

# Correspondence guidelines

These guidelines can help tax agents when they send any correspondence or requests to us. Each guideline explains what information needs to be provided so the request can be considered or the return processed as quickly as possible.

## Guidelines for electing not to depreciate an asset

These guidelines are to help you make your request. They list the information we require before considering your request. These guidelines do not override any legislation, standard practice statements, publications or forms that have been released.

### Legislation

An election not to depreciate an asset is covered under section EE 8 of the Income Tax Act 2007.

By electing not to depreciate an asset, your client may avoid paying tax on depreciation recovered when the asset is disposed of.

### Information needed

Please include the following information when you're making an election as part of your client's tax return for the income year:

- name and IRD number
- current address
- description of the asset the election is being made for
- address if the asset is a non-residential building
- income year the election is being made for
- purchase or acquisition date.

You should include any other relevant information. For example, we need to know if the asset:

- is newly acquired, or
- has changed use from non-business to business.

You also need to tell us if this is a retrospective election to not depreciate an asset. Your client can not have already claimed depreciation for this asset in any previous tax year.

This election will then apply to every year from when the asset was purchased.

Once you've notified us of your client's election not to depreciate an asset your client can not claim depreciation on it in future years.



### Sending us the election

You can send this by attaching it to your client's tax return.

### Further resources

For more information about depreciation read our guide **Depreciation - a guide for businesses - IR260** or go to [ird.govt.nz/depreciation](https://ird.govt.nz/depreciation)

# Guidelines for determining residency status

These guidelines are to help you make your request. They list the information we require before considering your request. These guidelines do not override any legislation, standard practice statements, publications or forms that have been released.

## Legislation

The Income Tax Act 2007 says that a person, other than a company, who has a 'permanent place of abode' in New Zealand is a New Zealand tax resident.

## Information needed

If you need help determining a client's residency status for tax purposes, please provide us with your client's IRD number, full name and current address.

We also need your client's:

- travel dates to and from New Zealand
- destination
- intentions about returning to New Zealand to live, and if they are returning, when they expect to do so.

This list is a guide only - you'll need to consider the overall situation when working out whether your client is a New Zealand tax resident. If you'd like our view, you can fill in a **New Zealand tax residence questionnaire - IR886**. We'll then advise you about your client's tax residence status and if they have any future New Zealand tax responsibilities.

## Other information

If your client has strong ties to New Zealand it's likely that they'll have a permanent place of abode in New Zealand. The types of ties that are relevant are:

- whether they make trips back to New Zealand and for how long
- their past use of the dwelling in New Zealand
- their family and social ties

## Permanent place of abode test

Circumstance	What we look at
Presence in New Zealand	How much time you spend in New Zealand, and whether you're here continuously or from time to time
Accommodation	How you've previously used the accommodation you have in New Zealand, and your connection with it, that is, whether you own it, lease it or control it
Family and social ties	Where your family live (especially immediate family) and if you belong to any New Zealand clubs, associations or organisations
Economic ties	If you have bank accounts, credit cards, investments, life insurance or superannuation funds here
Employment or business	If you run a business here, or if you're employed here, if you have (or may have) employment to return to, the terms of any employment contract
Personal property	If you have vehicles, clothing, furniture or other property or possessions kept here
Intentions	Whether you intend to come back to New Zealand to live and if you do, when
Benefits, pensions and other payments	Whether you receive any welfare benefits, pensions or other payments from New Zealand agencies or organisations.

- their employment, economic and property ties
- whether they intend to come back to New Zealand to live and if they do, when.

The permanent place of abode test overrides any rules about the number of days your client is out of New Zealand. So your client will still be a New Zealand tax resident as long as they have a permanent place of abode here, even if they're gone for more than 325 days.

If there's somewhere in New Zealand your client could live, we need to decide whether it's their permanent place of abode. To do this, we look at all of your client's circumstances, as shown in the table below.

## Sending us the information

You can send the information by:

- a message through myIR
- posting it or a completed **New Zealand tax residence questionnaire - IR886**.

## Further resources

**Interpretation statement IS 16/03: Tax residence** sets out the Commissioner's view on the application of the tax residence rules for individuals, companies and trusts. You can read this in the **Tax Information Bulletin (TIB) Vol 28, No 10 (October 2016)** or on our website at [taxtechnical.ird.govt.nz](http://taxtechnical.ird.govt.nz)

**Interpretation statement IS 21/07 GST- Definition of a resident** - guidance on how to determine whether a person is a resident for GST purposes. You can read this in the **Tax Information Bulletin (TIB) Vol 33, No 9 (October 2021)** or on our website [taxtechnical.ird.govt.nz](http://taxtechnical.ird.govt.nz)

Our guides **New Zealand tax residence - IR292** and **Taxes and duties - IR295** can also be used to work out if your client is a New Zealand tax resident for tax purposes.

# Guidelines for United Kingdom pensions

These guidelines are to help you make your request. They list the information we require before considering your request. These guidelines do not override any legislation, standard practice statements, publications or forms that have been released.

