

BUSINESS TRANSFORMATION

September 2019

Latest news about Inland Revenue's
transformation



Calling time on cheques

Earlier this month, you may have seen our announcement that Inland Revenue will be moving away from cheques as we become increasingly digital in the way we work. From 1 March 2020, we will no longer be accepting cheques, including post-dated cheques (dated after 1 March 2020) from customers who are able to use alternative payment options.

With cheque usage declining every year, this also reflects our customers' preferences. Last year cheques only accounted for 5% of payments; most of our customers are now choosing to pay their taxes electronically.

For those customers who do still use cheques, we are encouraging them to get a head start on finding other convenient and secure payment options that work for them. We appreciate that for some people this will be a significant change that will take some adjustment, although there are now lots of faster, cheaper and safer ways to pay electronically or in person.

Ways to pay

We recommend you contact your bank about online banking options such as:

- direct credit payments
- automatic payments.

Many banks offer a dedicated tax payment option.

You can pay online through Inland Revenue:

- Use your credit or debit card to make online payments through our [website](#).
- You can pay by direct debit and make debit card and credit card payments securely through myIR online services. Visit our [website](#) and login or register for myIR.
- If you're overseas you can pay us using a fees-free money transfer service. Search for

“make a payment” on our [website](#) for more information.

In person:

- You can drop into a Westpac bank and pay your taxes over the counter by cash or eftpos. You can only do this at Westpac branches.
- You can also use one of Westpac’s Smart ATMs.

If you can access the internet, go to the [Westpac website](#) to find a Westpac branch or Smart ATM.

Find out more

To help you find a payment option that works for you:

- Talk to your bank about their online banking facilities.
- You can also find out more about your [payment options](#) on the Inland Revenue website.
- If you have a tax agent, you may also like to talk to them about your payment options.

If you need help getting started with online banking:

- Check out any free digital courses offered by your bank or local community groups.

Enrolling for the Research and Development Tax Incentive (RDTI)

The Research and Development Tax Incentive, available from the 2019/20 income year, features a 15% tax credit on up to \$120 million of eligible expenditure.

Businesses can use the [eligibility tool](#) and [guidance](#) on our website to find out if their R&D activities meet the incentive criteria.

Businesses must spend at least \$50,000 on eligible R&D in a tax year to claim this credit, unless they have approved research provider expenditure. This exception helps make the R&D tax credit accessible to businesses of all sizes.

Businesses that plan to claim this tax credit need to enrol through myIR before they can submit a supplementary return at the end of their tax year.

To enrol, go to myIR and choose the ‘I want to’ tab and ‘RDTI enrolment’. This process should take around 10-20 minutes to complete.

Once enrolled, you’ll have access to the R&D Tax Incentive workspace where you’ll be able to begin entering information from November 2019.

The R&D tax credit operates on a self-assessment basis. This means you are responsible for determining whether your R&D activities and expenditure meet the eligibility requirements of the legislation, and for maintaining records to support your eligibility. Your records must be sufficient to verify:

- The nature of the R&D activities and the scientific or technological uncertainty or



- uncertainties they were designed to resolve
- The amount of expenditure incurred on R&D activities
 - The relationship between the expenditure and the R&D activities.

Relevant records include those that are normally kept by businesses to support income tax and GST claims. Additional records will be required to cover the planning and conduct of R&D activities, and to isolate eligible expenditure. These additional records will vary depending on the nature of the business and the R&D activities.

For information, eligibility and enrolment visit the [R&D tax incentive](#) pages on our website.

Residential property changes - ring-fencing rental losses

The new rules apply from the start of the 2019-2020 income year to residential land that deductions can be claimed for; this is mainly rental properties but can also include other residential land. This means that the rules apply to individuals, partnerships, trusts, look through companies and close companies.

Any ring-fenced deductions will be carried forward and can only be used against residential rental or sale of property income in future years.

Property investors will no longer be able to reduce their tax liability by offsetting residential rental property deductions against their other income, such as salary or wages, or business income.

For more information, check out [our website](#).

Student loans and KiwiSaver content rewritten for our website

The next phase of transforming our website focusses on [student loans](#) and [KiwiSaver](#). This is now published and we encourage you to take a look and provide feedback.

This work builds on our child support, Working for Families and income tax content changes, tested on a beta site in late 2018 and early 2019.

We're also testing other features including:

- a product page, where we group all product-related content together. We're piloting this with our student loans and KiwiSaver content
- left-hand navigation to make it easier to navigate through the content
- a key information panel, so customers can see summary information at a glance
- availability of paper forms on appropriate task pages in the 'Other ways to do this' drop down.

New approach to beta testing content on the main website

In the past, we tested beta content on a separate site, with signposting from our main website. We're now beta testing content within our main website. These pages will be marked as 'New'. You'll also continue to have access to the content on our old 'classic' site during the beta phase.

We need feedback on our beta content so we know if we're hitting the mark with the level of detail and ease of use. You can provide feedback using the feedback button, which shows on each page of the website.

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