



**Inland Revenue**  
Te Tari Taake

**IR3G**  
March 2023

# Individual income tax return guide 2023

**Please read page 5 to see if you need to file this return.**

**Complete and send us your IR3 return by 7 July 2023,  
unless you have an extension of time to complete  
or a non-standard balance date.**

The information in this guide is based on  
current tax laws at the time of printing.



Save time, do it online at [ird.govt.nz](https://ird.govt.nz)



## Important changes

### Income for deceased customers

Reportable income received up to 28 days following a person's death can either be included in the:

- **Individual tax return - IR3** return to date of death, or
- **Estate income tax return – IR6.**

### Question 17 - Overseas income

If you have overseas income, you must complete an **Overseas income summary – IR1261** form and submit it with your return.

### Question 22 - Total residential income

'Total residential income' is separated into the following 3 boxes:

- Gross residential rental income Box 22A
- Net bright-line profit (excluding losses) Box 22B
- Other residential income Box 22C.

For more information about how to complete these boxes, see Question 22 Income and expenses from residential property on page 29.

## ird.govt.nz

Go to our website for information and to use our services and tools.

- **Log in or register for myIR** - manage your tax and entitlements online.
- **Calculators and tools** - use our calculators, worksheets and tools. You can check your tax code, find filing and payment dates and calculate your student loan repayment.
- **Forms and guides** - download our forms and guides.

### Forgotten your user ID or password

Request these from the myIR login screen and we'll send them to the email address we hold for you.

## How to get our forms and guides

You can get copies of our forms and guides at [ird.govt.nz/forms-guides](https://ird.govt.nz/forms-guides)

## Nominate someone to act on your behalf

You can nominate someone to act on your behalf to help you with your tax and entitlements. You can do this in myIR.

Having a nominated person does not change your responsibilities. You are still personally responsible for your tax obligations.

# Contents

	<b>Page</b>
Important changes	2
<a href="http://ird.govt.nz">ird.govt.nz</a>	2
How to get our forms and guides	2
Nominate someone to act on your behalf	2
Do you need to complete an IR3 return?	5
Children's exempt income	6
Extension of time	7
Are there any penalties?	7
Income year	7
Individual tax return or Estate income tax return	7
Using this guide	8
<b>Question</b>	
Q1 to 5 Personal information	8
Q6 Business industry classification (BIC) code	8
Q8 Bank account number	9
Q9 Adjustments to your income	9
Q10 Non-residents and transitional residents	9
<b>Your income</b>	
Q11 Family tax credit from Work and Income	11
Q11A Income with tax deducted	11
Worksheet for ACC earners' levy	13
Q12 Scheduling payments	14
Q13 New Zealand interest	15
Q14 New Zealand dividends	17
Q15 Māori authority distributions	18
Q16 Estate or trust income	18
Q17 Overseas income	19
Q18 Partnership income	26
Q19 Look-through company (LTC) income	26
Q20 Shareholder-employee salary	28
Q22 Income and expenses from residential property	29
Q23 Interest incurred from residential property	34
Q24 Income from other rental activities	36
Q25 Self-employed income	37
Q26 Income from taxable sales or disposals of property	38
Q27 Government subsidy	39
Q28 Other income	39
Q30 Other expenses and deductions	41
Q32 Net losses brought forward	42

<b>Your tax credits</b>	<b>43</b>
Q34 Independent earner tax credit (IETC)	43
Q35 Excess imputation credits brought forward	45
Q36 Portfolio Investment Entity calculation	45
<b>Calculating your tax</b>	<b>47</b>
Tax on taxable income	47
Q37 Tax calculation	50
Excess imputation credits carried forward	51
Student loan	51
Q38 Early payment discount	54
Q39 Refunds and/or transfers	56
Transfers	56
<b>Provisional tax</b>	<b>58</b>
Q40 Provisional tax	58
Initial provisional tax liability	58
Payment options	58
Q41 Foreign rights disclosure	60
Q42 Is your return for a part-year?	60
Q43 Notice of assessment and declaration	61
Paying your tax	61
Your record of payment	62
ACC personal services rehabilitation payments	63
Accident Compensation Act 2001 (ACC)	67
<b>Services you may need</b>	<b>69</b>
Need to speak with us?	69
0800 self-service number	69
If you have a complaint about our service	69
Privacy	69

# Do you need to complete an IR3 return?

If we've sent you a message to complete your Individual income tax return - IR3 in myIR, or a paper copy by post, you must complete the return and send it to us by 7 July 2023, unless you have an extension of time or a non-standard balance date. If you do not need to complete a return but you'd like to talk to someone about your tax situation, you can call us.

## Note

To help you work out if you need to complete an IR3, go to [ird.govt.nz/end-of-tax-year](https://ird.govt.nz/end-of-tax-year) or call us on 0800 377 774.

If you received any other income apart from salary, wages, schedular payments, interest, dividends (see further information below), and/or taxable Māori authority distributions, you must complete an IR3 return. There are some exceptions. If you received personal service rehabilitation payments and are an ACC client or caregiver (who received payments from the client or ACC), read page 63.

## Note

If you had a workplace injury your employer may manage these payments instead of ACC. If you or your caregiver receives these payments, regardless of who makes them, you'll need to read the information on page 63.

Other income includes:

- self-employed income (see children's exempt income below)
- income derived overseas - calculated taxable income arising from a withdrawal or transfer from foreign superannuation schemes acquired while a non-resident of New Zealand
- over \$200 in total of income that has not been reported to us such as:
  - interest derived overseas (if it has had tax deducted or not)
  - dividends of certain Australian resident listed companies and other overseas investments that are not treated as part of foreign investment funds (FIF) income - see page 22
  - employment income or schedular payments
  - income from a PIE for example you are 1 of the joint holders of a PIE investment that is not under your IRD number
- FIF income
- rental income
- estate, trust or partnership income
- royalties
- cash jobs or "under the table" payments
- income from illegal enterprises, and
- income without PAYE deducted, such as shareholder-employee salary or a claim received under a taxable loss of earnings policy.

You'll also need to complete an IR3 if you:

- left or arrived in New Zealand part-way through the year
- are filing a return for a deceased person to the date of death if there is a requirement to complete a return for this income year
- were declared bankrupt, or
- changed your balance date part-way through the year.

## Children's exempt income

Read this information if for the tax year you:

- were 14 or under
- were 15, 16 or 17 and still attending school\*, or
- turned 18 on or after 1 January in the previous tax year and continued to attend school\*

\* including a school for people with disabilities, but excluding tertiary institutions.

The following income is required to have tax taken out before you receive it:

- salary or wages
- schedular payments
- interest
- dividends, and
- Māori authority distributions.

If you only receive these types of income you will not need to complete an IR3. However, if you are required to complete an IR3 return this income needs to be included.

You may receive income that has not had tax taken out before you get it for example:

- worked as a self-employed person
- worked around the home of a neighbour or family friend, and that work was not part of a business that they carry on, or

If your total income from these sources is less than \$2,340 for the tax year, this income is exempt from tax and is not included in your return. You are not required to complete a return just because you earn this type of income. If you earn \$2,340 or more, the exemption does not apply and you will need to complete a return and pay tax on all the income, not just the amount that exceeds the exemption.

If you have to complete a return but we have not sent you an IR3, you must request and complete it by 7 July 2023, unless you have an extension of time or a non-standard balance date.

Contact us to request an IR3 return. You can do this in myIR.

## Extension of time

If circumstances beyond your control will prevent you from sending in your return on time, call us on 0800 377 774 and we may grant you an extension. If you have a tax agent you may have until 31 March 2023 to complete the return. Contact your agent for more information.

## Are there any penalties?

You may face penalties and prosecution if you:

- are required to put in a return but do not
- give false or misleading information (including not showing all your income)
- leave out details on purpose so the information is misleading
- complete your return late.

## Income year

The information in this guide is based on the tax year from 1 April 2022 to 31 March 2023. If your income year is different you can still use this guide, but work out your income and expenses for your income year.

## Individual tax return or Estate income tax return

Generally, income received up till the time of a person's death is included in the individual tax return with income received after death included in an Estate income tax return.

However there is a choice whether reportable income (for example salary, benefit, pension or interest) received 28 days after a person's death is all included in this Individual tax return or in an Estate income tax return.



# Using this guide

Did you know you can also complete your return online? Go to [ird.govt.nz/myIR](https://ird.govt.nz/myIR)

The form will prepopulate with your personal details and earnings information.

Before you start filling in the return make sure you have:

- any interest or dividend statements
- any taxable Māori authority distribution statements
- any other income details, such as overseas, rental property, farming or business income, and
- your 2023 Working for Families Tax Credits (WfFTC) letter, if you applied for WfFTC from Inland Revenue.

The questions in this guide are in the same order as the questions on the return.

Do not use anyone else's preprinted return because it is precoded with their own IRD number.

## Questions 1 to 5 Personal information

This information helps us to contact you. Please make sure we have your details correct. If you have changed your name or address, update the information in the spaces provided on the return. You can also update your personal information in your myIR account.

### Postal address

If you use your tax preparer's postal address leave this panel blank. Your tax preparer will let us know if they've changed their address.

If your address is a PO Box number, show your box lobby if you have one. If you are unsure of your box lobby please contact New Zealand Post.

### Date of birth

We ask for this so we do not mix up people with the same name.

## Question 6 Business industry classification (BIC) code

We're required to supply the Accident Compensation Corporation (ACC) with a code for your business or trading activity, for levy classification and calculation.

If your BIC code is not preprinted on the return or is different from the preprinted one, enter the correct code.

To work out your main business or trading activity and its code, go to [businessdescription.co.nz](https://businessdescription.co.nz)

It is important that you choose the code which most accurately reflects your main business or trading activity. If you are unable to identify the correct code, call ACC on 0800 222 776 for more help.

### Note

Please provide the **code only**. Do not provide a description. If you do not complete your BIC code, ACC will select one on your behalf. This may mean your ACC levy rate could be incorrect.

## Question 8 Bank account number

The fastest and safest way to get any refund is to have it direct credited to your New Zealand bank account or other deposit account, for example, a building society account. If your bank account number is not preprinted on the return, include it at Question 8.

If your suffix has only 2 digits, enter them in the first 2 boxes.

## Question 9 Adjustments to your income

If you have a student loan or you're eligible for Working for Families Tax Credits (WfFTC), you may need to include adjustments to your income. This is so we can correctly assess your student loan repayment obligation and make sure you receive the right WfFTC entitlement. Find out more about adjusting your income at [ird.govt.nz/adjust-income](http://ird.govt.nz/adjust-income)

To let us know about your income adjustments you can:

- complete it in your myIR account
- call us on 0800 227 774, or
- tick 9A on your IR3, complete and attach an **Adjust your income - IR215** form to your income tax return.

If you need a IR215 form, you can download it from [ird.govt.nz/forms-guides](http://ird.govt.nz/forms-guides) or call us on 0800 257 773.

## What do I need to do to receive my entitlement?

If you have not already registered for WfFTC, you can find out if you qualify and register online at [ird.govt.nz/working-for-families](http://ird.govt.nz/working-for-families)

Once you're registered, we'll send you a notice of entitlement with all your family details for you to check. Please let us know if anything is incorrect. For more information about the notice of entitlement go to [ird.govt.nz/noe](http://ird.govt.nz/noe)

If you're already registered and you need to file an IR3, we may send you a letter showing your family details. You'll receive this by the beginning of May. Please let us know if any of the details are incorrect.

## Question 10 Non-residents and transitional residents

### Non-residents

If you were away from New Zealand for more than 325 days in any 12-month period and do not have a "permanent place of abode" in New Zealand, you may be a non-resident. Read our guide **New Zealand tax residence - IR292** to find out your status. If you were not present in New Zealand and are a non-resident for a full year, but you received income from New Zealand, you may need to complete an IR3NR return instead.

## Transitional residents

If you became a New Zealand tax resident during the year 1 April 2022 to 31 March 2023 and you've elected not to be treated as a transitional resident, you have to complete an IR3 declaring your worldwide income from the date you became a New Zealand tax resident.

Transitional residents do not have to declare their foreign-sourced income except for foreign employment income and foreign services income.

If you were a non-resident for part of the year, complete Question 42 on your return.

If your return is not for a full year, we'll calculate your tax and income-related tax credits and let you know the result - see [ird.govt.nz/tte](https://ird.govt.nz/tte) for more information.

# Your income

If you received family tax credit from Work and Income, salary, wages or schedular payments, the information you need to complete Questions 11, 11A and 12 will be on your **Summary of Income (SOI)**, which we'll send you in May 2023. We send this automatically if we send you an IR3 return.

Your SOI contains the following information:

- all your employers throughout the year
- your total gross income with tax deducted and ACC earners' levy paid
- any family tax credit paid by Work and Income, and
- your tax credits for payroll donations you've made through payroll giving.

## Question 11 Family tax credit from Work and Income

If you received family tax credit from Work and Income, copy the amount from your SOI to Box 11 if it does not already show. Do not include any Working for Families Tax Credits from Inland Revenue in Box 11.

## Question 11A Income with tax deducted

Did you receive any of these types of income with tax deducted between 1 April 2022 and 31 March 2023?

- salary or wages
- a student allowance
- any income-tested benefit - unemployment or sickness, transitional retirement, independent youth, domestic purposes, widow's, invalid's or emergency
- accident compensation payments related to earnings
- New Zealand Superannuation (NZ Super) either income-tested or non-income tested, or a veteran's pension
- other pensions, annuities or superannuation (read "Pensions" on page 14)
- free or discounted shares received under an employee share scheme (previously known as a share purchase agreement). Note: it is up to your employer whether they deduct tax on these or not
- shareholder-employee salary.

If you received any of these types of income with tax deducted, you need to copy the totals from your SOI to Box 11A if they do not already show on your return.

## Employee Share Scheme (ESS) benefits

If you (or an associate) received free or discounted shares under an employee share scheme the taxable value will be included on your SOI as long as your employer has provided us with this information.

In most cases your employer will have provided this information but if they have not you will need to show the taxable value at Question 27.

You will need to check with your employer whether this information has been provided.

## What to show in your return

Copy the total amounts from your SOI to the corresponding boxes (11A, 11B, 11C, 11D and 11E) on your return if it does not already show.

## Amending your income details

If any of the details on your SOI are incorrect (for example wrong or missing employers), please make the changes on your SOI and attach it to your income tax return.

You only need to attach your SOI to your income tax return if you've made changes to it.

Transfer the amended totals from your SOI to the corresponding boxes on your return and use the worksheet on page 13 to calculate your total tax deducted (11E).

## ACC earners' levy

All employees must pay an ACC earners' levy to cover the cost of non-work related injuries, based on their earnings. We collect this on behalf of the Accident Compensation Corporation (ACC). The maximum amount of earners' levy is \$1,993.54. The earners' levy is set at a rate of 1.46% (1.46 cents in the dollar).

If you need to amend your employment details on your SOI, you'll need to recalculate your earners' levy.

## Using employer-provided information

If you received payslips or other earnings information from your employer, you can use this information to complete your return and do not have to wait for your SOI. You do not include schedular payments in this calculation.

