to pay the loan off before the interest is charged. That's ok. Repayments are not compulsory in the first 24 months.

For more information about the loan, including applying head to ird.govt.nz/sbcs

2021 Income tax – more information requests

There are many "Income tax - more information requests" for clients of tax agents yet to be finalised.

This is a reminder that you must review and confirm all "Income tax – more information requests" that have been issued for your clients. This includes confirming the income included is correct and/or adding additional income and expenses as necessary before 31 March 2022.

Your unfiled returns report will help you to identify which clients still have an "Income tax - more information request" needing to be reviewed or amended and then completed. For more information on this report, go to ird.govt.nz/roles/tax-agents/unfiled-returns-report

You can finalise the assessment in myIR or if you are using Gateway Services to file income tax returns you may also be able to complete and amend the more information request via your software. Talk to your software provider to see if they provide this functionality.

We encourage you to finalise these in a timely manner so your clients are aware of their tax position and receive any refund they may be entitled to as soon as possible (including Working for Families).

Ensure your clients' bank account details are up to date so that any credits can be refunded directly to their account.

For more information on the Income tax process for individual clients of agents, go to

ird.govt.nz/roles/tax-agents/individual-income-tax-for-clients-of-agents

Reporting requirements for domestic trusts

From the 2021-22 tax year trustees will need to prepare financial statements and provide additional information with their income tax returns.

On 15 October 2021 Inland Revenue published two documents for public consultation:

- An Officials Paper on the Order in Council (OIC) which prescribes the minimum standard for financial reporting by trustees, and
- A draft Operational Statement (OS) setting out Inland Revenue's proposed approach to applying the trust information gathering powers contained in sections 59BA and 59BAB of the Tax Administration Act 1994.

Trustees will be required to provide:

- summary financial information from their statement of profit or loss and statement of financial position which will be prepared to the minimum standard prescribed by the OIC
- the nature and amount of any settlement made on the trust during the year
- the details of anyone who is a settlor of the trust
- the amount of any distributions made during the year, and the details of the beneficiary who received the distribution
- details of any person who has powers to appoint or remove trustees and beneficiaries or amend the trust deed.

The Officials paper is open for consultation until Monday 15 November 2021, and the Operational Statement until 30 November 2021. You can find the documents, and details about how to provide your feedback on our websites at: taxpolicy.ird.govt.nz/publications/2021/2021-ip-reporting-requirements-domestic-trusts
taxtechnical.ird.govt.nz/consultations/draft-items/ed0235

High-wealth individuals research project

About 400 high-wealth individuals have been selected to take part in a statistical research project to help us fill a gap in our knowledge of effective tax rates relative to economic measures of income.

The project will use household income as the unit of analysis, so people taking part will be asked for financial information about themselves and their dependent children. Their partners will also be asked for financial information.

Individuals will be legally required to provide this information.

We will be asking for information in 3 stages:

- In November 2021, individuals will be asked to provide details of their partner and dependent children. This will give us accurate information about whose income will be included in the analysis.
- In January 2022, individuals and their partners will be asked for information about the entities and business undertakings they have an interest in. Individuals will also be asked about the entities their dependent children have an interest in.
- In May 2022, individuals and their partners will be asked to provide further information to help us calculate measures of income for our analysis.

All the information provided will be kept confidential and will not be used to reassess anyone's tax liability.

The research will be published in a report to be made public in mid-2023. The project will not make any policy recommendations, but the analysis will improve future tax policy advice.

We have contacted the individuals' tax agents to let them know their clients who have been selected to take part in the study.

If you have any questions about the project, email etrproject@ird.govt.nz

Voice channel hours for individuals

We've changed the voice channel hours for individuals.

They are now Monday to Friday 8am to 6pm. Saturday's hours remain the same, at 9am to 1pm. The agents' phone line hours, Monday to Friday 8am to 5pm remain unchanged.

95% of our customers contact us between 8am and 6pm, and only 5% between 6pm and 8pm. The new hours respond to the ongoing customer preference for digital channels initially observed during COVID-19 and support our vision to increase customer self-service and boost the uptake of web messaging.

In drawing customers' attention to the revised hours, we will highlight the advantages of going digital and the improved self-service opportunities.

We will continue to monitor customer calling preferences once these changes are implemented.

Tax technical items

We've recently published this item:

IS 21/04 Income Tax & GST - Deductions for businesses disrupted by the Covid-19 Pandemic

Many businesses have faced significant disruption because of COVID-19. Some businesses have had to downscale or temporarily suspend their operations. Others have had to close completely. However, expenses and losses may still be incurred while the business is not operating. Whether a business has ceased operating temporarily or permanently has implications for whether it can claim income tax deductions for any expenditure or loss incurred.

You can find this item on our website taxtechnical.ird.govt.nz/ Enter IS 21/04 in the search box.



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