



Inland Revenue
Te Tari Taake

IR8G
March 2021

Māori authorities tax return/Annual Māori authority credit account return guide 2021

Complete and send us your IR8 and IR8J return by 7 July 2021, unless you have an extension of time to file. Read page 6 of this guide.

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

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What is a Māori authority?

The following are eligible to be a Māori authority:

- (a) a company that is established by an order made under Te Ture Whenua Māori Act 1993 (Māori Land Act 1993)
- (b) the trustees of a trust that is established by an order made under Te Ture Whenua Māori Act 1993 (Māori Land Act 1993)
- (c) a company that owns land that is subject to Te Ture Whenua Māori Act 1993 (Māori Land Act 1993)
- (d) the trustees of a trust who own land that is subject to Te Ture Whenua Māori Act 1993 (Māori Land Act 1993)
- (e) the Māori Trustee in the Māori Trustee's capacity as an agent for an owner of land that is subject to Te Ture Whenua Māori Act 1993 (Māori Land Act 1993)
- (f) a Māori Trust Board, as defined in section 2 of the Māori Trust Boards Act 1955
- (g) the Crown Forestry Rental Trust, established by deed in accordance with section 34 of the Crown Forest Assets Act 1989
- (h) Te Ohu Kai Moana Trustee Limited, established in accordance with sections 31 to 33 of the Māori Fisheries Act 2004
- (i) Aotearoa Fisheries Limited, established in accordance with section 60 of the Māori Fisheries Act 2004
 - (ia) a company that is -
 - (i) established by a mandated iwi organisation to be an asset-holding company, as contemplated by section 12(1)(d) of the Māori Fisheries Act 2004
 - (ii) recognised by Te Ohu Kai Moana Trustee Limited as a mandated iwi organisation under section 13(1) of the Māori Fisheries Act 2004
 - (ib) the trustees of a trust that is recognised by Te Ohu Kai Moana Trustee Limited as a mandated iwi organisation under section 13(1) of the Māori Fisheries Act 2004
- (j) the trustees of the trusts that are established by Te Ohu Kai Moana Trustee Limited in accordance with sections 79 and 92 of the Māori Fisheries Act 2004

- (k) a company that:
 - (i) on behalf of Māori claimants, receives and manages assets that are transferred by the Crown as part of the settlement of a claim under the Treaty of Waitangi, and
 - (ii) is contemplated by the Deed of Settlement of the claim as performing the functions referred to in subparagraph (i).
- (l) the trustees of a trust who:
 - (i) on behalf of Māori claimants, receive and manage assets that are transferred by the Crown as part of the settlement of a claim under the Treaty of Waitangi, and
 - (ii) are contemplated by the Deed of Settlement of the claim as performing the functions referred to in subparagraph (i).

For more information go to ird.govt.nz/maori-authorities

The term Māori authority does not include:

- an individual
- an unincorporated body (other than a trustee of a trust), or
- a corporate body not subject to:
 - statutory restrictions, or
 - government processes.

Who has to complete a return?

All entities that have elected to become a Māori authority for the 2021 income year must complete a tax return each year, whether they've received income or not. If the authority has not received any income, please:

- fill in page 1 of the IR8 return, and
- sign the declaration on page 6.

Return due date

If the authority has a 31 March balance date you have until 7 July 2021 to send in the return, unless you've been granted an extension of time. If you have a balance date other than 31 March, this date may be different. Contact us if you are not sure of the filing date.

If the authority has a tax agent you may have until 31 March 2022 to complete the return. If this applies, contact your agent.

Annual Māori authority credit account return

Most entities that have elected to become a Māori authority for the 2021 income year must complete an annual **Māori authority credit account return - IR8J** each year. The following bodies do not have to complete a Māori authority credit account return:

- Māori authorities whose constitution prohibits distributions, and
- Māori authorities that derive exempt income.

Note

Complete the **Annual Māori authority credit account return - IR8J** for the year 1 April 2020 to 31 March 2021 regardless of the authority's accounting year. This return is on page 5 of the IR8 return, or available at ird.govt.nz/forms-guides or by calling 0800 257 773.

Question 2 Māori authority name

If the authority has changed its name since the last time a return was completed, please provide proof of the name change details so we can update our records.

Question 3 Postal address

If the authority has a new postal address, write the details at Question 3. If your new address is a PO Box number, show your box lobby if you have one. If you're unsure of your box lobby please contact New Zealand Post.