You'll need to use your total PAYE deducted in your calculations. This is the amount of PAYE shown on your payslips before any tax credits for payroll donations are deducted.

If you made donations through payroll giving to an organisation that is not on Inland Revenue's approved donee organisations list, you will not be able to keep the tax credits you received and you will not have paid enough PAYE throughout the year. You'll have either received a letter telling you about these extinguished tax credits or they'll show on your summary of income. Put the total PAYE, less the amount of your extinguished tax credits, in Box 11A.

If the amount of total PAYE deducted is not clear from your payslips:

- contact your employer
- refer to your SOI for details
- refer to Earning summary in the **My Income** tab in myIR, or
- call us on 0800 227 774.

You'll need to calculate your ACC earners' levy liability and deduct it from your total PAYE, using the worksheet below.

<b>Worksheet for ACC earners' levy</b>	
Copy your total taxable earnings from salary and wages to Box 1. Copy the amount to Box 11B of your return.	<b>1</b> ▶ \$ <input type="text"/>
Copy your taxable earnings from salary and wages that are not liable for earners' levy to Box 2. See below for a list of income not liable. Copy this amount to Box 11C of your return.	<b>2</b> ▶ \$ <input type="text"/>
Subtract Box 2 from Box 1. Print the answer in Box 3. If the answer exceeds the maximum liable earnings of \$136,544, print \$136,544 in Box 3.	<b>3</b> ▶ \$ <input type="text"/>
<b>This is your liable income for ACC earners' levy</b>	
Multiply Box 3 by 0.0146 (1.46%). Print your answer in Box 4. This is your ACC earners' levy. Copy this amount to Box 11D of your return.	<b>4</b> ▶ \$ <input type="text"/>
Copy your total PAYE from salary and wages to Box 5. Copy this amount to Box 11A of your return.	<b>5</b> ▶ \$ <input type="text"/>
Copy your total ACC earners' levy from Box 4 (above) to Box 6.	<b>6</b> ▶ \$ <input type="text"/>
Subtract Box 6 from Box 5 and print the answer in Box 7.	<b>7</b> ▶ \$ <input type="text"/>
<b>This is your total tax deducted. Copy this amount to Box 11E of your return.</b>	

### The following income is not liable for ACC earners' levy

- NZ Super
- income-tested benefits
- non-taxable allowances
- student allowances
- veteran's pension
- living alone payments
- redundancy payments
- retiring allowances
- jury and witness fees
- interest and dividends
- taxable Māori authority distributions
- free or discounted shares received under an employee share scheme
- income from a partnership earned by a non-working partner in that partnership
- pensions from superannuation schemes not registered with the Financial Markets Authority
- overseas pensions
- rents
- estate and trust income
- royalties
- income attributed to you from a portfolio investment entity (PIE)
- income arising from a withdrawal from foreign superannuation schemes.

## Pensions

Do not include the following pensions or annuities in your tax return:

- non-taxable pensions or annuities from either life insurance funds or superannuation schemes registered with the Financial Markets Authority (for example Government Superannuation)
- pensions that are completely tax-free, such as war pensions (other than a veteran's pension).

Any overseas social security pension you receive is usually taxable. Include it at Question 17 (see the notes on page 24).

If you receive a United Kingdom national retirement pension and have joined the special banking option operated by Work and Income, only include the New Zealand Super income and tax deducted at Question 11A.

For more information read our guides **Overseas pensions and annuity schemes - IR257** or **Overseas social security pensions - IR258**.

## Question 12 Salaried payments

Salaried payments are generally payments made to people who are not employees but are employed on a contract basis. All ACC personal service rehabilitation payments which are paid by ACC or your employer are classified as salaried payments. Different tax rates apply to salaried payments, depending on the work done. A full list is available in the **PAYE tables - IR340 and IR341** and on the back of the **Tax rate notification for contractors - IR330C**.

People who receive salaried payments will receive a **Summary of income (SOI)** detailing their salaried payments received and the tax deducted. If your SOI shows total salaried income over \$200, you must complete an IR3 return.

## ACC personal service rehabilitation payments

If you are an ACC client or caregiver and received ACC personal service rehabilitation payments, read the information on page 63 before you complete Question 12.

### Box 12A Total tax deducted

This is the total amount of tax deducted from salaried payments you received during the year.

The amount in this Box should also include any amount of tax deducted from salaried payments made to a close company which has been transferred directly to you as a shareholder-employee.

### Box 12C Expenses related to salaried payments

Show any expenses you can claim against this income here. Do not include it with other expenses at Question 30.

### Box 12D Net salaried payments

This is the total gross salaried payments shown at Box 12B, less any expenses being claimed at Box 12C.

## Mineral mining tax credit

Include in Box 12A the amount of refundable tax credit being claimed where a tax loss is incurred on disposal of land or claiming rehabilitation expenditure. Include the amount of tax loss in Box 12D.

## What to show in your return

Copy the total tax deducted (Box 12A) and gross payments (Box 12B) from your SOI to the same box numbers of your return. Add up the expenses related to your schedular payments and print the total in Box 12C. Subtract Box 12C from Box 12B and print the result in Box 12D.

If your employer received and passed on the wage subsidy as part of your schedular payments with tax deducted at source no further action is required for this wage subsidy receipt.

If your employer received the wage subsidy and passed this on to you without tax deducted at source you will need to include the amount in the government subsidies box at Question 27.

### Note

If you are registered for GST, your gross schedular payment may include GST. Enter the GST-exclusive amount at Question 12B.

## Shareholder-employee salary

If you received a shareholder-employee salary with no PAYE deducted, show the amount at Question 20.

## ACC levies

You'll have to pay ACC levies on schedular payments. ACC will invoice you for these.

## Question 13 New Zealand interest

Did you receive any New Zealand interest between 1 April 2022 and 31 March 2023 from:

- banks
- Inland Revenue
- building and investment societies
- credit unions
- securities
- a partnership, look-through company, estate or trust, or
- loans you've made.

If so, show all the New Zealand interest you received at Question 13B. If the interest is from a partnership, look-through company, estate or trust please tick Box 13C.

If you were charged commission on any of your interest, claim this at Question 30. Read the note about expenses on page 41.

## Interest on broken term deposits

If you've broken a term deposit during the year, you may have "negative interest" to account for. This is interest you've repaid on the term deposit. It may reduce the amount of interest you need to declare on your tax return.

If you broke the term deposit in full, use the worksheet on page 16 to deduct the negative interest from the gross interest amount shown on your RWT withholding certificate or equivalent statement. In all other cases, the negative interest is deductible in a later tax return when the term deposit matures.



### Worksheet

Copy your gross interest from your RWT withholding certificate to Box 1.

<b>1</b> ▶	\$		.	
------------	----	--	---	--

Print any negative interest you've paid in Box 2.

<b>2</b> ▶	\$		.	
------------	----	--	---	--

Subtract Box 2 from Box 1 and print the answer in Box 3. Include this in the amount shown at Box 13B.

<b>3</b> ▶	\$		.	
------------	----	--	---	--

## RWT

During the year, RWT will have been deducted from some or all of your interest and you can claim a credit for this.

The interest payer will usually send you a RWT withholding certificate or similar statement which shows the gross interest paid and the amount of RWT deducted.

Add up the amounts from each statement or certificate and print the totals in Boxes 13A and 13B.

Do not send us your interest statements with the return. Keep these in case we ask for them later.

### Interest of \$50 or less

If the interest you received for the year is \$50 or less, you may not receive a certificate or statement, but you still need to show the gross interest and RWT. Get the details from your bank statements.

### Interest on joint accounts

If you hold a joint account, you must show your share of the interest in your tax return.

### Interest from overseas

If you received interest from overseas, convert your overseas interest and tax credits to New Zealand dollars and show the amounts at Question 17. Read the notes about overseas income on page 19.

### Farm vendor mortgage or finance bonds

If you received interest from a farm vendor mortgage or farm vendor finance bonds approved by the Rural Banking and Finance Corporation of New Zealand, only half of the interest is taxable. Show the RWT deducted and the taxable amount of interest in Boxes 13A and 13B.

### Income from financial arrangements

If you are a party to a financial arrangement, such as government stock, local authority stock, mortgage bonds, futures or deferred property settlements, you may have to calculate the income or expenditure from the financial arrangement using a spreading method, rather than on a cash basis. To determine whether a spreading method must be used, see "Financial arrangements" on page 40.

If the financial arrangement matures, is sold, remitted or transferred, a "wash-up" calculation, known as a base price adjustment, must be made.

Any RWT will have to be deducted on a cash basis. Show the RWT deducted and any income from the financial arrangement in Boxes 13A and 13B.

## Interest paid or charged by Inland Revenue

If we paid you interest, include it in Box 13B in the income year you received the interest.

If you paid us interest, include it as a deduction at Question 30 for the income year the interest is paid.

## Question 14 New Zealand dividends

Dividends are a part of a company's profits that it passes on to its shareholders. Unit trusts are treated as companies for income tax purposes and unit trust distributions are treated as dividends.

Complete Question 14 if you received any New Zealand dividends between 1 April 2022 and 31 March 2023, including dividends from your local electricity or gas company (but do not include a dividend that is a distribution of the trust's capital and is tax-free). The company or unit trust that paid you the dividend will send you a dividend statement.

Include dividends earned by a partnership or estate, or distributed by a trust.

If you were charged commission on any of your dividends, claim this at Question 30. Read the notes about expenses on page 41.

If you receive dividends from a portfolio investment entity (PIE) that is a listed company and does not use your prescribed investor rate, you can decide whether or not to include the dividends in your return.

## Credits attached to dividends

A New Zealand company or unit trust may attach several types of credits to dividends.

"Imputation credits" are credits for part of the tax the company has already paid on its profits so the dividends are not taxed twice.

RWT is deducted from your dividend to bring the total credits withheld up to 33% of the gross dividend. If the dividend is from a listed PIE, it should not have RWT deducted.

## What to show in your return

Your dividend statements show the amount:

- you received (net dividend)
- of any imputation credit, and
- of any RWT credits.

Add all these amounts together to work out your gross dividend.

Add up all the imputation credits, RWT credits and gross dividend totals and transfer them to the relevant boxes at Question 14.

If the dividends are from a partnership, look-through company, estate or trust, please tick Box 14C.

Do not send us your dividend statements, keep them in case we ask for them later.

## Shares and other non-cash dividends

If you received shares from a taxable bonus issue or a non-cash dividend, include them as income at Question 14.

## Dividends from overseas

Please read the notes about overseas income on page 19.

## Question 15 Māori authority distributions

Complete Question 15 if you received taxable Māori authority distributions between 1 April 2022 and 31 March 2023. The Māori authority that paid you the distribution will send you a Māori authority distribution statement.

## Credits attached to distributions

The Māori authority may attach a credit to the distribution it makes to members. This credit will be classified as a Māori authority credit and includes tax the Māori authority has already paid on its profits.

## What to show in your return

Your Māori authority distribution statement shows the amount of:

- the distribution made to you, including which portion is taxable and which portion is not, and
- the Māori authority credit.

Transfer these amounts, not including any non-taxable distribution, to the relevant boxes at Question 15.

For more information read our guide **Māori authorities - IR487**.

## Question 16 Estate or trust income

If you received estate or trust income that relates to the year 1 April 2022 to 31 March 2023, show it at Question 16.

There are 3 types of estates or trusts:

- complying
- foreign, and
- non-complying.

Complying trusts are trusts that have been taxed in New Zealand on all their income since the day they started.

Allocations of beneficiary income which the minor beneficiary rule applies to are taxed as trustee income. This means the trust is subject to tax on this income at 33 cents in the dollar, and it is included in the trustee tax calculation in the trust's IR6 return.

These distributions should not be included in the minor's individual tax return.

Reportable income received up to 28 days following a person's death can be included in either the Individual tax return to date of death or in the Estate income tax return.

From the 2023 income year reportable income received up to 28 days following a person's death can either be included in the IR3 income return to date of death or alternatively in the IR 6 estate income return.

All other trusts are non-complying or foreign. Read our guide **Trusts' and estates' income tax rules - IR288** for more details.

## What to show in your return

Add up the tax paid by the trustee/s and print the total in Box 16A. Print your share of the estate or complying trust income in Box 16B.

But, if your estate or trust income includes:

- interest with RWT deducted, show this at Question 13 and tick 13C
- dividends with imputation credits attached, show this at Question 14 and tick 14C
- taxable Māori authority distributions, show this at Question 15, or
- overseas income and overseas tax paid, show this at Question 17.

If you received a wage subsidy payment from the Trust which did not have tax deducted at source you will need to include the amount in the government subsidies box at Question 27.

## Income from foreign and non-complying trusts

If you are a beneficiary of a foreign or non-complying trust please complete a **Schedule of beneficiary's estate or trust income - IR307** form.

## Taxable distributions from non-complying trusts

Copy the amount of taxable distributions from the non-complying trust to Box 16C and attach the IR307 to your income tax return.

We separate taxable distributions from non-complying trusts because they're taxed at a different rate. If you have this type of income, your tax calculation at Question 37 may not be correct. We'll do this calculation for you and send you a notice of assessment.

## Question 17 Overseas income

If you received income from, or while you were overseas, between 1 April 2022 and 31 March 2023, then you must complete an **Overseas income summary – IR1261** form and submit it with your income tax return. Convert all overseas income and tax credits to New Zealand dollars, you can do this by:

- using the rates tables on our website [ird.govt.nz/managing-my-tax](http://ird.govt.nz/managing-my-tax)
- contacting the overseas section of a trading bank and asking for the exchange rate for the day you received your overseas income.

Overseas income includes taxable income from withdrawals and transfers from foreign superannuation schemes while you were a non-resident of New Zealand. Transitional residents must include any foreign employment or service income.

If you received overseas income from a look-through company (LTC), estate, trust, or partnership you will need to confirm the details with them. You must provide all the required information to claim overseas tax credits.

Total the gross amounts of overseas income on your IR1261 and show it at Box 17B on your IR3 return. Total the tax credits on your IR1261 and show it at Box 17A on your IR3 return.

On your **Overseas income summary – IR1261** form, you will need to:

- complete a separate section for each jurisdiction and for each income type, even if they are from the same jurisdiction. The jurisdiction is the country or territory you have received overseas income from.
- Include your claimable overseas tax credits, for more information refer to 'Tax paid overseas' on page 22.

**Example**

Mark's total taxable income is \$70,000 for the 2022-23 income year. This amount includes \$5,000 of overseas income from:

- Australian Bank A - Interest \$700 (taxed at 10%\*); tax paid \$70
- Australian Bank B - Interest \$550 (taxed at 10%\*); tax paid \$55
- Australian Company A – Foreign employment \$3,000 (taxed at 30%); tax paid \$900, claimable tax credit based on total taxable income \$600.86
- Hong Kong Bank A - Interest \$750 with no tax paid

\*10% is the maximum tax rate, as per New Zealand's double tax agreement (DTA) with Australia.

