



Annual imputation return guide 2020

This guide is to help
you complete the 2020
IR4J imputation return



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, for example, to check your tax code, find filing and payment dates, calculate your student loan repayment.
- **Forms and guides** - download our forms and guides.

Forgotten your user ID or password?

Request these online 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

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

Imputation return

Most New Zealand-resident companies, unit trusts, producer boards and cooperatives must file an imputation return each year. The following bodies don't have to file imputation returns:

- non-resident companies
- look-through companies (LTCs)
- trustee companies (but not group investment funds with Category A income)
- any company with a constitution preventing it from distributing all its income or property to any proprietor, member or shareholder
- companies whose income is completely exempt from tax
- local authorities
- Crown research institutes
- non-active companies
- Māori authorities.

Trans-Tasman imputation and imputation groups

Australian companies can elect to maintain a New Zealand imputation account from the 2003–04 tax year. An alternative form of grouping (for imputation purposes only) is available, which Australian companies may join.

Returns for trans-Tasman imputation

Australian companies, which elect under the trans-Tasman rules, are required to file a 2020 **Annual imputation return - IR4J** by 31 July 2020.

The return is completed for the New Zealand tax year (1 April to 31 March) regardless of your accounting year. Only fields 1 to 10A of this return need to be completed.

Note

A \$250 penalty may be charged where returns aren't filed on time.

Returns for imputation groups

The imputation group representative will file the **Annual imputation return - IR4J** on behalf of the imputation group.

Imputation group members should not file individual imputation details. An exception applies for the nominated company of a resident imputation group, where there is an imputation credit account (ICA) debit balance.

Where payment of any further income tax (a debit ICA balance) is made, attach a note of how the corresponding income tax credit should be allocated to group members.

For further details go to ird.govt.nz/imputation

Foreign dividend payments (FDP)

The FDP rules have been fully repealed from 1 April 2017. This means FDP can no longer be included in your annual imputation return. Please do not include FDP credits at 7B and 8B.

Multi-rate PIE (MRP)

An MRP isn't required to maintain an ICA. Credits in the ICA on the date a company becomes an MRP are lost. Where there is a debit in the ICA on the date a company becomes an MRP, the company has until the end of the tax year to clear the debit. Listed PIEs will continue to pay tax and file income tax returns as a company and must maintain an ICA.

For more help see our booklet **Portfolio investment entity guide - IR860**.

Limitation on tax refunds

We may hold all or part of a refund if:

- the company is expecting an income tax refund, and
- the credit balance in the ICA at 31 March 2020 is less than the refund.

If there have been additional credits to the ICA since 31 March 2020, the company may file an interim 2021 IR4 return in anticipation of an IR4 annual return being filed at a later date. We may then be able to release the refund.

We can also apply non-refundable overpaid income tax to a company's previous years' income tax liabilities, where these debits exist, rather than transferring the credit forward to the next year's provisional tax.

This avoids further payments having to be made to satisfy back-year debts.

Research and development (R&D) loss tax credit

No credit balance due to provisional or income tax paid will arise in the imputation credit account of a company that has claimed the R&D loss tax credit until that company has repaid the cashed-out amounts. This is to maintain tax neutrality with companies who are not able to cash out losses.

Repayment of the R&D loss tax credit can occur by paying sufficient:

- future income tax (i.e by trading into profit), and/or
- R&D repayment tax following a loss recovery event (LRE).

For more information on the impacts to imputations and examples on the R&D loss tax credit go to ird.govt.nz/research-development

Completing the return

The information on the first page of the return helps us to be sure that any correspondence we send goes to the right place.

Questions 1 to 5

Please make sure you fill in Questions 1 to 5, if these details are not already shown. We ask for your daytime phone number at Question 5 so we can call you, if necessary, to ask questions about the return.

Question 3 Postal address

If you have a new postal address, write the details at Question 3.

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

If the company uses its tax agent's postal address, leave this address panel blank. The agent will let us know of any change of address when updating their client list.

Annual imputation return

The annual imputation return is completed for the period 1 April 2019 to 31 March 2020 **regardless** of your accounting year.

For more information please read our guide **Imputation - IR274** or call us on 0800 377 774.

Question 6 Opening balance

This is the same as the closing balance at 31 March 2019.

Tick either "Debit" or "Credit", below Box 6. Because new companies won't have a closing balance to bring forward, they should write "0.00" in Box 6.

Question 7 Credits

Australian companies which elect to maintain a New Zealand ICA should include credits in Question 7D and 7E only.

Question 7A Income tax paid

The imputation system started at the beginning of the 1989 income year. Include in Box 7A all payments of New Zealand income tax and provisional tax made from 1 April 2019 to 31 March 2020 that were for 1989 and later income years.

Don't include any FBT, ESCT, interest on tax, late payment penalties, imputation penalty tax or RWT.

Question 7B FDP paid

The FDP rules have been fully repealed from 1 April 2017. Don't include an amount at 7B.

Question 7C RWT on interest received

If the company received interest with RWT deducted between 1 April 2019 to 31 March 2020, write the total RWT in Box 7C.

Question 7D Imputation credits attached to dividends received

If the company received dividends with imputation credits attached between 1 April 2019 and 31 March 2020, write the total credits in Box 7D.