Leave this address panel blank if the authority uses its tax preparer's postal address. The tax preparer will let us know if they change their address.

Question 5 Bank account number

The fastest and safest way to get any refund is to have it direct credited to your authority's New Zealand bank account or other deposit account for example a building society account. If your authority's bank account is not preprinted on the return form, include it at Question 5.

If your suffix has only 2 numbers, enter them in the first 2 squares of the suffix box.

Note

If your refund is less than \$1.00 we will carry it forward to your next tax assessment. We'll offset it against any amount you may owe us or add it to any refund.

Question 6 Māori authority credit account

Page 5 of this return is the annual Māori authority credit account return. If you have made any monetary entries in the annual Māori authority credit account return, tick "yes" at Question 6.

Question 7 Has the authority ceased?

If the authority has ceased, include a set of accounts to the date the authority ceased trading and include details of any distribution of assets and liabilities. If the authority is registered for GST, or as an employer, you'll need to complete a **Business cessation - IR315** form to finalise your records.

Question 8 Income and expenditure from residential property

This question will generally apply to authorities, including close companies, that own residential rental property in New Zealand or overseas that come within the residential property deduction rules in **subpart EL of the Income Tax Act 2007**. It will not apply if the authority is a company or a charity that is exempt from income tax.

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 residential income, including properties held on revenue account.

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.

The residential rental deduction rules also apply to any authority that has borrowed money to acquire an interest in certain entities with significant rental property holdings (a residential land-rich entity) and has 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. They 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**.

Completing Question 8 in your return

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

You can use 1 of the following:

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

Calculate and identify the amounts for Boxes 8A to 8F using your chosen method.

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

Write the total residential income in Box 8A. This is the total of the following amounts:

- a) all rental income from the portfolio (and/or individual property)
- b) all depreciation recovery income for assets disposed of from the portfolio (or individual property)
- c) net income from the taxable sale/disposal of a property in your portfolio (or individual property), and
- d) all net residential rental income, depreciation recovery income and net income from the taxable disposal of the property from residential property excluded because it is held on revenue account.

Only include the net income from a disposal once.

Write the total residential rental deductions for residential rental properties in the Residential rental deductions in Box 8B.

This is the total before adjusting for excess deductions.

Write the total excess deductions brought forward from last year in Box 8C. This box cannot be completed for the tax year ending 31 March 2021.

Calculate the amount of allowable deductions you can claim this year adjusting for excess deductions. Write the total Residential rental deductions claimed this year in Box 8D. The amount that can be claimed and entered in box 8D depends on the methods chosen for all the authority's properties. Use the IR1226 worksheets to help calculate the amount. This should equal Box 8B plus Box 8C less the amount of excess deductions for each property and/or property portfolio shown in Box 8F.

The amount cannot exceed total residential income at Box 8A, unless there was a taxable sale/disposal of a rental property.

Combine the net income results (after adjusting for any excess deductions) for all properties and write the total in Box 8E. Your total Net residential income in Box 8E cannot be a loss, unless the rental property or all the properties in the portfolio have been disposed of as taxable sales.

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

- excess deductions released as the result of the taxable disposal of the rental property or all properties in a portfolio, or
- claimable interest paid on your investment in a residential land-rich entity. For more information read our **Rental income - IR264** guide.

Write the amount of all excess deductions for the year to be carried forward to next year in Box 8F.

This is calculated as Residential rental deductions Box 8B minus Residential rental deductions claimed this year Box 8D. This includes the amount of any excess deductions to be carried forward for interest paid on an investment in a land rich entity in Box 8F.

NOTES

Note 1

If you sell/dispose of an individual property and the sale is not taxable, or you sell/dispose of the last property in a portfolio and at least 1 of the sales in the portfolio was not taxable, any remaining excess deductions must be transferred to another property or portfolio and/or carried forward to the next year you earn income from residential property including property held on revenue account.

Note 2

If you sell/dispose of an individual property and the sale is taxable, or you sell/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 (other than land that is acquired for purposes of business relating to land) where the sale may be taxable, you need to notify us of the details of the property by the return filing date. 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.

Question 9 Income from taxable property sales/disposals

Income from sale of land and/or buildings

Include all income from land sales that are excluded from the residential property deduction rules. Net income from disposals of some residential property are specifically excluded from the rules such as the main home or holiday home taxed under the mixed-use asset rules.