**Mark's completed Overseas Income Summary - IR1261:**

Income type	1 ▶	Interest
Jurisdiction	2 ▶	Australia
Gross amount	3 ▶	\$ 1,250.00
Tax credit	4 ▶	\$ 125.00
Income type	1 ▶	Foreign employment/Service
Jurisdiction	2 ▶	Australia
Gross amount	3 ▶	\$ 3,000.00
Tax credit	4 ▶	\$ 600.86
Income type	1 ▶	Interest
Jurisdiction	2 ▶	Hong Kong
Gross amount	3 ▶	\$ 750.00
Tax credit	4 ▶	\$ .00

**Question 17 on Mark's Individual tax return - IR3 2023:**

17 Did you receive any overseas income? Complete an Overseas income summary - IR1261 form and attach it to this return.

No  Go to Question 18 Yes  Print the totals here. See the guide for further details.

Total overseas tax paid

17A ▶ \$ 725.86

Total overseas income

17B ▶ \$ 5,000.00

If your total overseas income includes a withdrawal and/or transfer from a foreign superannuation scheme, see the guide and tick Box 17C if applicable.

17C ▶

**Note**

Portable NZ Super and/or portable veteran's pension paid while residing overseas are tax exempt and will not need to be included on your return.

**Note**

Dividends received from overseas companies that are treated as FIFs (except companies covered by the exclusions listed under foreign rights at Question 41) are not taxable separately. Generally, you would use the default FIF income calculation method (the fair dividend rate), which does not tax dividends separately.

The foreign tax deducted from the dividend may be claimed as a credit against the tax payable on the calculated FIF income for that company.

## Foreign superannuation withdrawals or transfers

If you've received a lump sum from a foreign superannuation scheme, have transferred your foreign superannuation scheme into a New Zealand or Australian superannuation scheme, or you have transferred a superannuation interest to another person you are liable for income tax unless you qualify for an exemption. You need to calculate the amount of taxable income from the withdrawal or transfer (refer below) and include this income in Box 17B, and tick Box 17C.

Lump sums received or transferred in the first 4 years of New Zealand tax residence are generally exempt from tax, see "temporary tax exemption from foreign superannuation withdrawals" on page 24.

Lump sums and transfers are taxed using 1 of 2 methods:

- **schedule method** (default method) - this means a certain portion of your foreign superannuation withdrawal will be income, based on the number of years you've been a New Zealand tax resident and contributions you've made in that time (certain conditions apply).
- **formula method** (alternative method) - can be used if your foreign superannuation scheme is a defined contribution scheme and meets certain requirements. It taxes the actual investment gains that have accrued to your scheme while you've been a New Zealand tax resident.

## KiwiSaver withdrawal facility for tax liability on foreign superannuation withdrawals or transfers

If you transfer a lump sum to a KiwiSaver scheme you may have income tax and student loan repayment obligations. You can request a withdrawal of funds from your KiwiSaver account to pay these obligations. Your KiwiSaver provider will deal with your application.

For more information about foreign superannuation withdrawals or transfers see our guide **Overseas pensions and annuity schemes - IR257** or go to [ird.govt.nz/foreign-super](http://ird.govt.nz/foreign-super)

## Foreign investment fund (FIF) income

If, at any time during the 2023 income year you held rights such as shares, units or an entitlement to benefit in any foreign company, unit trust, superannuation scheme or life insurance policy, you may be required to calculate FIF income or loss. Generally, you'll use the fair dividend rate (FDR) or comparative value (CV) method to calculate FIF income.

The main exclusions from an interest in a FIF are:

- investments in certain Australian resident companies listed on approved indices on the Australian stock exchange, that maintain franking accounts (you can check this on our website by going to [ird.govt.nz/asx-fif](http://ird.govt.nz/asx-fif))
- interest in certain Australian unit trusts
  - limited exemptions for interests in certain venture capital interests that move offshore (for 10 income years from the income year in which the company migrates from New Zealand)
- a 10% or greater interest in a controlled foreign company (CFC).

From 1 April 2014 the FIF rules generally no longer apply to interests in foreign superannuation schemes unless acquired when the holder was a New Zealand tax resident or the interest is grandparented. For more information see our guide **Overseas pensions and annuity schemes - IR257**.

There's also an exemption from the FIF rules where the total cost of all the investment for FIF purposes is below NZ\$50,000.

## What to show in your return

After you've converted the amounts to New Zealand dollars, add up the available amounts of overseas tax paid and print the total in Box 17A. Add up the gross amounts of overseas income (before tax was deducted) and print the total in Box 17B.

Attach proof of any overseas tax paid to your income tax return.

If a branch equivalent tax account (BETA) was maintained, complete a **Branch equivalent tax account return - IR308** and attach it to your IR3 return.

## Tax paid overseas

If you paid tax overseas on any foreign income derived, you may be able to claim it as a credit against your New Zealand tax payable. The amount of credit you receive may be restricted by any double taxation agreements and is the lesser of the actual amount of tax paid on the overseas income or the amount of tax you would pay in New Zealand on the foreign income.

To claim an overseas tax credit you must supply proof of the tax deducted, for example an overseas tax deduction certificate. If you need one, you'll have to request it from the overseas government agency concerned. Attach a copy of the certificate to your return.

Also, if you receive a dividend that is not taxed separately under the FIF rules, you can offset most overseas tax credit paid on the dividend against your tax payable.

For more information about foreign tax credits read **A guide to foreign investment funds and the fair dividend rate - IR461** pages 19 to 22.

## Claiming overseas tax paid on overseas dividends FIF income

You can claim the tax paid up to the amount of New Zealand income tax payable on the FIF income associated with the attributing interest that has paid the dividend. If you used the FDR method you can use the overseas tax paid to reduce the tax payable on the FDR income associated with that attributing interest. Note that Australian franking credits and tax on dividends from the United Kingdom cannot be claimed as overseas tax paid.

## Where there is no FIF income or a FIF loss

Tax paid overseas can only be used to cover your liability for income tax payable on your FIF income. If there is no New Zealand income tax payable on your FIF investment, no claim can be made for the overseas tax paid on any dividends received from that FIF.

You cannot get a refund of overseas tax paid, or reduce tax payable on any other income.

For more information read **A guide to foreign investment funds and the fair dividend rate - IR461**.

## Unused overseas tax credits

Generally, these are forfeited (lost).

## Carrying forward any excess or unused overseas tax credits?

You can not carry forward unused overseas credits where you have used the FDR, CV, deemed rate of return or cost methods to calculate FIF income or loss.

## New Zealand tax credits (imputation or RWT) deducted from overseas dividends

You can claim New Zealand tax credits on overseas dividends as follows:

- If the credits are RWT, they are used to offset tax payable with any excess refundable.
- If they're imputation credits, they are used to reduce tax payable. If your dividend exceeds your FIF income, the amount of imputation credit you can claim is calculated on the basis of your FIF income. If your FIF income exceeds your dividend, you can claim the entire imputation credit attached to the dividend.
- Any excess imputation credit can not be carried forward to the next year or converted to a loss.

The full amount of these New Zealand tax credits can be entered in the return even where the FIF income is reduced to zero or there is an FIF loss.

These credits will only be attached to Australian company or unit trust dividends.

If you've shown a tax credit and there is no income in the associated panel, you'll need to include a note in your return setting out the details.

## Temporary tax exemption from foreign income

If you are currently claiming the four-year temporary tax (transitional resident) exemption for certain types of foreign-sourced income, you do not need to declare this income in Box 17B, unless it is foreign employment or services income. When your tax exemption expires, you must include all your worldwide income when you complete your income tax return.

Go to [ird.govt.nz/tte](http://ird.govt.nz/tte) for further information about the temporary tax exemption qualifying criteria and types of exempt foreign-sourced income.



## Temporary tax exemption from foreign superannuation withdrawals

This four-year exemption period is similar to the temporary tax exemption from foreign income and applies to foreign superannuation withdrawals during the period. The exemption does not require you to be non-resident for a minimum period.

This exemption applies if you:

- first acquired your interest in a foreign superannuation scheme while a non-resident for New Zealand tax purposes, and
- have not previously had this exemption.

Foreign superannuation withdrawals during the four-year exemption period do not need to be declared as income in Box 17B.

Go to [ird.govt.nz/income-tax/income-tax-for-individuals/types-of-individual-income/foreign-superannuation](http://ird.govt.nz/income-tax/income-tax-for-individuals/types-of-individual-income/foreign-superannuation) for further information about the foreign superannuation temporary exemption or read our guide **Overseas pensions and annuity schemes - IR257**.

## Australian dividends from non-FIF companies

If you received Australian dividends, your dividend statements may show all or some of the following:

- the franked/unfranked amount
- Australian withholding tax
- imputed credit or franking credits, or
- New Zealand imputation credits.

Add up the amounts of Australian withholding tax deducted and print the total in Box 17A. Dividends paid by Australian companies may have a New Zealand imputation credit.

To calculate the gross dividend, add together the franked and unfranked amounts, along with the New Zealand imputation credits and print the total in Box 17B. Do not include any Australian imputed or franking credits. Claim New Zealand imputation credits in Box 14.

## Overseas pensions

If you received an overseas social security pension, convert the amount into New Zealand dollars. Print the total in Box 17B.

You may also have received other types of overseas pensions, such as foreign private annuities or foreign investment funds. For more information, read the note about foreign rights disclosure on page 60. Under most of the tax treaties New Zealand has with other jurisdictions, you cannot claim a tax credit for tax deducted overseas on pensions. If you paid tax on the pension overseas, generally you need to claim a refund or tax credit from the overseas tax authority, not from Inland Revenue in New Zealand.

For more information, read our guides **Overseas pensions and annuity schemes - IR257** and **Overseas social security pensions - IR258** or go to [ird.govt.nz/dta](http://ird.govt.nz/dta)

## Specific dividends

If you received dividends that are treated as interest or that are from an overseas company through an agent or trustee, who has deducted RWT in New Zealand, show the tax credits and overseas income in Boxes 17A and 17B. Show New Zealand RWT deducted in Box 14A.

Attach a copy of the dividend statement to your return.

**Note**

If you've shown a tax credit and there is no income in the associated panel, you'll need to include a note in your return setting out the details.

## Investments in Portfolio Investment Entities (PIEs)

All attributed portfolio investment entity (PIE) income received by New Zealand resident individuals will be checked to make sure it has been taxed at the right prescribed investor rate (PIR) for the full year.

Because PIE income is taxed differently to your other taxable income, your annual income tax calculation now includes a separate PIE calculation. This is to work out whether you have paid the right amount of tax on your PIE income based on the PIR you should have used. To find out what PIR you should be using, go to [ird.govt.nz/pir](http://ird.govt.nz/pir)

If you did not use the correct PIR for the full year and the outcome of the calculation is;

- you did not pay enough tax, the difference is added to your tax on taxable income in Box 37.
- you paid too much tax, the difference is used to reduce your tax to pay and any remaining credit refunded as part of calculating residual income tax at Box 37A.

Page 46 has a worksheet to help you with the PIE calculation.

## Working for Families Tax Credits (WfFTC) or student loan

There are two types of PIE income - locked-in and non-locked-in.

Locked-in funds are a superannuation fund or retirement savings scheme, such as KiwiSaver, that limits your access to the funds until you reach a specified retirement age. As these funds are not available for your daily living they are not included as income for both WfFTC and student loan purposes.

If you can access your funds at any time, the PIE income must be included for both WfFTC and student loan purposes. To do this, you'll need to complete the **Adjust your income - IR215** form and attach it to your **Individual tax return - IR3**.

For more information go to [ird.govt.nz/situations](http://ird.govt.nz/situations)

## Income from overseas residential rental property

Income and deductions from overseas residential rental property that is subject to the residential property deduction rules in **subpart EL of the Income Tax Act 2007** are recorded in Question 22.

However, the amount of tax paid on the overseas rental income is recorded in Question 17.

To ensure quick processing of your income tax return, please include a note outlining the breakdown of the overseas rental income and deductions, and the amount of tax paid.

## Question 18 Partnership income

Show your share of income from the partnership's trade or business from 1 April 2022 to 31 March 2023 in Box 18B, unless it includes:

- interest and any RWT - show this at Question 13 and tick 13C
- dividends and any credits - show this at Question 14 and tick 14C
- overseas income and overseas tax paid - show this at Question 17
- income and expenses from residential property including rental income and net bright-line profit - show these at Question 22
- other rental income - show this at Question 24
- government subsidies - show this at Question 27, or
- other income and, if your share of this income:
  - is received in recognition of your capital investment in the partnership and you did not take any active part in the day-to-day operation or management of the business (for example you were a sleeping partner), or
  - is generated from other investment activity (for example sale of shares), show this at Question 28.

Partnership income earned as a result of "active" involvement is liable for ACC levies, which will be invoiced by ACC.

### Losses from limited partnerships

If you are claiming a loss from a limited partnership and you need help working out the amount you can claim, go to [ird.govt.nz/partnerships](https://ird.govt.nz/partnerships)

### Expenses

You may be able to claim expenses against your share of the partnership income that was not claimed in the partnership's IR7 return, for example interest on capital borrowed to purchase a share in the partnership. Claim these expenses at Question 30.

## Question 19 Look-through company (LTC) income

If you received any tax credits and/or income from an LTC write the details at Question 19.

Do not include:

- interest and any RWT - show this at Question 13 and tick 13C
- dividends and any credits - show this at Question 14 and tick 14C
- Māori authority distributions and credits - show these at Question 15
- any overseas income - show this at Question 17, along with qualifying tax credits attached
- income and expenses from residential property including rental income and net bright-line profit - show these at Question 22
- other rental income - show this at Question 24, or
- government subsidies - show this at Question 27.

#### Note

The LTC will normally supply information about non-allowable deductions and any other information required to complete your return.

The loss limitation rule limits the amount of deductions an LTC owner (shareholder) can claim if the amount exceeds the "owner's basis" (equity) in the LTC.

For the 2017-18 and later income years the loss limitation rule only applies to an LTC which is in a partnership or joint venture which includes another LTC.

For most LTC owners, you can now claim the full amount of your prior years' non-allowable deductions brought forward this year. This will not apply if the loss limitation rule continues to apply to limit the amount claimable.

### **Example**

Daniel is an owner of an LTC which is not in a partnership or joint venture that includes another LTC. For the 2022-23 income year Daniel has a net loss of \$7,000.00 from the LTC.

Daniel also has prior years' non-allowable deductions brought forward of \$5,000.00.

Daniel has no tax credits from the LTC for the year.

Daniel's tax return should show these amounts in the following boxes:

- 19A: \$0.00
- 19B: \$7,000.00-
- 19C: \$0.00
- 19D: \$5,000.00
- 19E: \$12,000.00-

## **What to show in your return**

Add up all other tax credits received from the LTC and print the total in Box 19A.

Add up all LTC income, deduct expenses not already included elsewhere and print in Box 19B. If a loss, put a minus sign in the last box.

Add up all non-allowable deductions this year and print in Box 19C.

There should not be non-allowable deductions this year unless the loss limitation rule applies.

Add up all prior year non-allowable deductions claimed this year and print in Box 19D.

You'll be able to claim the full amount of non-allowable deductions brought forward from last year if the loss limitation rule no longer applies.

If you have an amount in Box 19C, add this to Box 19B and put the total in Box 19E.

If you have an amount in Box 19D, subtract this from Box 19B and put the total in Box 19E.

If you do not have any amounts in Box 19C or Box 19D, copy the amount from Box 19B to 19E.

