

AGENTS ANSWERS

Inland Revenue's tax agents' update



Issue No 254 • March 2022 • IR787

Tax policy and remedial changes are coming

More than 100 policy and remedial changes are expected to take effect on or before 1 April 2022.

The changes include the following

- New interest limitation rules will phase out the ability to claim interest on loans for residential rental properties.
- The bright-line property rule will include a new 5-year bright-line period for new builds. Changes will also ensure a main home is not taxed and certain transfers of ownership do not trigger the bright-line property rule.
- More reporting requirements for trusts to improve the transparency of trusts and their financial positions.
- A new process for returning employer contributions to the employer account when an employee is no longer a KiwiSaver member.
- Employers will no longer be able to change employment information through myIR or Gateway Services if it has been 4 years or more since the return was first filed.
- Child support customers will be assessed on a 'net' income base by incorporating investment income and no longer offsetting losses from earlier years.

On-demand webinars

We will have a series of on-demand webinars to help you understand some of the key changes that may impact your customers. To view these webinars, visit ird.govt.nz/2022-changes

A webinar on changes to trusts is now available. Webinars on property, GST, FBT and more will be available later this month.

Marketing campaign

A marketing campaign will run throughout March to raise awareness of the proposed rental property interest limitation rules. Advertising will run in both online and outdoor media.

We'll also send emails and letters to customers who show rental income in recent tax returns. Customers with a mail redirect to a tax agent will not receive these emails and letters.

Reminder tax pooling

Your clients may be able to use tax pooling to meet their 2021 provisional and end-of-year tax obligations.

An indicator will be added to the 2021 Income Tax account of customers that intend to use tax pooling funds to meet their provisional tax obligations. The indicator is added automatically based on customer schedules sent to Inland Revenue by tax pooling intermediaries.

Tax pooling intermediaries have up to 75 days after your client's terminal tax date to transfer a payment from the tax pooling account into the customer account, at which time it becomes a tax payment.

The indicator prevents automatic policing actions from occurring during that 75-day timeframe. For example, we won't issue debt letters or transfer credits to offset amounts due in the income tax account. Your clients may still be issued statements of account and myIR will show this amount is due.

You can check if your client has a tax pooling indicator through the client list report or check the 'Additional period details' report under the 'More' menu in your client's Income Tax account.

If no indicator is showing, contact a tax pooling intermediary in the first instance.

For more information on tax pooling please visit ird.govt.nz/2022-changes

GST registrations - nil filing clients

Your client needs to be carrying out a taxable activity to be registered for GST.

A taxable activity is a continuous or regular activity undertaken by any person that supplies or intends to supply goods or services for money or other reward.

If your client is continuously filing nil GST returns, it may suggest that they are no longer carrying out a taxable activity.

Letters issued in February

If your client received a letter about our intention to cancel their GST registration, please consider whether they are carrying on a taxable activity.

If you agree that their GST registration needs to be cancelled, you do not need to contact us.

Their final GST return should be filed with the required adjustments.

For more information about cancelling GST, visit ird.govt.nz/gst/cancelling-your-gst-registration/cancel-your-gst-registration

ACC levies now set for 2023, 2024 and 2025 years

The ACC levies have now been set by regulation for the 2022-23, 2023-24 and 2024-2025 tax years.

For more information, please go to ird.govt.nz/income-tax/income-tax-for-individuals/acc-clients-and-carers/acc-earners-levy-rates



Follow us on our LinkedIn page for tax professionals

We have a LinkedIn page dedicated to tax professionals. We share regular updates on tax law changes, upcoming due dates and more.

Follow our page today linkedin.com/showcase/Inland-Revenue-NZ-for-tax-professionals



Te Kāwanatanga o Aotearoa
New Zealand Government

Agents Answers comments generally on topical tax issues relevant to tax agents. Every attempt is made to ensure the law is correctly interpreted, but articles are intended as a brief overview only. The examples provided are not intended to cover every possible factual situation.

Email: agents.answers@ird.govt.nz

 ird.govt.nz