Tax losses from disposals of residential property are also included under this question.

Net income from taxable sales of residential property, including bright-line sales, is included under Residential income in Question 8.

The profits are taxable if the authority bought a property for the purpose of reselling it or is in the business of buying and selling land and/or buildings.

The profits may be taxable if the authority:

- is in the building industry and improved a property before selling it
- developed or subdivided land and sold sections, or
- had a change of zoning on the property and sold it within 10 years of buying it.

This includes any property sales worldwide caught under the other property rules.

Complete a **Property sale information – IR833** form for each property sold/disposed of and include it with the return. The form explains how to calculate and correctly return the resulting profit or loss. You can download the form at ird.govt.nz/forms-guides

Complete the form even if the details have been included in a **Financial statements summary – IR10** or set of accounts.

For more information on property sales, refer to our guide **Buying and selling residential property – IR313**.

Write the income or loss (other than a bright-line income or loss) at Box 9.

Question 10 Income

Show the following amounts:

- gross interest in Box 10
- gross dividends in Box 10A
- taxable Māori authority distributions in Box 10B, and
- net other income from rents (rents after expenses) in Box 10C.

Attach a breakdown of gross rents and expenses to show how the net rents were worked out. You may use an IR3R form.

Taxable Māori authority distributions

There are various types of distributions that can be made from Māori authorities. You are only required to declare taxable Māori authority distributions made from gross income that Māori authorities earned during the 2004-05 income year or subsequent income years.

Fill in Box 10B if you received any taxable Māori authority distributions between 1 April 2020 and 31 March 2021. The Māori authority that paid you the distribution will send you a Māori authority distribution statement.

Credits attached to distributions

The authority may attach a credit to the distribution it makes to members. This credit will be classified as a Māori authority credit and is part of the tax the authority has already paid on its profits so the distributions are not taxed twice.

What to show in your return

Your Māori authority distribution statement shows the amount of:

- the distribution made to you, including what portion is taxable and what portion is non-taxable
- Māori authority credit.

These amounts, not including any non-taxable distributions, will need to be transferred to the relevant boxes as follows:

- Taxable Māori authority distributions should be shown in Box 10B.
- Māori authority credits should be included in Box 11G.

Example

A Māori authority makes a pre-tax profit of \$10,000. They pay tax on this profit of \$1,750 (Māori authority tax rate of 17.5%) and distribute the entire profit to their 10 members. So, each member will receive \$825 as a cash distribution and \$175 of Māori authority credits.

Authorities that are liable (as members) for filing an IR8 return of income would show the following information in their return:

Box 10B - \$1,000 (made up of \$825 + \$175)

Box 11G - \$175 (included with other tax credits)

Non-taxable distributions

Any other distributions received from a Māori authority, which are not taxable in the hands of a Māori authority member, do not need to be included in the IR8 return. These amounts are classed as non-taxable distributions and cannot have credits attached.

Interest on broken term deposits

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

If the term deposit was broken in full, or it was business-related, deduct the negative interest from the gross interest shown on the RWT certificate.

Deduct the allowable negative interest component using the worksheet on the following page before entering the gross amount at Box 10 of the tax return. 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 certificate to Box 1.



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Print any negative interest you have paid in Box 2.



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Subtract Box 2 from Box 1 and print the answer in Box 3. Copy this amount to Box 10 of your tax return.



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Interest paid and charged by Inland Revenue

Include any interest paid by us in Box 10. If we paid you interest include this in the return for the income year you received it. If you paid us interest, include it in the return for the income year the interest is paid. Only offset interest paid in Box 10 if it has not been claimed as a deduction in your accounts.

If the overall interest is a loss, put a minus sign in the last box at Box 10.

RWT withheld

Any RWT withheld should be shown in Box 11E.

If the overall interest is a negative amount, print the total in Box 10 and put a minus sign in the last box.

Box 10D Net income

This is the amount of business income that the authority earned after deducting the allowable business expenses. If the authority made a loss, put a minus sign in the last box.

If expenses are deductible against income declared in Box 10 or Box 10A, claim them at Box 10G. Attach either:

- a fully completed **Financial statement summary - IR10** form, or
- a set of the authority's financial accounts.

Note

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 an IR10.

You still need to complete a set of financial accounts and keep them in case we ask for them later. For help with filling out the IR10, see our IR10 guide.