Include the full amount of credits received here. Don't limit this to the amount of income tax due on the dividends received—that limitation only applies to the amount of imputation credits you can claim in your **Company income tax return - IR4**.

Question 7E Other credits

List any other credits made to the ICA from 1 April 2019 to 31 March 2020. Use a separate sheet of paper if there isn't enough room and attach it to the return. Write the total in Box 7E.

Other types of credits include:

- RWT on dividends received
- provisional tax allocated to the company by a company in the same wholly owned group that has overpaid its provisional tax
- specific credits for Australian companies which have elected to maintain a New Zealand ICA
- Residential land withholding tax (RLWT) deducted from the sale or transfer of residential property in New Zealand, less any RLWT paid back to the company and/or transferred to outstanding amounts.

Supplementary available subscribed capital account (SASCA)

If you are a public unit trust or a group investment fund that maintains a SASCA and are eligible to transfer credits from that account to the ICA, please record the credits being transferred in Box 7E (other credits).

All public unit trusts or group investment funds maintaining a SASCA should, by the due date for filing the 2020 IR4 or IR4J, send a copy of that memorandum account, together with any written queries relating to the operation of the SASCA to:

Investment Desk
Large Enterprises
Inland Revenue
PO Box 2871
Christchurch 8140

For more information on negative dividends and the SASCA rules, see our **Tax Information Bulletin (TIB) Vol 14, No 11** (November 2002).

Qualifying company election tax (QCET) payments

Include any QCET payments made after 17 May 2007 as a credit in the ICA when working out the account balance. Use the account balance in the formula when calculating the imputation credit to be attached to a dividend paid by the qualifying company.

See our **Tax Information Bulletins (TIBs) Vol 11, No 5** (May/June 1999) and **Vol 20, No 3, page 127** (April 2008).

Question 8 Debits

Australian companies which elect to maintain a New Zealand ICA should include debits in Questions 8C and 8D only.

Question 8A Income tax refunded

Write in Box 8A the company's total income tax refunds received from 1 April 2019 to 31 March 2020 for 1989 and later income years. Don't include any interest on tax received or income tax refunded for any year before 1989.

Question 8B FDP refunds

The FDP rules have been fully repealed from 1 April 2017. Don't include an amount at 8B.

Question 8C Imputation credits attached to dividends paid

If the company paid dividends from 1 April 2019 to 31 March 2020 with imputation credits attached, write the total credits in Box 8C.

Note

For a company that has claimed an R&D loss tax credit, no imputation credits will be available until that company has repaid the cashed-out amounts. For more information about the R&D loss tax credit go to ird.govt.nz/research-development

Question 8D Other debits

List any other debits in the ICA and write the total in Box 8D. Other types of debits include:

- any provisional tax allocated by the company to a company in the same wholly owned group that has underpaid its provisional tax
- an adjustment for a change of shareholding of more than 34% during the period 1 April 2019 and 31 March 2020 regardless of your accounting year
- an adjustment for a change in an imputation ratio

- tax payable by a company on any part of a distribution that is not sourced from the subscribed capital of the company, where that company repurchases a share on-market.

Qualifying companies

The 66% continuity of shareholding requirement does not apply to qualifying companies. There is no need to make an adjustment where there has been a change of shareholding, except in the year the company ceases to be a qualifying company.

Question 9 Closing balance

Where payment of a debit balance is made for an imputation group, attach details of how the income tax credit should be allocated to group members to the return.

Question 9A Adjustments to debit balances

If a qualifying company has received an income tax refund after 1 April 1995 that has created a debit balance in the ICA, no further income tax is paid on any refunds received.

If the company has a debit balance as a result of income tax refunded after 1 April 2019, please subtract the amount refunded at Box 9A.

If the closing balance is a credit, there is nothing to pay.

If the closing balance at Box 9B is a debit, it must be paid by **20 June 2020**

Note

There are two types of relief from payment of debit ICA balances:

- offsetting income tax payments
- same debit ICA balances reflected in successive years.

For more information see our **Tax Information Bulletin (TIB)** Vol 16, No 1 (February 2004).

Question 10 Imputation penalty tax

Imputation penalty tax of 10% of the debit closing balance is also payable by **20 June 2020**. Work out the 10% penalty in Box 10.

We will charge you interest if you don't make your tax payment by the due date. We may also charge you a late payment penalty if you miss a payment.

If your tax remains unpaid, we'll charge an initial 1% late payment penalty on the day after the due date. We'll charge a further 4% penalty if there's still an amount of unpaid tax (including penalties) seven days after the due date.

Interest and late payment penalties are not charged on outstanding amounts of \$100 or less.

Arrangements

If you're unable to pay your tax by the due date, please call us. We'll look at your payment options, which may include an instalment arrangement, depending on your circumstances. Arrangements can be agreed on, before or after the due date for payment. There are greater reductions in the penalties charged if the arrangement is made before the due date.

For more help

See our guide **Penalties and interest - IR240**.

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 377 771

We're open 8am to 8pm 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're enrolled with voice ID.

Find out more at ird.govt.nz/contact-us

0800 self-service numbers

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.

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

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