Box 19E is your adjusted LTC income.

You can find more information about LTCs in our guide **Look-through companies - IR879**.

## Question 20 Shareholder-employee salary

If, as a shareholder-employee, you received a salary between 1 April 2022 and 31 March 2023 with PAYE deducted, include the amounts at Question 11A.

If a wage subsidy was received and fully applied to these wages, the wage subsidy amount does not also need to be included at Q27.

If the wage subsidy was not fully applied to these wages, the excess wage subsidy (not applied to the salary with tax deducted at source) must be included at Q27.

If, as a shareholder-employee, your shareholder-employee's salary or director's fees had no PAYE deducted, include the amount in Box 20. If a wage subsidy was received include that separately at Q27.

If you did not receive a shareholder-employee salary but may in the future, tick Box 20A.

If you are not a shareholder employee and you received director's fees with no tax deducted, show the income at Question 28. If a wage subsidy was received by the business for your role as director which did not have tax deducted include that separately at Q27.

Over-payments of AIM provisional tax that relate to shareholder employee salary accruals are allowed to be used to meet the shareholder's tax liability on that salary at the end of the income year. Include the amount of any AIM tax credits transferred to you at Box 20B.

The company that paid your salary or fees will be able to tell you exactly how much to show in your return.

### Box 20C Qualifying for In-work tax credit (IWTC)

In-work tax credit (IWTC) is a payment for families who are normally in paid work.

You can not receive in-work tax credit if you receive an income-tested benefit or student allowance.

From 1 April 2021, you'll keep receiving the in-work tax credit payments for up to two weeks during an unpaid break from work. For example, changing jobs, leaving employment, or unpaid time such as school holidays.

For more information go to [ird.govt.nz/new-to-wff](https://ird.govt.nz/new-to-wff)

If you are already registered for WffTC, and now meet the requirements for IWTC you'll need to tick Box 20C of your IR3.

If you have not already registered for WffTC and you qualify, go to our website [ird.govt.nz/working-for-families](https://ird.govt.nz/working-for-families) and register online.

### ACC earners' levy

Shareholder-employee remuneration or director's fees without PAYE deducted are liable for ACC earners' levy. The company should deduct earners' levy from your remuneration or director's fees when declared. ACC will invoice the company for this.

## Question 22 Income and expenses from residential property

This question applies to owners of residential property, including overseas property, that have:

- income subject to the residential property deduction rules
- net income from a bright-line sale
- income in relation to a loan in a foreign currency
- depreciation recovery income from disposed assets
- net income from the taxable disposal of a residential property outside the residential property deduction rules because it is held on revenue account.

### Residential property deduction rules

Most residential rental properties are subject to the residential property deduction rules (also known as the ring-fencing rules). When they apply, your residential rental deductions generally cannot be more than your residential property income.

If your deductions are more than your income, the difference must be carried forward to the next year you earn income from your residential property, including income from properties held on revenue account.

Any rental income or loss and net income or loss from a taxable disposal is fully excluded from the rules if the property is:

- the main home
- subject to the mixed-use asset rules (for example, a holiday home rented out part-time and not used for at least 62 days in the income year, or 62 working days in the income year if it is usually only used on working days), or
- certain employee accommodation.

For these types of property, any rental income or loss is shown at Box 24 and net income or net loss from a taxable disposal shown in Box 26B.

Any rental net loss and net loss from a taxable disposal is partially excluded from the rules if it is for:

- property that will always be taxed on sale, being revenue account property of a person in the business of building, developing or dealing in land, or
- other revenue account property the person has notified us they want the exclusion to apply to.

For these types of property any rental net loss is shown at Box 24 and taxable disposal net loss shown at Box 26B.

The residential property deduction rules also apply if you borrowed money to acquire an interest in certain entities that have significant rental property holdings - a residential land-rich entity - and you have interest expenditure on the borrowed money.

**Residential land-rich entity** - a close company, partnership or look-through company that holds more than 50% of its assets by value in residential land, directly or indirectly. These entities come under the interposed entities rules as part of the residential property deduction rules.

For more information about the interposed entity rules, see page 60 of the **Tax Information Bulletin Vol 31 No.8 September 2019**.

Read our **Rental income - IR264** guide for more information on:

- when the rules apply
- how to calculate your income
- the amount of deductions you can claim this year, and
- the amount of any excess deductions that must be carried forward.

## Completing your return

You will use question 22 to record residential income and deductions that are subject to the residential property deduction rules.

Tick the method you have used to calculate your residential property income and deductions.

You can use 1 of the following methods:

- **Portfolio** basis - combine income and deductions for all rental properties in the portfolio.
- **Individual**, property-by-property basis - income and deductions of individual property calculated separately to other property. You need to maintain separate records for each property to choose this option.
- **Combination** of the individual basis and portfolio basis - choose to apply different methods to different property. Some properties are held in a portfolio and others are held on an individual basis.

If you are an owner of a look-through company (LTC) and have attributed residential income and/or residential rental deductions, you need to use the same method the LTC uses (portfolio or individual property basis) for the residential properties owned by the LTC. If you are a partner in a partnership and have attributed residential income and/or residential rental deductions, you do not need to use the same method the partnership uses.

For LTCs and partnerships, the residential property income and deductions calculations are made at the owner or partner level as they may have other residential income and deductions that need to be included. An LTC or partnership does not need to calculate its net residential income and excess deductions. Instead, the LTC or partnership's residential income and deductions are attributed to the owners or partners, who then calculate their net residential income and any excess deductions and enter those amounts on their income tax return. An LTC must complete the IR7L form and a partnership must complete the IR7P form to attribute amounts to the owners or partners.

You need to calculate and identify the amounts for Boxes 22A to 22I using the method you have chosen for your rental properties. For the portfolio basis, the allowable deductions from all of the properties in your portfolio can be offset against income you earn from all of the properties in the portfolio.

Calculate your rental income and deductions as usual, as shown at Boxes 4 and 14 on the **Rental income - IR3R** form.

You can then enter these figures in the **Residential property deductions worksheets - IR1226** to help calculate the figures required to be entered in your return. You can print a copy off our website [ird.govt.nz/forms-guides](http://ird.govt.nz/forms-guides)

Write the total gross residential rental income from the portfolio and/or individual property in Box 22A.

Don't include rental income or losses from properties excluded from the residential property deduction rules. Enter those amounts in Question 24 instead.

## Box 22B Net bright-line profit

The bright-line property rule needs to be considered when none of the other land sale rules at Question 26 apply to the disposal of the property.

This rule for residential property looks at the length of time a property is owned. If you sell or dispose of a residential property (including an overseas property) within a certain timeframe and no exclusion applies, then your profit on the sale will be taxable. This applies no matter what your reason was for buying or selling the property or what kind of buyer you are.

The bright-line property rule applies if you sell or dispose of a residential property you have owned for less than:

- 5 years for properties acquired between 29 March 2018 and 26 March 2021.
- 5 years for properties acquired as a result of an offer made on or before 23 March 2021 and that offer was not able to be revoked or withdrawn before 27 March 2021.
- 5 years for properties acquired on or after 27 March 2021 that qualify as a 'new build'.
- 10 years for all other properties acquired on or after 27 March 2021.

For tax purposes, a property is generally acquired on the date a binding sale and purchase agreement is entered into (even if some standard conditions like getting finance or a building report still need to be met). This date will determine which bright-line period (5 or 10 years) applies for your property.

For more information on when a property is acquired, see our **Question we've been asked (QB) 17/02: Date of acquisition of land, and start date for 2-year bright-line test** at [taxtechnical.ird.govt.nz](http://taxtechnical.ird.govt.nz)

There are other dates that are relevant for figuring out whether your property sale is taxable under the bright-line property rule. Generally, your bright-line period starts when the legal title is transferred to you and ends when you enter into a binding sale and purchase agreement to sell the property. Where land is acquired or disposed of in a way that does not follow the standard land sale process, for example if you purchase "off the plan", there are some different rules that apply to the bright-line period start and end dates.

The bright-line property rule does not tax any profit made while the property was your main home and to some other specific situations. Relief is also available for certain ownership transfers. For more information on exclusions to the bright-line property rule, ownership transfers and rollover relief go to [ird.govt.nz/brightline](http://ird.govt.nz/brightline) or our guide **Bright-line property tax - IR1227**.

You can also use the property tax decision tool on our website to work out if you need to pay tax on the sale of your property. Go to [ird.govt.nz/brightline](http://ird.govt.nz/brightline)

If you sell or dispose of a residential property and the sale is taxable under the bright-line property rule, the amount of the previously denied interest under the interest limitation rules is treated as if it were part of the cost of the property in the year of disposal. If this results in a net loss, the deduction for the net loss is limited under the current rule that applies to losses from the disposal of bright-line property. If the disposal is not taxable, the interest previously denied a deduction remains non-deductible.

For more information about the bright-line property rule, go to [ird.govt.nz/brightline](http://ird.govt.nz/brightline) or our guide **Bright-line property tax - IR1227**. You can find our forms and guides at [ird.govt.nz/forms-guides](http://ird.govt.nz/forms-guides)



## Completing your return

Income and losses for property subject to the bright-line property rule are treated differently in the tax return. After a taxable bright-line sale:

- if you have net income from the sale of the property (a profit), the net income is included in Box 22B. Unless the property is part of a portfolio, expenses from other properties cannot be offset against the net income from the disposal.
- if you have made a net loss when the property is sold, the loss must be carried forward to a later income year when it can be used to offset net income from the land sale provisions, including from future disposals subject to the bright-line rule. A bright-line loss is not recorded in the tax return. Please keep your own record of any bright-line losses you have made.

Complete a **Bright-line residential property sale information - IR833** form for each bright-line property sold or disposed of and include it with your return. The form explains how to calculate the resulting profit or loss.

Complete the form even if the details have been included in a **Financial statements summary - IR10** or set of accounts, unless the income will be included in your return as part of your business income as a property speculator, property dealer, developer or builder.

## Box 22C Other residential income

Write the total other residential income in Box 22C. This includes the total from the following amounts:

- income in relation to a loan denominated in a foreign currency from the portfolio and/or individual property
- all depreciation recovery income from assets disposed of from the portfolio and/or individual property
- net income from the taxable disposal of a residential property outside the residential property deduction rules because it is held on revenue account.

Write any net tax losses from disposals of rental properties that are excluded from the residential property deduction rules in Box 26B.

## Box 22D Total combined residential income

The amount in Box 22D is the total amount of Box 22A, Box 22B and Box 22C.

### Note

If you are a partner in a partnership or owner of a look-through company and have been attributed residential income at Box 27G on the IR7P or IR7L, include your share of that in proportion to your share in the partnership or effective look-through interest in the LTC in the following relevant boxes:

- Gross residential rental income Box 22A
- Net bright-line profit (excluding losses) Box 22B
- Other residential income Box 22C.

The amount in Box 22D will then include the total of your attributed residential income at Box 27G on the IR7P or IR7L.

## Boxes 22E to 22I in your return

Write the total eligible deductions for the year for all ring-fenced residential rental properties in Residential rental deductions Box 22E.

If you are a partner in a partnership or owner of a look-through company and have been attributed residential rental deductions shown at Box 27M on the IR7P or IR7L, include that here at Box 22E.

Do not include purchase costs, capital improvements or costs incurred when disposing of the property here. They are included when calculating the net income for taxable disposals. This is the total before adjusting for excess deductions.

### Note

Do not include the amount of interest expense denied under the interest limitation rules in Box 22E.

Write the total excess deductions brought forward from last year in Box 22F.

Write the total residential rental deductions claimed this year in Box 22G. This amount cannot exceed the lesser of the following:

- Total combined residential income Box 22D
- Residential rental deduction Box 22E plus Excess residential rental deductions brought forward Box 22F.

The amount cannot exceed the above unless you have sold an individual property or the last property in a residential portfolio and the sale was taxable.

The amount in Box 22H should equal Total combined residential income Box 22D minus Residential rental deductions claimed this year Box 22G.

Any losses are counted as zero unless the loss is the result of either:

- excess deductions released from either a taxable disposal of a property held on the individual basis, or a taxable disposal of all properties or the last property held in a portfolio, or
- claimable interest paid on your investment in a residential land-rich entity. Refer to the **Rental income - IR264** guide.

Write the amount of all excess deductions for the year to be carried forward to next year in Box 22I.

### Note 1

If you sell or dispose of an individual property and the sale is not taxable, or you sell or dispose of the last property in a portfolio and at least 1 of the sales in the portfolio was not taxable, any excess deductions will transfer to another property or portfolio and carried forward to a future year in which you earn income from a residential rental property (including properties on revenue account).

### Note 2

If you sell or dispose of an individual property and the sale is taxable, or you sell or dispose of the last rental property in a portfolio and the sale of all your rental properties in a portfolio were taxable, any remaining loss/excess deductions are released and can be offset against other income. However, this does not include any excess deductions transferred to the portfolio/property.

**Note 3**

If you want to claim that a property is held on revenue account where the sale may be taxable, you need to notify us of the details of the property. You will be stating the sale will be a taxable sale when the property is disposed of. You must be able to separately identify the deductions relating to the property.

For more information read the **Rental income - IR264** guide.

**Residential land-rich entities**

If you have an investment in a land rich entity, include:

- interest relating to the residential rental activity that is deductible under the interest limitation rules in Box 22E
- interest relating to the residential rental activity you can claim this year under the residential property deduction rules in Box 22G and any remaining amount carried forward in Box 22I
- a note attached to your income tax return advising the above amounts relate to an investment in a land rich entity, to ensure quick processing of your return
- the amount of interest paid that does not relate to the residential rental property in Box 24.

**Question 23 Interest incurred from residential property**

This question applies to owners of residential property subject to the interest limitation rules.

You do not need to complete this question for the following types of property:

- farmland
- hospitals, hospices, convalescent homes, nursing homes
- rest homes and retirement villages
- hotels, motels, inns, camping grounds, hostels.

For interest to be deductible, the general deductibility rules must be met. The interest will also not be deductible to the extent to which it is of a private or domestic nature.

Since 1 October 2021, interest is not deductible for residential property in New Zealand acquired on or after 27 March 2021, unless an exclusion or exemption applies (see below).

For properties acquired before 27 March 2021, the ability to deduct interest on existing loans is being phased out between 1 October 2021 and 31 March 2025. For the 2023 tax year, you can claim 75% of the interest incurred from 1 April 2022 to 31 March 2023.

Interest on any new loans drawn down on or after 27 March 2021 is not deductible.

Special rules also apply for refinanced loans and for interest on revolving credit and overdraft facilities. Any interest on borrowings above the closing balance on 26 March 2021 is not deductible. For more information, go to [ird.govt.nz/property/renting-out-residential-property](https://ird.govt.nz/property/renting-out-residential-property)

There are interposed entity rules to deny interest deductions for a customer who borrows to indirectly fund residential property through an interposed entity.

## What to show in your return

Complete question 23 for any interest expense you are claiming at Boxes 22E and 24 in relation to a house, apartment, flat or other structure that could be used for residential accommodation, either short-term or long-term. This includes if you have an arrangement to build such a structure, and bare land that could be used to build such a structure under the relevant district plan.