Box 10E Other income

Show any other income received by the authority at Box 10E.

If you received income from overseas, such as interest, a foreign investment fund (FIF) or a controlled foreign company (CFC), convert your income to New Zealand dollars and show it at Box 10E. If your overseas income is from an FIF or a CFC you may need to complete an additional disclosure. Read the notes to Question 15 on page 26.

Overseas income

You can convert all overseas income and tax credits to New Zealand dollars by:

- using the rates table available on 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.

If the income was received from a financial arrangement, refer to **Determination G9A or G9B prescribed under section 90 of the Tax Administration Act 1994**.

Have you received any income from the sale/disposal of property?

Show any income from taxable sale of other property sales at box 10D of the return, if not already included elsewhere in the return.

FIF income

If at any time during the 2021 income year the Māori authority 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, the company will use the new fair dividend rate to calculate FIF income.

The main exclusions from an interest in an FIF are:

- investments in certain Australian resident companies listed on approved indices on the Australian stock exchange, that maintain franking accounts
- interest in certain Australian unit trusts
- limited exemptions for interest 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 CFC, and
- a trustee of certain trusts who holds, at all times in the income year, FIFs with a total cost of \$50,000 or less.

Note

Under the FIF rules, dividends received from overseas companies, except companies covered by the above exclusions, are not taxable separately. Generally, the authority would use the default FIF income calculation method, called the fair dividend rate, which does not tax dividends separately. However, the foreign tax deducted from the dividend can be claimed as a credit against the tax payable on the calculated FIF income.

CFC income and losses

If you have an interest in a CFC, you must calculate any attributed income or loss from that interest.

There are rules for calculating income or losses from a CFC. Entities with balance dates from 30 June to 30 September are required to apply these rules from the beginning of the 2010 income year. All other entities are required to apply the rules from the beginning of the 2011 income year.

Losses from a CFC cannot be used to offset domestic income or be included in domestic losses that are being carried forward to the 2021 tax year. Generally, such losses can only offset income or future income from CFCs that are resident in the same country as the CFC that incurred the loss.

When CFC income or losses are calculated under these rules there are transitional rules that apply to the use of carried forward losses incurred under the old rules.

Further information on the taxation of interests in CFCs is available at ird.govt.nz/cfc and in our **Tax Information Bulletins (TIBs)** - see the online index for relevant issues.

Investments in portfolio investment entities (PIEs)

Certain PIEs attribute their net income/loss and tax credits they derive across their investors. Investors that are Māori authorities include the attributed income or loss in their tax return.

Each year the PIE is required to provide an investor statement setting out the details of the income/loss attributed to the investor for the year. The statement also shows the various types of tax credits associated with the income attributed.

These tax credits are subject to the tax credit limits calculated in relation to the tax on the attributed PIE income.

The attributed PIE income/loss is included in the authority's return for the period that includes the end of the PIE's income year. Generally, PIEs will have a 31 March balance date. The amount of income derived by the authority as a distribution by a PIE is excluded income of the authority other than fully imputed dividends from a PIE that is a listed company. Refer to our website ird.govt.nz/portfolio-investment-entities

Australian dividends

Australian companies can pass on credit for tax paid in New Zealand to their shareholders if they maintain a New Zealand imputation credit account.

If an Australian company which you hold shares in has elected to maintain a New Zealand imputation credit account, you may see a New Zealand imputation credit on your dividend statement.

Note

This **does not** mean:

- Australian imputed or franking credits can now be claimed
- dividends from certain Australian companies, not covered by the FIF Australian exemption, will not be included in the return because the dividend income will be covered by the calculation of FIF income.

Taxable property sales

If the authority invested in residential property on or after 1 October 2015 and sold/disposed of it within the bright-line period, any profit is taxable income, even if there was no intention to sell when it was purchased.

The bright-line period for:

- properties purchased/acquired on or after 1 October 2015 through to 28 March 2018 inclusive, is 2 years,
- properties purchased/acquired on or after 29 March 2018 is 5 years.

Show the net profit as part of the income total in Box 10E.

If there is a net loss it can only be offset against income from other property sales/disposals.

Complete a **Property sale information - IR833** form for each property sold/disposed of and include it with the return.

The form explains how to calculate and correctly return the resulting profit or loss. You can download the form from our website ird.govt.nz/forms-guides Complete the form even if the details have been included in a **Financial statements summary - IR10** or set of accounts.