## Legislation

The Income Tax Act 2007 - section LJ 2(1) and Article 19 of Schedule 1, Double Taxation Relief (United Kingdom) Order 1984.

## About UK pensions

Under the double tax agreement (DTA) with the United Kingdom (UK), New Zealand has sole taxing rights to UK pensions received by New Zealand tax residents. This means New Zealand tax residents can not claim any foreign tax credits on their UK pensions in their New Zealand tax return.

## Information needed

If your clients had tax withheld from their pension in the UK or you want to stop any new or further deductions being made from their pension, your client needs to apply for relief from the UK. You'll need to complete an 'Application form for relief from UK Income Tax' available at [www.hmrc.gov.uk/cnr/nz\\_indiv.pdf](http://www.hmrc.gov.uk/cnr/nz_indiv.pdf) and send it to us. The application provides a claim for repayment of UK Income Tax on a pension.

We'll process the form and forward it on your client's behalf to HM Revenue & Customs (HMRC). They'll ask your client's pension provider to stop the deductions in their system. The form will also allow your client to claim back amounts incorrectly withheld in the UK.

If your client has previously claimed foreign tax credits on their UK pension, you may consider making a **Voluntary disclosure - IR281** to have these removed from your client's returns.

If your client was or is a transitional resident, the pension is generally only taxable from the date their transitional residency ends. If so, you'll need to attach details of the transitional residency on a separate sheet and attach it to the HMRC form. For a guide on what you should include see the *Commissioner's operation position on foreign tax credits for amounts withheld from United Kingdom pension*.

## Other information

If interest has been charged, it's possible to apply for remission of any use-of-money interest. Please include this in your request.

If your client has difficulty paying any of the outstanding New Zealand tax you should contact us. It may be possible to enter into an instalment arrangement or apply for relief from outstanding tax if recovery would place them in hardship.



## Sending us the information

Send the completed HMRC 'Form New Zealand - Individual' to:

Inland Revenue  
PO Box 39010  
Wellington Mail Centre  
Lower Hutt 5045

Send all other requests, including any changes to income tax returns, by a message to us through myIR using the following details:

**Subject:** Foreign pension

**Account:** All other

**Category:** All other

For any general enquiries or questions, email **Transactional.International@ird.govt.nz** - do not send any customer information to this email address.

## Further resources

*Question We've Been Asked QB 14/12: Foreign tax credits for amounts withheld from United Kingdom pensions* at [taxtechnical.ird.govt.nz](http://taxtechnical.ird.govt.nz). This sets out the Commissioner's view on foreign tax credits for amounts withheld from UK pensions.

The *Commissioner's Operational position on foreign tax credits for amounts withheld from United Kingdom pension* at [taxtechnical.ird.govt.nz](http://taxtechnical.ird.govt.nz)

For more information on UK pensions or to see how other pensions may be affected, please see 'How double tax agreements affect your overseas pension' at [ird.govt.nz/dta](http://ird.govt.nz/dta)

# Guidelines to request a change of balance date

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These guidelines are to help you make your request. They list the information we require before considering your request. These guidelines do not override any legislation, standard practice statements, publications or forms that have been released.

## Legislation

Applications for a non-standard balance date come under section 38 of the Tax Administration Act 1994.

## Why have a non-standard balance date?

Some situations make it impractical for your client to have a 31 March balance date. The seasonable nature of some businesses means that a different tax year may fit better. The law acknowledges this and where you can show that a standard balance date will not work for the business an alternative will be approved.

## How to apply

You can request a balance change through myIR.

## Information needed

When you're applying, please include all the following details and any other relevant information:

- IRD number (or IRD numbers if more than 1 taxpayer, for example, partnership and partners)
- each taxpayer's full name
- the balance date you want to use
- the reason why your client wants to use a non-standard balance date
- your client's current address.

Depending on the reason why your client wants to use a non-standard balance date, you may also want to include:

- the names of any associated entities that already use this balance date (and their IRD number if known)
- the actual or predicted cashflow, stock patterns, customer demands and seasonal patterns.
- other information to show that financial accounts prepared to the proposed balance date would be more appropriate than using a 31 March balance date.

## Further resources

Please refer to **Standard Practice Statement (SPS) 18/02 Requests to change a balance date**, published in the **Tax Information Bulletin (TIB) Vol 30, No 4 (May 2018)** for details on the key points for consideration and the procedure for requests.

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

# Guidelines to get approval to pay a spouse or partner

These guidelines are to help you make your request. They list the information we require before considering your request. These guidelines don't override any legislation, standard practice statements, publications or forms that have been released.

## Legislation

Applications for approval of a deduction for wages paid to a spouse are made under sections DB 57 and DC 5 of the Income Tax Act 2007.

## Applying for approval

If you employ your spouse or partner in your business or you act on behalf of clients who do, you must get our approval to pay them wages, unless your business is a company.

If you or your client do not have approval, a deduction for the wages can not be claimed in the business accounts.