Write the total interest on residential property in Box 23A. This is the total interest incurred on your borrowings for all your residential properties for this year. If you are using an IR3R form to prepare a summary for each rental property, this is the total of all the 7A Boxes.

Write the amount of interest expense claimed in Box 23B. If you are using an IR3R form to prepare a summary for each rental property, this is the total of all the 7B Boxes.

### Note

If you are a partner in a partnership or owner of a look-through company that has incurred interest on residential property at Question 19 in the IR7, include your share of that here in proportion to your share in the partnership or effective look-through interest in the LTC.

If you have claimed an interest expense in Box 23B, at Box 23C tick the reason(s) for the interest expense claimed:

- **A Māori exempt company or not a residential land company** - The interest limitation rules do not apply to non-close companies or groups if less than 50% of its total assets consist of residential property (excluding development property but including shares in other companies that exceed this 50% test) at all times during the income year. A close company that is a Māori authority, eligible to be a Māori authority, or wholly-owned by an entity that is a Māori authority or eligible to be one is an exempt Māori company if it passes this 50% test.
- **Certain schedule 15 exclusions or property not in NZ** - The interest limitation rules apply to land in New Zealand only. Schedule 15 of the Income Tax Act 2007 also allows you to claim interest for the following:
  - main home – if a portion is used to earn income such as a flatting situation
  - business premises (for example, a villa now used as a dental clinic) except if the business premises is used for providing accommodation and it is not a person's main home
  - certain Māori land, papakāinga and kaumātua housing, and land transferred as part of settlement under Te Tiriti o Waitangi/Treaty of Waitangi
  - employee accommodation
  - student accommodation.
- **Loans drawn down prior to 27 March 2021** - From 1 October 2021, the ability to claim interest is being phased out for the following situations:
  - loans drawn down prior to 27 March 2021
  - property acquired before 27 March 2021 but the loan for the settlement of the property was not drawn down until on or after 27 March 2021
  - loans that relate to the purchase of a property acquired as a result of an offer made on or before 23 March 2021 and that offer was not able to be revoked or withdrawn before 27 March 2021.

In other situations where the property is acquired on or after 27 March 2021, interest cannot be claimed from 1 October 2021 onwards.

- **Emergency, transitional, social or council housing** - You can claim interest for loans if your property is used for emergency, transitional or social housing when leased to the Crown, for example to Te Tūāpapa Kura Kāinga - the Ministry of Housing and Urban Development (HUD) or Kāinga Ora, or to a registered community housing provider.
- **New build exemption** - A 'new build' is a self-contained residence that is issued a Code Compliance Certificate (CCC) under the Building Act 2004, confirming the residence was added to the land on or after 27 March 2020. The exemption generally applies for 20 years. For more information about what qualifies as a new build go to [ird.govt.nz/property/renting-out-residential-property](https://ird.govt.nz/property/renting-out-residential-property) or our guide **Rental income - IR264**.
- **Development or land business exemption** - The development exemption does not require you to have a 'land business' and applies to land that you develop, subdivide, or build on to create a new build. The development may be a one-off. The land business exemption applies to land held as part of a developing, subdividing, or land-dealing business, or a business of erecting buildings on land.
- **Approved build-to-rent exclusion** - This applies to land that meets the criteria of build-to-rent land and is approved by Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (HUD). You can claim interest for loans if your property is recorded on the build-to-rent asset register maintained by HUD.

Existing build-to-rent land has until 1 July 2023 to meet the requirements and to apply.

For more information about the interest limitation rules and how to calculate the amount of interest you can claim, go to [ird.govt.nz/property/renting-out-residential-property](https://ird.govt.nz/property/renting-out-residential-property) or our guide **Rental income - IR264**. You can find our forms and guides at [ird.govt.nz/forms-guides](https://ird.govt.nz/forms-guides)

## Question 24 Income from other rental activities

Show income you received from other rental activities between 1 April 2022 and 31 March 2023 at Question 24.

Only include net residential rental income or losses not included at Question 22 and commercial rental income in Box 24. This includes rents from:

- a bach or holiday home that comes within the mixed-use asset rules
- the main home
- rental properties held on revenue account, such as part of a business dealing in land or building residences, or
- a commercial property.

Prepare a summary of the details for each rental property. You can use either:

- the **Rental income - IR3R** form, which asks for all the information we need, or
- your own summary.

If you need an IR3R form, you can print a copy from [ird.govt.nz/forms-guides](https://ird.govt.nz/forms-guides)

If you prepare your own summary, refer to the IR3R form or the **Rental income - IR264** guide to find out what to include.

## What to show in your return

Add up the net rents (total rents after expenses) and write the total in Box 24. Attach the IR3R, or your summary, to your income tax return.

Keep your receipts with your records in case we ask to see them later.

## Question 25 Self-employed income

If you received self-employed income between 1 April 2022 and 31 March 2023, show it at Question 25.

If you received the wage subsidy, show the total wage subsidy amount received at Question 27 (this amount must be separated from your self-employed income).

### Schedular payment income

Do not show any schedular payment income at Question 25. This income is declared at Question 12. If you are an ACC client or caregiver and received ACC personal service rehabilitation payments, read the information on page 63 before you complete Question 12.

If you received a wage subsidy from your employer without tax deducted refer to Question 12 and 27, show this amount in Q27.

You can claim expenses and deductions against many schedular payments at Question 12C - see page 14.

### Attribution rules

The attribution rule may apply where an individual provides services to an associated person (company, trust, partnership).

In particular, it can apply where the associated person sells those services on, principally to a third party.

To find out how to apply this rule, please read Interpretation statement 19/02 "Income tax – attribution rule for income from personal services".

### Prepare a summary of details

You can use any of the following:

- your financial records
- the **Farming income - IR3F** form for agricultural businesses
- the **Business income - IR3B** form for other businesses
- the **Financial statement summary - IR10** form.

The **Financial statement summary - IR10** is a short form of the financial statements of a business. Use an IR10 and speed up processing of the return. We do not need a set of accounts if you use the IR10. You still need to complete a set of financial accounts and keep them in case we ask for them later. For help with completing the IR10, see our IR10 guide.

Keep your receipts with your records in case we ask to see them too.

### Providing childcare services in a home

Based on the Education (Home-Based Care) Order 1992 and/or the Licensing Criteria for Home-Based Education and Care Services 2008, Inland Revenue's **Determination DET 09/02: Standard-Cost Household Service for Childcare Providers** sets out the types of expenditure generally incurred (standard cost) by individuals providing childcare services in their home.

If you are a childcare provider who's registered for GST, this determination does not apply to you.

Individuals providing childcare services in their homes may use the standard costs (set out in the determination) or their actual costs and income for calculating their tax. If your childcare activities began part-way through the year, calculate your tax from that date using either the standard costs or actual costs. See our **Tax Information Bulletin (TIB) Vol 17, No 4 (May 2005)** for details.

If you use the standard cost method and received the wage subsidy refer to [ird.govt.nz/covid-19/business-and-organisations](https://ird.govt.nz/covid-19/business-and-organisations) for information on how to calculate this including the wage subsidy.

Show your childcare income at Question 25 if:

- the determination applies to you, and your childcare taxable income is greater than nil, after standard costs have been deducted, or
- you keep full records of your childcare income and actual expenses, and you make a taxable profit or loss after expenses have been deducted.

If you need help deciding whether you need to declare childcare income using standard costs, contact us.

### Note

You can not offset any loss calculated using standard costs (see the determination) against other income in any income year.

## Childcare services not under the Education (Home-Based Care) Order 1992

These childcare providers can not use the determination. They must keep full records of actual income and expenses and are liable for tax on their total income after actual expenses are deducted for childcare services provided.

At Question 25 show any childcare taxable income or loss after expenses have been deducted.

## ACC levies

Income from self-employment is liable for ACC levies which ACC will invoice you for.

## Question 26 Income from taxable sales or disposals of property

Include all income and tax losses from land sales or disposals of other property not included at Question 22.

Profits from land sales are taxable if you bought a property (including overseas property) for the purpose of reselling it or are in the business of buying and selling land and/or buildings.

The profits may also be taxable if you:

- are a builder and improved a property before selling it
- developed or subdivided land and sold sections, or
- had a change of zoning on your property and sold it within ten years of buying it.

Write the total profit or loss from the sale or disposal of other property in Box 26B.

Net profit from a bright-line sale is generally included in Box 22B. Only include in Box 26B the net profit from a bright-line sale excluded at Question 22, for example the bright-line sale of a mixed-use asset. Do not include any net loss from a bright-line sale.

For more information on the land sale rules, go to [ird.govt.nz/buying-selling](https://ird.govt.nz/buying-selling) or our guide **Tax and your property transactions - IR361**. You can find our forms and guides at [ird.govt.nz/forms-guides](https://ird.govt.nz/forms-guides)

## Box 26A Residential land withholding tax (RLWT) credit

If you are an "offshore RLWT person" and have sold or transferred residential property located in New Zealand, RLWT may have been deducted from the sale price. You should have received a statement on the completion of the sale process showing the amount of RLWT deducted. You can claim a credit for any RLWT deducted. Show the amount of RLWT deducted, less any RLWT paid back to you and/or transferred to outstanding amounts during the income year.

If there was more than 1 amount of RLWT deducted, show the combined amount, less any RLWT paid back to you and/or transferred to outstanding amounts during the income year.

Attach a note showing the name of your withholder(s) to the return.

## Question 27 Government subsidy

The government subsidy box is used to report the TOTAL Covid-19 wage subsidy, wage subsidy extension, wage subsidy resurgence and wage subsidy March 2023 payments received by an individual where tax was not deducted at source and passed on to Inland Revenue e.g. received by the employer and passed on as salary/wages with normal PAYE etc deductions.

The resurgence support payment (RSP) is not subject to income tax and therefore does not need to be included in this box as income. Where the RSP has been received you need to reduce your expenditure claims to the extent of the total RSPs you received.

If your employer received the wage subsidy on your behalf and continued to pay your salary/wages or contractor payments, and these have been reported in the gross earnings or schedular payments fields, you are not required to include the amounts in this box.

If you received any wage subsidy payment that has not been dealt with via payroll as noted above, for example customers that received the wage subsidy payments due to loss of self-employed income, shareholder salary or partnership/LTC income; you will need to report it in this box.

Full details, including various scenarios that apply to wage subsidy receipts and what amount to report can be found at [ird.govt.nz/covid-19/business-and-organisations](https://ird.govt.nz/covid-19/business-and-organisations)

## Question 28 Other income

If you received any other income between 1 April 2022 and 31 March 2023, show it at Question 28. This may include:

- the sale of non-FIF shares or other property
- financial arrangements
- cash jobs, payments made 'under the table', tips, bartering or income from an illegal enterprise
- any share of partnership income as a result of capital investment
- free or discounted shares received under an employee share scheme if your employer has not provided us with this information.

If you are not sure if your income is taxable, contact us.

### Income from the sale of non-FIF shares or other property

The profits are taxable if you bought:

- and sold shares or other property as a business
- shares or other property for the purpose of resale, or
- shares or property to make a profit.

This does not apply to shares that are FIFs. Write the total profit in Box 28. Attach the details of your income and expenses from these sales to your return.



## Sale or disposal of assets

If you sold or disposed of a depreciated asset for more than its adjusted tax value, contact us or refer to our **Depreciation - IR260**, **General depreciation rates - IR265** or **Historic depreciation rates - IR267** guides.

## Losses from the sale of shares or other property

If you made a loss and can show that if you'd made a profit, it would have been taxable, you may be able to claim the loss as a deduction.

## Financial arrangements

If you are a party to a financial arrangement, you must account for income from those arrangements on an accrual basis. Financial arrangements include government stock, futures contracts and deferred property settlements, excluding short-term agreements for sale and purchase of property.

A cash-basis person does not need to use the accrual method to calculate income. You qualify as a cash-basis person if:

- on every day in the income year the absolute value of all financial arrangements added together is \$1,000,000 or less
- the absolute value of your income and expenditure in the income year under all financial arrangements is \$100,000 or less, and
- the deferral of income or acceleration of expenditure using the cash method rather than the accrual method is \$40,000 or less.

If you held the financial arrangement prior to 20 May 1999 the amounts above may be reduced to \$600,000, \$70,000 and \$20,000 respectively.

Note the "absolute value" is the value of an amount whether it is positive or negative.

## Sale or maturity of financial arrangements

Whether or not the exemption from the spreading method applies, you must do a "wash-up" calculation in certain circumstances. For example:

- a financial arrangement matures, is sold, remitted or transferred
- there is an absolute assignment of the financial arrangement
- a party to a financial arrangement is released from making all remaining payments under the Insolvency Act 1967, the Companies Act 1993 or the laws of a country or territory other than New Zealand, or
- you cease to be a resident of New Zealand.

The calculation ensures that the total gains or losses from the financial arrangement are brought to account. This applies in every case - you do not have to be in the business of buying or selling financial arrangements, or have bought them for the purpose of resale, as you would with shares.

When calculating the income or expenditure on sale, use our **Sale or disposal of financial arrangements - IR3K** form.

## Income from cash jobs, tips, "under the table" payments, bartering or an illegal enterprise

If you received any other type of income that did not have tax deducted from it, show it in Box 28.

Attach the details of your income and any expenses to your return.

## Share of partnership income as a result of capital investment

If your share of partnership income is received in recognition of your capital investment in the partnership and you did not take any active part in the day-to-day operation or management of the business (for example, you were a sleeping partner), show your share of partnership income in Box 28.

## Question 30 Other expenses and deductions

If you paid any of these expenses, between 1 April 2022 and 31 March 2023, you can claim them in Box 30.

- a fee to someone for completing your tax return
- commission on interest or dividend income (but not bank fees - they're a private expense)
- additional expenses incurred in earning partnership income, for example interest on capital borrowed to purchase a share in the partnership
- interest on money you borrowed to buy shares or to invest - as long as the investment will produce some taxable income
- premiums on loss of earnings insurance (income protection), provided the benefit from the insurance policy is taxable, or
- interest paid to Inland Revenue for late payment of tax, only if the interest is not already included as a deduction in your accounts.

## ACC personal service rehabilitation payments

If you are an ACC client and received ACC personal service rehabilitation payments and have retained some of these, you may claim the payments you've made to your caregiver as a deduction at Question 12C. Read the information on page 63 before you complete Question 12C.

## Schedular income expenses

If you incurred expenses while earning income that has had tax from schedular payments deducted, you claim these at Question 12C, not here.

## Other expenses

For other expenses, attach the details to your return. Include your name and IRD number.

You cannot claim expenses against income from:

- salary and/or wages
- election day services
- casual agricultural work, or
- commissions, if you are also paid a salary or retainer from the same employer.

You can still claim expenses for having your tax return completed for you and loss of earnings insurance premiums from these income sources.

### Note

If you are GST-registered you must deduct any GST included in any expenses. GST-registered people claim the GST portion of their expenses in their GST return, not the IR3.

## **ACC levies**

ACC will take into account all expenses shown in Box 30 when calculating any ACC levies due.