Box 10I Donations to Māori associations or donee organisations

The authority can claim a deduction for any donations it makes to a Māori association within the meaning of the Māori Community Development Act 1962. A Māori association includes a Māori committee, a Māori executive committee, a district Māori council and the New Zealand Māori Council. The authority may also claim a deduction for any donations it makes to any society, institution, organisation or trust that has approved donee status, for example kohanga reo and Māori health boards. You can view a complete list of approved donee organisations at ird.govt.nz/donee or contact us for assistance.

The deduction for donations cannot be more than the authority's income after expenses (before the donation deduction is taken into account). Use the following steps to determine the donation deduction.

- If the answer in Box 10H is a loss, print nil in Box 10I.
- If the donations made by the authority exceed Box 10H, copy the amount in Box 10H to Box 10I.
- If donations made by the authority do not exceed Box 10H, print the amount of the donations in Box 10I.

Box 10K Losses brought forward

If the authority is bringing forward losses from previous years, show the total in Box 10K.

If the authority is carrying an estimated loss back from 2022 enter the estimated loss in Box 10K.

Box 10L Loss carry back

Enter the amount of any 2021 loss to carry back to 2020 in Box 10L.

You will need to amend your 2020 income tax return to include the amount loss you carry back if you have not already. In your myIR income tax account, select the 2020 income tax period. Go to I want to... > Complete or amend return. Choose the amendment reason 'Loss carry back'. Select the income type 'You are claiming net loss brought forward' and enter the amount 'Net losses claimed this year'.

Question 11 Tax calculation

Tax calculation details

Use the steps shown on the return to work out the authority's tax payable. The tax rate for Māori authorities is 17.5 cents in the dollar. This applies to any taxable income shown at Box 10M.

Box 11D

If the imputation credit at Box 11C is greater than the amount at Box 11B, the authority will have to convert the difference to a loss to carry forward, rather than claiming it as a tax credit. Divide the difference between Box 11B and Box 11C by 0.175. This will give you the amount to carry forward as a loss to the authority's 2021 tax return.

Box 11EA Residential land withholding tax (RLWT) credit

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

Question 12 Refunds and/or transfers

If you're entitled to a refund you can:

- transfer it to arrears that are being paid off
- transfer all or part of it to your 2022 provisional tax, or
- have any balance direct credited to your authority's bank account or other deposit account for example a building society account shown at Question 5.

If you've made payments towards your 2022 provisional tax and, after completing this return, find you have less or no provisional tax to pay, the overpayment can be included in the amount we refund or transfer. Attach a separate note to your return to request this.

Transfers

If you'd like your refund transferred to another account or to arrears you're paying off by an instalment arrangement, tell us the date you would like this done. The date you can choose depends on what tax has been overpaid and whose account you want the credit transferred to.

If the transfer is to arrears being paid off through an instalment arrangement, you'll need to include a note with your return, authorising the transfer. Please clearly state:

- that the transfer is to arrears currently under an instalment arrangement
- the name and IRD number of the taxpayer the transfer should be made to
- whether the taxpayer is an "associated taxpayer"
- the tax type and period, and
- the date you'd like the transfer to take place.

Associated taxpayers

When transferring overpaid tax, associated taxpayers means a:

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

You can ask for your credit to be transferred at any date as long as it's not before the relevant date shown below.

Transfer date

For credit transferred:

- **to your account/an associated person's account**

If the credit is from excess tax deducted (for example PAYE deducted) it's the day after your balance date (or 1 April if your balance date is before 31 March). If the credit is from overpaid provisional tax it's the day you overpaid it.

- **to a non-associated person's account**

It's the later of:

- the day you requested the transfer, or
- the day after you complete your return.

Future transfer dates

If you'd like your credit transferred at a date in the future, attach a note to the front of your return with details of the:

- amount you want transferred
- account you want it transferred to, and if it's the account of an associated person, and
- date you'd like it transferred.

If you do not tell us the date you'd like your credit transferred, we'll transfer it at a date we think gives you the greatest advantage. Contact us if you'd like to change the transfer date and tell us if this transfer is to cover a debt.

Direct credit

See page 6 for more information on how to have your refund direct credited to your bank account.

Question 13 Initial provisional tax liability

A Māori authority has an initial provisional tax liability for a tax year if it:

- starts to derive income from a taxable activity in the tax year
- had not derived income from a taxable activity within the preceding four years, and
- had residual income tax (RIT) \$60,000 or more for the tax year.

If a Māori authority meets the above criteria it will have an initial provisional tax liability and interest will be calculated. Interest can be reduced by making voluntary payments.

Interest rules for an initial provisional tax liability

You may be charged interest from the first, second or third instalment date, if you have an initial provisional tax liability.

The instalment date that interest applies from is determined by the taxable activity start date.

More information about your initial provisional tax liability and the dates that interest applies from is available in our guide **Provisional tax - IR289**.

There are special rules about how interest is calculated when an authority has an initial provisional tax liability and has changed its balance date. For further information see our **Provisional tax - IR289** guide.

Question 14 2022 provisional tax

2022 provisional tax is charged for income the authority will earn in the 2022 income year. It's generally payable in 2, 3 or 6 instalments. There are 3 options for calculating provisional tax - standard, estimation and ratio.

If the Māori authority's 2021 RIT is:

- \$5,000 or less it does not have to pay provisional tax, but it can make voluntary payments
- more than \$5,000 but expected to be \$5,000 or less for 2022, it may estimate 2022 provisional tax at nil, or
- more than \$5,000 and expected to be more than \$5,000 for 2022, it must pay 2022 provisional tax using 1 of the payment options.

Standard option

If you use this option, write **S** in Box 14 of the return and the amount of 2022 provisional tax in Box 14A. 2022 provisional tax is the 2021 RIT plus 5%.

If the authority's 2021 return has not been completed by the first instalment of 2022 provisional tax, the provisional tax is the 2020 RIT plus 10%.

Use this worksheet to calculate your 2022 provisional tax using the standard option (S)

Copy your RIT from Box 11H on page 3 of your return to Box 1.

1 ▶ \$.

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

2 ▶ \$.

Add Box 2 to Box 1. Print your answer in Box 3.

3 ▶ \$.

Box 3 is your 2022 provisional tax.

Copy it to Box 14A of your return and print S in Box 14.

Divide the amount in Box 3 by 3 to get the amount you must pay for each instalment.

If you're completing your return after 28 August 2021 your instalment amounts may be different. Please read our guide **Provisional tax - IR289**.

Estimation option

Māori authorities can estimate their 2022 provisional tax. They can re-estimate any number of times up to and including their third instalment due date. If the authority's 2022 RIT is expected to be less than the 2021 tax, estimating may prevent the authority from paying more than it has to.

Note

An estimate must be "fair and reasonable" at each instalment it applies to. Read the notes on page 24 about the not taking reasonable care penalty if you use the estimation option.

If the authority estimates its provisional tax, write **E** in Box 14 and the amount of 2022 provisional tax in Box 14A.

If you estimate your provisional tax your instalments should be one-third of your estimation.

If you're using the ratio option and select **E** at Box 14 this will mean that you're electing to stop using the ratio option.

Use this worksheet to calculate your 2022 provisional tax using the estimation option (E)

Print your estimated 2022 taxable income in Box 1.

1 ▶

\$

Multiply Box 1 by 0.175 (17.5%) to work out the tax. Print your answer in Box 2.

2 ▶

\$

Print your estimated 2022 credits, such as RWT on interest, in Box 3.

3 ▶

\$

Subtract Box 3 from Box 2. Print your answer in Box 4.

4 ▶

\$

Box 4 is your estimated 2022 provisional tax.

Copy it to Box 14A of your return and print E in Box 14.

Divide the amount in Box 4 by 3 to get the amount you must pay for each instalment.

Ratio option

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

Only enter **R** at Box 14 if you've already elected to use the ratio option. Your application to use the ratio option must be made by phone or in writing before the beginning of the income year you wish to use it in.

If you've already elected to use the ratio option and want to continue using it, enter **R** at Box 14.

More information about the ratio option is available in our guide **Provisional tax - IR289**.

GST ratio method for 2021-22 year

Your ratio percentage is calculated by dividing your 2021 RIT by your total GST taxable supplies for the same year.

Not taking reasonable care penalty

When you estimate the authority's 2022 provisional tax, your estimate must be fair and reasonable. If the 2022 RIT is greater than the provisional tax paid, you may be liable for a not taking reasonable care penalty of 20% of the underpaid provisional tax.