## **Question 32 Net losses brought forward**

You can find the amount of net loss you have to bring forward on the loss carried forward letter we sent you after your 2022 return acknowledgement or notice of assessment. Add up all net losses to be brought forward to 2023 and print the total in Box 32A. Print the amount you can claim this year in Box 32B.

# Your tax credits

Tax credits can reduce the tax you have to pay on your income.

## Other tax credits

Donation tax credits are claimed separately on a **Tax credit claim form - IR526** or you can submit a receipt for donations in myIR. Go to [ird.govt.nz/donations](https://ird.govt.nz/donations) for more information.

## Question 34 Independent earner tax credit (IETC)

You can calculate your IETC:

- by using the worksheets provided in this section, or
- by calling our self-service line - see page 69.

## IETC

The IETC is a tax credit for individuals whose annual net income\* is between \$24,000 and \$48,000. Your annual net income is shown at Box 31 "Income after expenses" in your return.

If you are eligible for IETC, but earn over \$44,000, your annual entitlement to IETC decreases by 13 cents for every dollar earned above \$44,000.

For the period 1 April 2022 to 31 March 2023, you'll be entitled to IETC for any months:

- you were a New Zealand tax resident
- you or your partner were not entitled to Working for Families Tax Credits (or received an overseas equivalent) and you did not receive:
  - an income-tested benefit
  - NZ Super
  - a veteran's pension, or
  - an overseas equivalent of any of the above.

You are a tax resident if you lived in New Zealand for more than 183 days in the last 12 months or have a permanent place of abode in New Zealand. For more information, read our guide **New Zealand tax residence - IR292**.

To work out the months you are entitled to this tax credit, use the total number of whole months the criteria applied to.

**If you did not meet the above criteria for even 1 day of any month you will not be entitled to IETC at all for that month, so do not include it in your calculation.**

\* Net income means your total income from all sources, less any allowable deductions or current year losses (not including any losses brought forward).

## Calculating your IETC

Enter the start and end dates when you had any overseas income that excludes you from being eligible for IETC at Box 34B on your return.

If the overseas income continued past the end of the year enter the end date for the income as 31/03/2023.

If you have more than 1 date range for the overseas excluded income, attach a note telling us of the date ranges. You'll also need to include any dates you were not a New Zealand tax resident.

Tick the boxes below for each month (between 1 April 2022 and 31 March 2023) you were entitled to the IETC for the full month.

<b>A</b>	<b>M</b>	<b>J</b>	<b>J</b>	<b>A</b>	<b>S</b>	<b>O</b>	<b>N</b>	<b>D</b>	<b>J</b>	<b>F</b>	<b>M</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total number of months eligible						<b>Box A</b> <input type="text"/> Add the number from Box A to Box 34C of your return.					

Use this worksheet if your income is between \$24,000 and \$44,000	
Number of months eligible for IETC	IETC
1	43.33
2	86.66
3	130.00
4	173.33
5	216.66
6	260.00
7	303.33
8	346.66
9	390.00
10	433.33
11	476.66
12	520.00
In Box B enter the IETC that corresponds with the eligible months at Box A.	<b>Box B \$</b> <input type="text"/>
	This is your IETC. Copy it to Box 34 of your return.

Use this worksheet if your income is between \$44,000 and \$48,000		
Number of months eligible for IETC (from Box A on page 44)	A	<input type="text"/>
Enter your income from Box 30, of your return, in Box B	B	\$ <input style="width: 100px;" type="text"/> . <input style="width: 20px;" type="text"/>
In Box C, enter the amount in Box B less \$44,000	C	\$ <input style="width: 100px;" type="text"/> . <input style="width: 20px;" type="text"/>
Multiply Box C by 0.13 and enter the amount in Box D	D	\$ <input style="width: 100px;" type="text"/> . <input style="width: 20px;" type="text"/>
Subtract Box D from \$520 and put the amount in Box E	E	\$ <input style="width: 100px;" type="text"/> . <input style="width: 20px;" type="text"/>
Multiply Box E by Box A and put the amount in Box F	F	\$ <input style="width: 100px;" type="text"/> . <input style="width: 20px;" type="text"/>
Divide Box F by 12 and enter the amount in Box G	G	\$ <input style="width: 100px;" type="text"/> . <input style="width: 20px;" type="text"/>
		This is your IETC. Copy it to Box 34 of your return.

## Question 35 Excess imputation credits brought forward

If you had unused imputation credits in your 2022 tax return, they are not refundable and must be brought forward and claimed against this year's tax payable.

### Where to find your excess imputation credits to bring forward

You can find the amount on the loss/excess imputation credits carried forward letter we sent you after your 2022 year return acknowledgement or notice of assessment.

If you have excess imputation credits to bring forward but did not receive confirmation of the amount, contact us.

### What to show in your return

Print the amount of excess imputation credits to be brought forward to 2023 in Box 35 of your return. Also print this amount in Box 8 of your tax calculation on page 50 in this guide.

## Question 36 Portfolio Investment Entity calculation

To find out what PIR you should have used, go to [ird.govt.nz/pir](http://ird.govt.nz/pir)

You will need your Summary of income, access to your details in myIR, or the investor statements from your PIEs. These will show your taxable PIE income or loss, PIE tax paid or refunded to the PIE and the PIR they used.

## If you closed your PIE investment during the year

If you exit certain PIEs (Quarterly PIE) part-way through a quarter, they may calculate your PIE tax liability at the end of that quarter using a zero rate of tax, or they may voluntarily pay the tax using your PIR. Your investor statement will show the income you earned up to the end of the quarter and any tax credits. Any remaining balance you have at the end of the quarter is also treated as a tax credit.

## PIE losses and tax credits

If you have any credits, include them in Box 2 in the worksheet below. If you had a PIE loss the PIE would have claimed a tax refund for you. Show the tax refund amount as a negative in box 2. If you have both tax credits and negative amounts, reduce the negative by the amount of any additional tax credits.

## PIE worksheet

Copy the Total PIE deductions and Total PIE Income/Loss from your Summary of Income, details in myIR or your investor statements to boxes 36A and 36B of your return. Then copy box 36A to Box 2 and 36B to Box 1 in the worksheet below.

Use this worksheet to complete your PIE calculation			
Total PIE income/loss	<b>1</b> ▶	\$ <input style="width: 150px;" type="text"/>	<input type="checkbox"/> Show a PIE loss as a negative
Total PIE deductions	<b>2</b> ▶	\$ <input style="width: 150px;" type="text"/>	<input type="checkbox"/> Show PIE tax refunded as a negative
Correct PIR	<b>3</b> ▶	<input style="width: 80px;" type="text"/> %	To confirm your correct PIR go to <a href="http://ird.govt.nz/pir">ird.govt.nz/pir</a>
Correct tax on PIE income Multiply Box 1 by Box 3	<b>4</b> ▶	\$ <input style="width: 150px;" type="text"/>	
PIE calculation outcome Deduct Box 2 from Box 4	<b>5</b> ▶	\$ <input style="width: 150px;" type="text"/>	

Copy the amount in Box 5 to Box 36C of your return, if you are entitled to a refund of PIE tax enter a minus sign at the end of the cents box.

If your PIE calculation outcome in Box 5 is a debit, add it to your tax on taxable income. If your taxable income is:

- \$14,000 or less, enter it in Box 3 on page 47
- between \$14,001 and \$48,000 enter it in Box 7 of worksheet 1 on page 48
- between \$48,001 and \$70,000 enter it in Box 7 of worksheet 2 on page 48
- between \$70,001 and \$180,000 enter it in Box 7 of worksheet 3 on page 49
- \$180,001 or more enter it in Box 7 of worksheet 4 on page 49

If Box 5 is a refund, then enter this in Box 11 on page 50.

# Calculating your tax

## Tax on taxable income

You can calculate your tax:

- on our website [ird.govt.nz/tools-calculators](http://ird.govt.nz/tools-calculators)
- by using the worksheets on the following pages, or
- by calling us on our 0800 self-service line - see page 69.

If your taxable income is:	Calculate your tax on taxable income:
\$0.00 to \$14,000	below
\$14,001 to \$48,000	on the following page
\$48,001 to \$70,000	on the following page
\$70,001 to \$180,000	on page 49
\$180,001 and over	on page 49

**Use this worksheet if your taxable income is from \$0 to \$14,000.**

**Your tax rate is 10.5 cents in the dollar.**

Copy your taxable income from Box 33 of your return to Box 1.

**1** ▶ \$  . **00**

Multiply Box 1 by 0.105 (10.5 cents in the dollar).  
Print the answer in Box 2.

**2** ▶ \$  .

If Box 36C of your return is a positive amount of tax to pay enter that here

**3** ▶ \$  .

Add 2 and 3. Print the answer in Box 4.

**4** ▶ \$  .

**This is the tax on your taxable income. Copy it to Box 2 on page 50 of this guide.**



**Worksheet 1. Use this worksheet if your taxable income is from \$14,001 to \$48,000.  
Your tax is \$1,470 plus 17.5 cents for each dollar in this tax bracket.**

Copy your taxable income from Box 33 of your return to Box 1.

<b>1</b> ▶	\$		·00
<b>2</b> ▶	\$	14,000	·00

Subtract Box 2 from Box 1. Print the answer in Box 3.

<b>3</b> ▶	\$		·00
------------	----	--	-----

Multiply Box 3 by 0.175 (17.5 cents in the dollar).  
Print the answer in Box 5.

<b>4</b> ▶	\$	1,470	·00
<b>5</b> ▶	\$		·

Add Box 4 and Box 5. Print the answer in Box 6.

<b>6</b> ▶	\$		·
------------	----	--	---

If Box 36C of your return is a positive amount of tax to pay enter that here

<b>7</b> ▶	\$		·
------------	----	--	---

Add Box 6 and Box 7. Print the answer in Box 8.

<b>8</b> ▶	\$		·
------------	----	--	---

**This is the tax on your taxable income. Copy it to Box 2 on page 50 of this guide.**

**Worksheet 2. Use this worksheet if your taxable income is from \$48,001 to \$70,000.  
Your tax is \$7,420 plus 30 cents for each dollar in this tax bracket.**

Copy your taxable income from Box 33 of your return to Box 1.

<b>1</b> ▶	\$		·00
<b>2</b> ▶	\$	48,000	·00

Subtract Box 2 from Box 1. Print the answer in Box 3.

<b>3</b> ▶	\$		·00
------------	----	--	-----

Multiply Box 3 by 0.30 (30 cents in the dollar).  
Print the answer in Box 5.

<b>4</b> ▶	\$	7,420	·00
<b>5</b> ▶	\$		·

Add Box 4 and Box 5. Print the answer in Box 6.

<b>6</b> ▶	\$		·
------------	----	--	---

If Box 36C of your return is a positive amount of tax to pay enter that here

<b>7</b> ▶	\$		·
------------	----	--	---

Add Box 6 and Box 7. Print the answer in Box 8.

<b>8</b> ▶	\$		·
------------	----	--	---

**This is the tax on your taxable income. Copy it to Box 2 on page 50 of this guide.**

**Worksheet 3. Use this worksheet if your taxable income is from \$70,001 to \$180,000. Your tax is \$14,020 plus 33 cents for each dollar in this tax bracket.**

Copy your taxable income from Box 33 of your return to Box 1.

<b>1</b> ▶	\$		·00
<b>2</b> ▶	\$	70,000	·00

Subtract Box 2 from Box 1. Print the answer in Box 3.

<b>3</b> ▶	\$		·00
------------	----	--	-----

Multiply Box 3 by 0.33 (33 cents in the dollar). Print the answer in Box 5.

<b>4</b> ▶	\$	14,020	·00
<b>5</b> ▶	\$		·

Add Box 4 and Box 5. Print the answer in Box 6.

<b>6</b> ▶	\$		·
------------	----	--	---

If Box 36C of your return is a positive amount of tax to pay enter that here

<b>7</b> ▶	\$		·
------------	----	--	---

Add Box 6 and Box 7. Print the answer in Box 8.

<b>8</b> ▶	\$		·
------------	----	--	---

**This is the tax on your taxable income. Copy it to Box 2 on page 48 of this guide.**

**Worksheet 4. Use this worksheet if your taxable income is from \$180,001 and over. Your tax is \$50,320 plus 39 cents for each dollar in this tax bracket.**

Copy your taxable income from Box 33 of your return to Box 1.

<b>1</b> ▶	\$		·00
<b>2</b> ▶	\$	180,000	·00

Subtract Box 2 from Box 1. Print the answer in Box 3.

<b>3</b> ▶	\$		·00
------------	----	--	-----

Multiply Box 3 by 0.39 (39 cents in the dollar). Print the answer in Box 5.

<b>4</b> ▶	\$	50,320	·00
<b>5</b> ▶	\$		·

Add Box 4 and Box 5. Print the answer in Box 6.

<b>6</b> ▶	\$		·
------------	----	--	---

If Box 36C of your return is a positive amount of tax to pay enter that here

<b>7</b> ▶	\$		·
------------	----	--	---

Add Box 6 and Box 7. Print the answer in Box 8.

<b>8</b> ▶	\$		·
------------	----	--	---

**This is the tax on your taxable income. Copy it to Box 2 on page 48 of this guide.**

## Question 37 Tax calculation

**Use this worksheet to work out the amount of tax to pay or amount to be refunded.**

Copy your **taxable income** from Box 33 of your return to Box 1. If the amount is a loss, print "0.00".

**1**

\$  :  **00**

Work out the **tax on taxable income** from pages 47 to 49 in the guide. Print your answer in Box 2.

**2**

\$  :

**Copy this amount to Box 37 of your tax return.**

Copy your **tax credit** from Box 34 of your return to Box 3.

**3**

\$  :

Subtract Box 3 from Box 2. Print your answer in Box 4. If Box 3 is larger than Box 2 print "0.00".

**4**

\$  :

Copy your **overseas tax paid**, if any, from Box 17A of your return to Box 5.

**5**

\$  :

Subtract Box 5 from Box 4. Print your answer in Box 6. If Box 5 is larger than Box 4 print "0.00", then read **Tax paid overseas** on page 22 in this guide.

**6**

\$  :

Copy your **imputation credits**, if any, from Box 14 of your return to Box 7.

**7**

\$  :

Copy your **excess imputation credits brought forward** from Box 35 of your return to Box 8.

**8**

\$  :

Add up your **total imputation credits** from Boxes 7 and 8, and print the total in Box 9.

**9**

\$  :

Subtract Box 9 from Box 6. Print the answer in Box 10. If Box 9 is larger than Box 6 print "0.00", then read **excess imputation credits carried forward** on page 45.

**10**

\$  :

If Box 36C is an amount of overpaid PIE tax print in Box 11.

**11**

\$  :

Copy your **tax credit subtotal** from Box 21A of your return to Box 12.

**12**

\$  :

Add Box 11 and Box 12. Print the answer in Box 13.

**13**

\$  :

Subtract Box 13 from Box 10. Print your answer in Box 14. If Box 13 is larger than Box 10, the result is a credit. If Box 10 is larger than Box 13, the result is a debit.

**14**

\$  :

(Tick one)  Credit  Debit

**Box 14 is your residual income tax. Copy this amount to Box 37A of your tax return.**

Print any 2023 provisional tax paid in Box 15.

**15**

\$  :

If Box 14 is a credit, add Box 15. Print the answer in Box 16. This is your refund.