Interest

If the authority has paid too much provisional tax, we may pay interest, or if it has not paid enough provisional tax, we may charge interest.

Interest the authority pays is tax deductible, while interest we pay is taxable income.

Payment dates

2022 provisional tax

Generally, an authority with a 31 March balance date pays provisional tax by the following due dates:

First instalment	28 August 2021
Second instalment	15 January 2022
Third instalment	7 May 2022

If the balance date is other than 31 March the authority pays provisional tax on the 28th day of the 5th, 9th and 13th months after the balance date.

There are 2 exceptions:

- if tax would be due on 28 December it's due on 15 January, and
- if it would be due on 28 April it's due on 7 May.

These dates will alter if the authority is registered for GST and:

- the GST filing frequency is six-monthly, or
- provisional tax is paid through the ratio option.

If either of these situations apply to you, read our guide **Provisional tax - IR289**.

How to make payments

You can make payments by:

- direct debit in myIR
- credit or debit card at ird.govt.nz/pay
- internet banking - most New Zealand banks have a pay tax option.

When making a payment, include:

- your IRD number
- the account type you are paying
- the period the payment relates to.

Find all the details of our payment options at ird.govt.nz/pay

Late payment

If you do not pay a bill on time, you may have to pay penalties and interest.

Contact us if you are not able to pay on time. We'll look at your payment options, which may include an instalment arrangement.

Find out more at ird.govt.nz/penalties

Question 15 Foreign rights

If you calculated CFC or FIF income at Box 10E, you may be required to complete an additional disclosure form for that investment.

If you have an income interest of 10% or more in a foreign company, you must complete an additional disclosure for that investment.

If you need assistance making a CFC disclosure please call 0800 377 774 to get the appropriate disclosure form. Full details of the disclosure requirements are set out in the annual international tax disclosure exemption available from ird.govt.nz

Find out more about the base erosion profit shifting (BEPS) hybrid mismatch rules at ird.govt.nz/beps

Annual Māori authority credit account return (applies to IR8 and IR8J)

The annual Māori authority credit account return must be completed for the period 1 April 2020 to 31 March 2021, regardless of your accounting year.

Opening balance

This is the same as the closing balance for 2020. Tick either credit or debit. New authorities will not have a closing balance to bring forward - they should write 0.00 in the box.

Credits

Income tax paid

Include all payments of New Zealand income tax and provisional tax made from 1 April 2020 to 31 March 2021 that were for 2005 and subsequent income years. Do not include any FBT, ESCT, interest on tax, late payment penalties, imputation penalty tax or RWT.

FDP made

The FDP rules have been fully repealed from 01 April 2017.

RWT on interest received

If the authority received interest with RWT deducted between 1 April 2020 and 31 March 2021, write the total RWT in the box.

Imputation/Māori authority credits attached to dividends/distributions received

If the authority received dividends/distributions with imputation credits/Māori authority credits attached between 1 April 2020 and 31 March 2021, write the total credits in the box.

Other credits

List any other credits made to the Māori authority credit account from 1 April 2020 to 31 March 2021. Use a separate sheet of paper if there is not enough room and attach it to the top of page 5 of the return. Write the total in the box. Examples of other types of credits are:

- RWT on dividends received
- provisional tax allocated to the authority by an authority in the same group that has overpaid its provisional tax.

Debits

Income tax refunded

Write in the box the authority's total income tax refunds received from 1 April 2020 to 31 March 2021 for 2005 and subsequent income years. Do not include any interest on tax received or income tax refunded for any year before 2005.

FDP refunds

The FDP rules have been fully repealed from 1 April 2017.

Māori authority credits attached to distributions paid

If the authority paid distributions from 1 April 2020 to 31 March 2021 with Māori authority credits attached, write the total credits in the box.

Other debits

List any other debits in the Māori authority credit account and write the total in the box. Examples of other types of debits are:

- any provisional tax allocated by the authority to an authority in the same group that has underpaid its provisional tax
- an adjustment for a change in a Māori authority credit ratio.

Māori authority distribution penalty tax

If the closing balance is a credit, there is nothing to pay. If the closing balance is a debit, it must be paid by **20 June 2021**.

Self-assessment by taxpayers

Taxpayers have to assess their own liability as part of their return filing obligations. We may amend your assessment if a correction is required.

If you dispute our assessment please go to 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.

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.

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

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



New Zealand Government