**16**

\$  :

If Box 14 is a debit, subtract Box 15 from Box 14. Print your answer in Box 16. This is your tax to pay. (If Box 15 is larger than Box 14 the difference is your refund.) (Tick one)  Refund  Tax to pay

**Please copy the answer in Box 16 above to Box 37B of your tax return.**

## Excess imputation credits carried forward

Imputation credits are treated differently from RWT. If you received dividends from a New Zealand company that gave you imputation credits or an Australian company that gave you New Zealand imputation credits, you may have excess imputation credits to carry forward. This will only happen if your total imputation credits (including any excess imputation credits brought forward from 2022) are greater than your total tax payable.

Use the worksheet below to work out the excess imputation credits that must be carried forward to your 2024 tax return. We'll send you a letter confirming the amount.

### Worksheet

Copy your total imputation credits from Box 9 of your tax calculation on page 50 in this guide to Box 1.



\$

Copy your total tax payable from Box 6 of your tax calculation on page 50 in this guide to Box 2.



\$

Subtract Box 2 from Box 1. Print your answer in Box 3.



\$

**This is your excess imputation credits amount to carry forward to 2024.**

## Student loan

We'll work out how much of your student loan you need to repay, based on your income. If you have an end-of-year repayment obligation we'll send you a notice showing how much is due. If you want to calculate the amount yourself, either use the worksheet provided here or go to [ird.govt.nz/calculators](https://ird.govt.nz/calculators) and use our student loan repayment calculator.

### Interest-free student loan

If you've lived in New Zealand for 6 months (183 days) or more, your student loan is interest-free.

Even if you have not been in New Zealand for six months, you may qualify for an interest-free student loan if you meet the criteria for an exemption.

Go to our website [ird.govt.nz/sl-interest-free](https://ird.govt.nz/sl-interest-free) for more details.

### End of year repayment obligation

Repayment deductions from salary or wages are generally considered your final obligation on that income and do not form part of your end-of-year repayment obligation.

Income from casual agricultural work and election day work does not have student loan deductions. This income is excluded as salary and wage income and becomes part of adjusted net income.

If you have a loss from an investment or business activity, any income or deductions are excluded in calculating your adjusted net income. If you have separate business or investment activities which are normally carried out in association with each other, you can offset a loss from 1 business or investment activity against other like income. For example, Rory has an overall loss from his landscaping business of \$7,500. He has also made a profit from his lawnmowing service of \$50,000. The activities are carried out in association with each other, so Rory can claim the \$7,500 loss against the \$50,000 profit.

Income adjustments are now required to be part of your adjusted net income. For a full list of the adjustments required go to [ird.govt.nz/adjust-income](https://ird.govt.nz/adjust-income)

You'll only have an end-of-year repayment obligation if you:

- have adjusted net income of \$500 or more with a total income (including salary or wages) of \$21,268 (annual repayment threshold plus \$500) or more, or
- had an interim assessment for the year.

### Note

Adjusted net income is your annual gross income, excluding salary or wages and less annual total deductions you may claim. If you have a loss from an investment or business activity, neither the income or the deductions from that activity are included in calculating your adjusted net income. If you have separate business or investment activities which are normally carried out in association with each other, a loss from 1 business or investment activity can be offset against other like income.

Annual total deductions are the expenses and deductions you can claim for the tax year.

### Note

If you are required to complete an **Adjust your income - IR215** form, you cannot use this worksheet to calculate your 2023 repayment obligation. Once we have received your IR3 and your IR215 we will send you your end-of-year repayment obligation for 2023.

**Use this worksheet to calculate your 2023 repayment.**

Annual repayment threshold.

**1** \$

Copy any gross salary or wage income (excluding casual agricultural or election day income) from Box 11B of your return to Box 2.

**2** \$

If Box 2 is more than Box 1 print \$0.00 in Box 3, otherwise subtract Box 2 from Box 1 and print the result in Box 3.

**3** \$

This is your **unused repayment threshold** you can use against your other income.

Enter your income after expenses from Box 31 of your return (excluding any losses), less any salary and wage income from Box 2 in Box 4.

**4** \$

Subtract Box 3 from Box 4. If the result is less than \$500.00 print \$0.00 in Box 5. Otherwise, print the result in Box 5 (this is your total liable income).

**5** \$

Multiply the amount in Box 5 by 0.12 (12%).

**6** \$

This is your **end-of-year payment obligation for the 2023 tax year.**

Print any 2023 **voluntary repayments** made to Inland Revenue in Box 6A.

**6A** \$

Print any 2023 **interim payments** made to Inland Revenue in Box 6B.

**6B** \$

Add Boxes 6A and 6B together and print the result in Box 7.

**7** \$

Subtract Box 7 from Box 6 and print your answer in Box 8.

**8** \$

If Box 7 is less than Box 6, the difference is your end-of-year loan repayment.

If Box 7 is larger than Box 6, the difference is your end-of-year overpayment.

(Tick one)  Loan repayment  
 Overpayment

## Question 38 Early payment discount

An early payment discount is available for people who:

- are either self-employed or a partner in a partnership
- are new in business
- derive income mainly from the business
- have no obligation to pay provisional tax in their current tax year
- made payments within the corresponding income year up to their balance date, for example a standard balance date taxpayer, who has made a payment or payments on or before 31 March 2023 as income tax for the period 1 April 2022 to 31 March 2023
- elect by 31 March of the following year, for example a taxpayer electing for the year ending 31 March 2023, must elect on or before 31 March 2024.

For more information about early payment discount, work through the flow chart on the following page or go to [ird.govt.nz/early-payment-discount](https://ird.govt.nz/early-payment-discount)

## Do you qualify for an early payment discount?

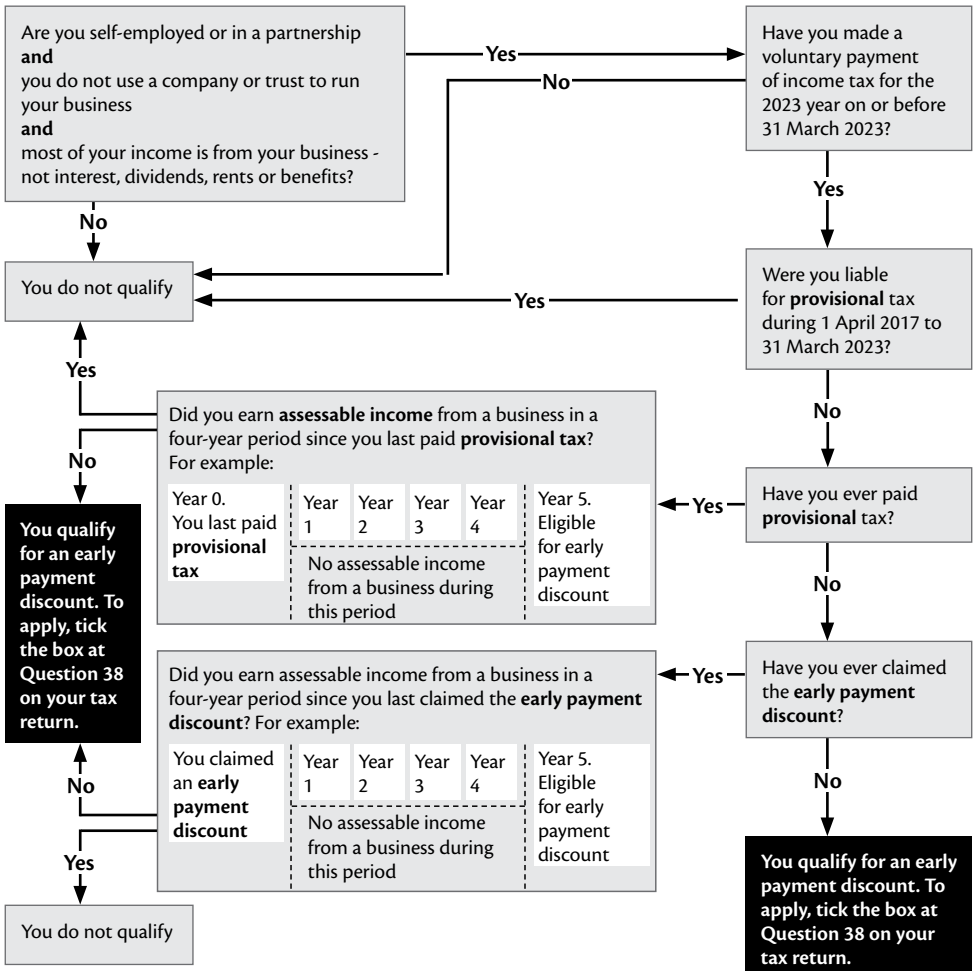
### Terms we use

**Provisional tax** - this is tax paid in instalments during the year, based on what you expect your income to be, or what it was last year.

**Assessable income** - income that is not exempt income or excluded income (for example a government grant to a business). Assessable income includes undeclared business income you may have earned (for example cash jobs).

**Year** - as referred to in the diagram below, year means the standard tax year from 1 April to 31 March, unless you have an approved different balance date, in which case your income year will end then.

If you have any questions about your entitlement to the discount, please contact us.





## Question 39 Refunds and/or transfers

If you are entitled to a refund, you can:

- transfer all or part of it to your student loan
- transfer all or part of it to cover someone else's income tax or student loan
- transfer all or part of it to your 2024 provisional tax, or
- have it direct credited to a bank or other deposit account, for example a building society account shown at Question 8.

If you've made payments towards your 2024 provisional tax and, after completing this return, you find that you have less or no provisional tax to pay, the over payment can be included in the amount we refund or transfer. Attach a separate note to your return to request this.

### Direct credit

If you choose direct credit you get your refund faster and you can withdraw your money as soon as it is credited because there's no clearance time.

We pay any refund over \$1.00 direct into your New Zealand bank account or other deposit account, for example a building society account as soon as we've processed your return. Make sure your correct bank account number is printed at Question 8 on the front page of your return.

### Transfers

If you'd like your refund transferred to another account or to arrears being paid off through an instalment arrangement, you'll need to tell us the date you'd like it transferred.

The date you can choose depends on what tax has been overpaid and whose account you want the credit transferred to.

### Requesting transfers on your return

You can ask us to transfer a refund to another account by filling out the boxes on page 5 of your return. If you ask for a transfer on your return, we will transfer your refund at 1 of the following dates:

Transfer to your own account or an account of someone associated to you, the later of:

- the day after your balance date (or 1 April if your balance date is before 31 March), or
- the due date in the destination account.

Transfer to an account of someone not associated to you:

- the day after your return was completed.

If you do not tell us the date you'd like your credit transferred, we will transfer it at a date we think gives you the greatest advantage. If you'd like the credit transferred at a different date, you can contact us and ask for the transfer date to be changed (including if we've transferred your credit to cover a debt).

## Associated taxpayers

The following are associated taxpayers for the purposes of transferring overpaid tax:

- a company you are a shareholder-employee in
- a partner in the same partnership
- a relative (for example child, parent)
- spouse or partner, or
- a trustee of a family trust you are a beneficiary of.

## Transfers requiring a separate note attached to the return

Situations such as requesting a transfer at a future date, transfer to arrears being paid off by an instalment arrangement and transfers at a different date will require you to attach a separate note to your return advising the following specific details.

- The amount you want transferred.
- The account you want it transferred to, for example name, IRD number, tax type and period end date (and if it is another person, whether they're associated).
- The date you'd like the credit transferred.
- If it is to be transferred to debt covered by an instalment arrangement.

Special rules apply if the return period has had tax pooling funds transferred in.

# Provisional tax

## Question 40 Provisional tax

Provisional tax is generally payable because you earned income during the year that either:

- was not taxed, or
- was taxed at the wrong rate.

It is usually payable in 3 instalments during the year (28 August 2023, 15 January 2024, 7 May 2024), unless:

- you have a non-standard balance date
- you pay GST on a six-monthly basis, or
- you use the GST ratio method to calculate provisional tax.

If your 2023 residual income tax (RIT) (Box 37A of your return) is more than \$5,000, you'll become a provisional tax payer and will be liable to pay 2024 provisional tax.

For provisional tax purposes, where an instalment date falls on a weekend or a public holiday, payments made or returns filed on the next working day will be treated as being received on the instalment date.

For more information read our guides **Provisional tax - IR289** or **Penalties and interest - IR240**.

## Initial provisional tax liability

Special rules apply when interest may be charged for an initial provisional tax liability.

You will have an initial provisional tax liability if:

- you begin to derive income from a taxable activity during the tax year
- your RIT in any of the four preceding tax years did not exceed \$5,000 (\$2,500 for the 2019-20 and earlier years), and
- your RIT for the current year is \$60,000 or more.

If this applies to you, read our guide **Provisional tax - IR289**.

The date you cease employment determines when interest will be charged from.

You are not liable to pay provisional tax in the year you have an initial provisional tax liability. You may make voluntary payments to reduce your interest liability.

### Interest rules if you have an initial provisional tax liability

Special rules apply to when interest may be charged for an initial provisional tax liability. If this applies to you, read our guide **Provisional tax - IR289**.

## Payment options

You have three options for paying provisional tax - the standard option "S", the estimation option "E" or the ratio option "R".

### Standard option

Under this option, your 2024 provisional tax is the same as your 2023 RIT (if it is more than \$5,000) plus 5%. Copy this amount to Box 40B of your return and print "S" in Box 40A. Divide the amount by 3 to get the amount you must pay for each instalment - record this on page 59. If you are filing your return after 28 August, your instalment amounts may be different.

**Note**

If you think your income for 2024 will be more than your 2023 income, you can make voluntary payments over and above the amount you have to pay under the standard option.

**Use this worksheet to calculate your 2024 provisional tax using the standard option "S"**

Copy your RIT from Box 37A of your return to Box 1.

**1**\$  . 

Multiply Box 1 by 0.05 (5%). Print your answer in Box 2.

**2**\$  . 

Add Box 1 and Box 2. Print your answer in Box 3.  
Box 3 is your 2024 provisional tax.

**3**\$  .  **00****Copy this amount to Box 40B of your return and print "S" in Box 40A.**

Divide the amount in Box 3 by 3 to get the amount you must pay for each instalment. Record this on page 62.

If you are completing your return after 28 August, your instalment amounts may be different.

**Estimation option**

Anyone can estimate provisional tax. If you expect your 2024 RIT to be lower than your 2023 RIT, estimating will keep you from paying more than you have to.

If you choose to estimate, your estimate must be fair and reasonable at the time you make it and at each instalment date.

You can be charged a penalty and/or interest if you do not take reasonable care when you estimate your provisional tax.

**Use this worksheet to calculate your 2024 provisional tax using the estimation option "E"**

Print your estimated 2024 taxable income in Box 1.

**1**\$  . 

Work out the tax on the amount in Box 1.  
Print your answer in Box 2.

**2**\$  . 

Print your estimated 2024 credits, such as tax credits,  
PAYE deducted, in Box 3.

**3**\$  . 

Subtract Box 3 from Box 2. Print your answer in Box 4.  
Box 4 is your 2024 provisional tax.

**4**\$  . **Copy this amount to Box 40B of your return and print "E" in Box 40A.**

Divide the amount in Box 4 by 3 to get the amount you must pay for each instalment. Record this on page 62.

## Ratio option

If you are GST-registered you may qualify to use the ratio option to calculate your provisional tax.

You must apply to use the ratio option, before the beginning of the income year you want to use it in.

If you've already elected to use the ratio option and want to continue using it, enter R at Box 40A.

Read our guide **Provisional tax - IR289** for more information about the ratio option.

## Question 41 Foreign rights disclosure

If you calculated controlled foreign company (CFC) or foreign investment fund (FIF) income at Question 17, you may be required to complete an additional disclosure form for that investment. The types of foreign investment that may not require an additional disclosure are investments in countries New Zealand has a double tax agreement with as at 31 March 2023 and have used the comparative value or fair dividend rate method.

Full details of the disclosure requirements are available in the April issue of our **Tax Information Bulletin (TIB)**.

If you need help making a disclosure please call 0800 377 774.

## What to show in your return

At Question 17 of your return include:

- any income and tax credits from a CFC or FIF, and
- any claim for BETA credits.

See page 21 to find out how to convert your overseas income and tax credits to New Zealand dollars.

For further information about CFCs and FIFs, go to [ird.govt.nz](http://ird.govt.nz)

## Question 42 Is your return for a part-year?

Read the situations listed in Question 42. If any apply to you, tick the "Yes" option and then tick the situation that applies and fill in the start and end dates of the return period.

If you were a tax resident for the full year, but only worked part of the year, please tick the "No" option.

If you ticked "Yes", this means that your return is not for a full year. We'll calculate your tax and income-related tax credits and let you know what they are.

Where the Return is for a deceased person, from the 2022/2023 income year reportable income received up to 28 days following a person's death can either be included in this return or alternatively in an IR 6 estate income return.

## Question 43 Notice of assessment and declaration

You must read the declaration and sign the return as being true and correct.

### Self-assessment by taxpayers

Taxpayers have to assess their own liability as part of their return filing obligations. This applies to the 2002-03 and later income years. We may amend your assessment if a correction is required.

If you dispute our assessment please go to [ird.govt.nz/disputes](https://ird.govt.nz/disputes) for more information. The four-month period for you to issue a notice of proposed adjustment (NOPA) to your self-assessment will start on the date Inland Revenue receives your return.

### Paying your tax

If you have tax to pay, you must pay it by 7 February 2024. If you have an agent and a standard or late balance date you may have until 7 April 2024 to pay. If you think this may apply to you, contact your agent for more information. You can pay earlier if you want to.

### How to make payments

Go to [ird.govt.nz/pay](https://ird.govt.nz/pay) to find out about paying by:

- direct debit
- credit or debit card, or
- internet banking.

### Late payment

We may charge you a late payment penalty if you miss a payment or it is late. We'll also charge you interest if you do not make your tax payment by the due date.

If you can not pay your tax by the due date, please contact us. We'll look at your payment options, which may include an instalment arrangement, depending on your circumstances.

Go to [ird.govt.nz/penalties](https://ird.govt.nz/penalties) for more information.

## Your record of payment

When you've worked out how much you have to pay, write the amounts on the schedule below. Keep it as a record so you do not miss a payment.

The dates on the schedule apply to a person with a 31 March balance date. If your balance date is different or you are registered for GST on a six-monthly filing frequency or if you have a tax agent, your payment dates may be different too. If you are not sure, check with your tax agent or contact us.

Payment schedule	
These dates may vary if you have a non-standard balance date, if you have a tax agent or if you are registered for GST on a six-monthly filing frequency.	
Amount	Date payable
<b>2023 income year</b>	
Tax to pay (Box 37B of your return)	7 February 2024
\$ <input type="text"/>	
<b>2024 income year</b>	
Total provisional tax (Box 40B of your return)	
\$ <input type="text"/>	
First instalment (one-third)	28 August 2023
\$ <input type="text"/>	
Second instalment (one-third)	15 January 2024
\$ <input type="text"/>	
Third instalment (one-third)	7 May 2024
\$ <input type="text"/>	

## Adjusting an income tax return already completed

If you want to amend or adjust an income tax return that has already been completed, please send us a **Notice of proposed adjustment - IR770 (NOPA)** through the disputes resolution process. Do not send us another return.

## ACC personal services rehabilitation payments

If you've had a workplace injury your employer may manage these payments rather than ACC. If you or your caregiver receive these payments, regardless of whether ACC or your employer makes them, you'll need to read this information before you complete your return.

Any ACC personal service rehabilitation payments paid by ACC or your employer direct to the client or caregiver, are schedular payments and will have tax deducted before the payments are made.

If you received these payments you may not be required to complete an IR3, let us know and we'll update our records.

### Do I need to complete?

#### **Are you a caregiver receiving payments from ACC, or a caregiver paid by a client?**

If this is your only income, you are not required to complete an IR3 and can receive an automatic income tax assessment instead. However, you may have another reason to complete an IR3 - see page 5 for more information.

#### **Are you a client who received these payments from ACC and then passed on those payments to your caregiver?**

You are not required to complete an IR3 if:

- you have no other income
- you have no other reason to complete - see page 5.

Note the above rules apply whether or not you've passed these payments on to your caregiver.

If you are not required to complete, please call us on 0800 377 774 and we'll update our records.

**If you are a client or caregiver who is required to complete, read the information on the following pages before you complete Questions 12 and 29.**

## Question 12 Schedular payments

### **If you are a caregiver paid directly by ACC**

Use the income from schedular payments information on your **Summary of Income (SOI)** to help you complete your IR3. If you have not received an SOI, call us on 0800 377 774 and we'll send you a copy. If you have not given ACC your IRD number, include any payments that are not on your SOI in your IR3.

Enter the amount of tax deducted in Box 12A. Enter the total gross payments in Box 12B.

### **If you are a caregiver paid by the ACC client**

Using the records you've kept on the amount of personal service rehabilitation payments you received throughout the year, work out the gross payments to show in your return.



## Calculating your gross payments

### Worksheet 1. Calculating your gross payments that had 10.5% tax deducted

Print in Box 1 the total amount of payments received that had 10.5% tax deducted.

1

 \$  . 

Divide Box 1 by 0.895.

Print the answer in Box 2. This is the gross payment.

2

 \$  . 

If any of your payments had the 45% no-notification tax rate applied, you will need to complete the following worksheet.

### Worksheet 2. Calculating your gross payments that had 45% tax deducted

Print in Box 3 the total amount of payments received that had 45% tax deducted.

3

 \$  . 

Divide Box 3 by 0.55

Print the answer in Box 4. This is the gross payment.

4

 \$  . 

### Total gross payments amount for the year

#### Worksheet 3. Calculating your total gross payment

Add Boxes 2 and 4 together and print the answer in Box 5.

5

 \$  . 

This is the gross payment received for the year. Copy it to Box 12B of your return.

#### Note

If you are registered for GST, your gross schedular payment may include GST. Enter the GST-exclusive amount at Question 12B.

### Calculating your tax deducted

#### Worksheet 4. Calculating your available tax credit

Add Boxes 1 and 3 together and print the answer in Box 6.

6

 \$  . 

Subtract Box 6 from Box 5 and print the answer in Box 7.

7

 \$  . 

#### Note

If the payments you received did not have tax deducted from them or you received any other income that did not have tax deducted from it, print it in Box 24 of your return. Attach the details of your income to your return.

## If you are an ACC client

If you've kept all payments and have not paid any of the money received from ACC to your caregiver(s), use the amounts from schedular payments information on your SOI.

Enter the tax on schedular payments in Box 12A and enter the total gross payments in Box 12B.

If you have not received your SOI, you can get these details from myIR or call us on 0800 377 774 and we will send you a copy.

If you have not provided ACC with your IRD number, include any payments that are not on your SOI in your IR3.

If you've passed on all the income to your caregiver(s) you do not need to include these from your SOI at Question 12. This is because these payments, when they're all passed to your caregiver(s) throughout the year, are considered exempt income to you.

You will not need to put any amount in Boxes 12A or 12B.

If you've been reimbursed by ACC for amounts that you've paid to caregiver(s) before 1 April 2022 you will not need to put any amount in Box 12B but you'll include the tax on schedular payments from your SOI in Box 12A.

If you've kept some of the income, you'll include the total gross payments from your SOI at Box 12B but claim any of these payments you've passed on to your caregiver(s) as a deduction at Question 12C. Read **Question 12C Expenses related to schedular payments** below.

If you have not given ACC your IRD number, include any payments that are not on your SOI in your IR3.

Use worksheet 4 "Calculating your available tax credit" on page 64 to determine your tax deductions. This total will be added at Question 12A. You'll also need to complete worksheets 1 to 3 on page 64 before you can calculate your available tax credit.

## Question 12C Expenses related to schedular payments

### If you've kept some of the income

To help determine your allowable deduction, you'll first need to determine your caregiver's gross payments. Complete worksheets 1 to 3 and include the amount from Box 5 at Box 12C of your IR3 return.

Attach a copy of the payments you made to your caregiver(s) with your IR3.

**Calculating your deduction**

**Worksheet 1. Calculating the gross payments you have passed to your caregiver that had 10.5% deducted**

Print in Box 1 the total amount you paid to your caregiver that had 10.5% tax deducted.

**1** \$

Divide Box 1 by 0.895. Print the answer in Box 2.

This is the gross payment you made to your caregiver.

**2** \$

If any of your payments had the 45% no-notification tax rate applied you'll need to complete the following worksheet.

**Worksheet 2. Calculating the gross payments you have passed to your caregiver that had 45% tax deducted**

Print in Box 3 the total amount you paid to your caregiver that had 45% deducted.

**3** \$

Divide Box 3 by 0.55. Print the answer in Box 4.

This is the gross payment you made to your caregiver.

**4** \$

**Your allowable deduction**

**Worksheet 3. Calculating your allowable deduction**

Add Boxes 2 and 4 together and print the answer in Box 5.

**5** \$

**This is the allowable deduction. Include this amount in Box 12C of your return.**

Attach a copy of the payments you made to your caregiver(s) with your IR3.

Use worksheet 4 on the next page to calculate the tax deducted, which you'll need to include at Question 12A.

## Calculating your tax deducted

Worksheet 4. Calculating your available tax credit		
Copy the amount from Box 5 on worksheet 3 to Box 1.	<b>1</b>	\$ <input type="text"/>
Add Boxes 1 and 3 on page 64. Print the answer in Box 2.	<b>2</b>	\$ <input type="text"/>
Subtract Box 2 from Box 1 on this worksheet and print the answer in Box 3. This is your caregiver's available tax credits.	<b>3</b>	\$ <input type="text"/>
Copy your total tax deducted amount from your SOI to Box 4.	<b>4</b>	\$ <input type="text"/>
Subtract Box 3 from Box 4. Print the answer in Box 5.	<b>5</b>	\$ <input type="text"/>
<b>This is the total tax deducted available to you. Copy it into Box 12A of your return.</b>		

## More information

If you have any questions about your tax go to [ird.govt.nz](http://ird.govt.nz)

## Accident Compensation Act 2001 (ACC)

Under the Accident Compensation Act 2001, Inland Revenue is required to provide earnings information from your IR 3 return to the Accident Compensation Corporation (ACC). ACC will begin invoicing self-employed levies from September. ACC gets the information from IR3 returns as follows:

- Question 11A Gross earnings with PAYE deducted and earnings not liable for ACC earners' levy
- Question 12 Salaried payments
- Question 17 Overseas income (foreign employment income and foreign services income only)
- Question 18 Share of partnership income ("active" income) from the partnership's trade or business
- Question 19 Look-through company (LTC) active income
- Question 20 Shareholder-employee salary with no tax deducted
- Question 25 Self-employed income
- Question 28 Other income
- Question 30 Other expenses.

## Shareholder-employees

### Other income

In addition to your shareholder's remuneration, you may also have received other income liable for ACC levies, such as self-employed income. ACC will take your shareholder-employee remuneration into account if invoicing for additional levies.

### Maximum earnings from multiple companies

The maximum amount of ACC earners' levy deductions is \$1,993.54. You may be due for a refund from ACC if your shareholder-employee remuneration is from 2 or more companies and the combined total is over \$136,544. Find out more about the refund process at [acc.co.nz/multiple-employer-adjustment](https://acc.co.nz/multiple-employer-adjustment)

### Mixed income

Mixed income earners are those who have a combination of employee (including shareholder-employee remuneration without PAYE deducted) and self-employed earnings. If you are in this situation you have to pay ACC levies on both sources of income, up to the maximum. ACC will invoice you for the amount you'll have to pay.

### Current year losses

If you were in full-time employment and have recorded a loss, or your earnings are below the minimum earnings threshold, you are still liable for ACC levies. These will be calculated at the minimum level.

### IR56 taxpayers

If you are a private domestic worker, you've already paid ACC earners' levy on your IR56 income as part of your PAYE.

ACC will invoice you as an employer for other levies payable on your IR56 income. If you also receive other income liable for ACC levies, we'll pass this information to ACC to invoice levies on this income. ACC will make allowance for levies paid as an employer.

### Further information

If you have any queries about ACC or levies payable, go to [acc.co.nz/for-business](https://acc.co.nz/for-business) or contact the ACC Business Service Centre:

Live chat [business.acc.co.nz](https://business.acc.co.nz)  
Phone 0800 222 776  
Email [business@acc.co.nz](mailto:business@acc.co.nz)

# Services you may need

## Need to speak with us?

Have your IRD number ready and call us on one of these numbers.

General tax, tax credits and refunds	0800 775 247
Employer enquiries	0800 377 772
General business tax	0800 377 774
Overdue returns and payments	0800 227 771

We're open 8am to 6pm Monday to Friday, and 9am to 1pm Saturday. We record all calls.

Our self-service lines are open 7 days a week - except between 5am and 6am each day. They offer a range of automated options, especially if you are enrolled with voice ID.

Find out more at [ird.govt.nz/contact-us](https://ird.govt.nz/contact-us)

## 0800 self-service number

Our 0800 self-service numbers are open 7 days a week - except between 5am and 6am each day. Make sure you have your IRD number ready when you call.

For access to your account-specific information, you'll need to be enrolled with voice ID or have a PIN.

Order forms, guides and returns	0800 257 773
All other services	0800 257 777

When you call, confirm what you want from the options given. If you need to talk with us, we'll re-direct your call to someone who can help you.

## If you have a complaint about our service

We're committed to providing you with a quality service. If there's a problem, we'd like to know about it and have the chance to fix it.

If you disagree with how we've assessed your tax, you may need to follow a formal disputes process.

Find out more about making a complaint, and the disputes process, at [ird.govt.nz/disputes](https://ird.govt.nz/disputes)

## Privacy

Meeting your tax obligations means giving us accurate information so we can assess your tax and entitlements under the Acts we administer. We may charge penalties if you do not.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them, and
- Statistics New Zealand (for statistical purposes only).

You can ask for the personal information we hold about you. We'll give the information to you and correct any errors, unless we have a lawful reason not to. Find our full privacy policy at [ird.govt.nz/privacy](https://ird.govt.nz/privacy)





**Te Kāwanatanga o Aotearoa**  
New Zealand Government