## Information needed

Please provide the following and any other relevant information to support the application:

- Personal details:
  - name and IRD number
  - current address
  - full name and IRD number of spouse/partner
- Payment details:
  - nature of the business they'll be employed in
  - details of the work they'll do
  - hourly rate and/or amount of wages paid
  - average number of hours worked a week, and the number of weeks worked during the year
  - method and frequency of payment
- Details of any other workers employed:
  - name, address and IRD number
  - the total amount paid as wages, not including the wages you'll pay your spouse
  - the amount of wages they'll receive
  - the type of work each staff member does
- Additional information for retrospective deductions:
  - frequency of payments made
  - how the schedular payments have been accounted for
  - whether these have been claimed as a deduction in previous years.

You need to make another application if you increase the wages as a result of:

- an increase in the duties performed by your spouse, or
- an increase in pay that isn't a general wage increase.

## Sending us this request

You can send us the notice via secure mail in myIR.

## Further resources

*Question We've Been Asked QB 19/01: What are the requirements for claiming tax deductions for payments to family members for services?* at **taxtechnical.ird.govt.nz** This deals with the requirements for claiming income tax deductions for payments to spouses, partners, or other family members for services they provide to businesses or other income earning activities.

# Guidelines for strike-off requests

These guidelines are to help you make your request. They list the information we require before considering your request. These guidelines do not override any legislation, standard practice statements, publications or forms that have been released.

## Legislation

The provisions governing the removal of a company from the Register of Companies are in Part 17 of the Companies Act 1993.

## Written confirmation from Inland Revenue

The Companies Office deals with removals from the Register of Companies. However, written confirmation is required from us to say we have no objections to the closure.

Before seeking confirmation from us, you and/or your client need to consider the following:

- Is a completed **Business cessation - IR315** form needed? (to cease GST and EMP)
- Have all returns been filed?
- Is any tax outstanding?
- Has the company sold or transferred its assets without completing a GST return?

**Note:** We'll object to an application for the removal of the company from the register, if it has outstanding tax or returns. These issues need to be resolved before you seek our approval.

## Information needed

The company must be clearly identified. This includes its IRD number, name, last trading address, registered office, and contact person for any questions.

To help us check the company has no outstanding tax obligations you should include:

- The date at which the entity intends to wind up.
- The reason the entity is winding up.
- Which year the final return/s will be filed for, and when they will be filed if not already.
- Whether the entity still has assets, and what will happen to them.
- Whether any assets have been distributed to shareholders, directors, general or limited partners or any other person/entity for less than market value including debt forgiveness, and provide relevant details.
- A copy of the profit and loss account and the balance sheet up to the date of winding up.
- If the entity has any outstanding returns or debts with Inland Revenue and what is being done about them.
- Contact person/director/agent for any further queries.
- Any other relevant information.



The letter can be sent as an attachment via web message or to the following address:

PO Box 39010  
Wellington Mail Centre  
Lower Hutt 5045

## Common problems

Problems can arise if:

- the request does not include the company's IRD number (if the company never applied for an IRD number, please tell us this in your application)
- the company has not filed its most recent income tax return
- the company has not ceased its GST and/or EMP registration
- the company has debt on the account
- there are outstanding returns and late filing penalties on the account
- the company sold assets and has not filed its final GST return, or the sale of assets does not show in the final GST return and no explanation has been provided
- entity is in receivership, liquidation or both
- party to legal proceedings

## What happens next?

We'll consider your application and send written notification to the address we hold for the company. If you want it to be sent to a different address, please make this clear in your application.

Normally, we'll process your application as quickly as possible, but it may take several weeks to reply during our peak times. If you need an urgent response, please show this clearly on your application with the reasons why.

**Note:** Credits held are refunded or transferred before the strike-off action is finalised, or retained by the Crown.

# Guidelines for making a livestock election

These guidelines are to help you make your request. They list the information we require before considering your request. These guidelines do not override any legislation, standard practice statements, publications or forms that have been released.

## Legislation

An election to use a herd value ratio or recalculated herd value ratio is made under section EC 17 of the Income Tax Act 2007. A notice of election is made under sections EC 8(3) and EC 11(4) of the Income Tax Act 2007.

## Information needed

Please include the following and any other relevant information in your application:

- name and IRD number
- current address
- first income year the election will apply
- type, class or other description of the applicable livestock
- existing and proposed methods of valuing the applicable livestock (herd scheme and national standard cost).

The four main livestock valuations:

- herd scheme
- market value and replacement price schemes
- national standard cost scheme
- self-assessed cost

Other livestock valuations

- high-priced livestock
- non-specific livestock

**You must make your notice by the date for filing the income return for the first income year the election will apply.**

If the election is to use a herd value ratio or recalculated herd value ratio under section EC 17 of the Income Tax Act 2007, we require the:

- value assessed under section EC 17(4) of an average animal of each applicable class of livestock
- date the valuation of each animal was made
- valuer's name and address.

## Sending us this notice

You can send the notice via secure mail in myIR.



**Note:** You need to give us 2 years written notice about a client who wants to:

- stop valuing livestock under the herd scheme
- adopt, after the herd scheme has been adopted, a herd value ratio or recalculated herd value ratio or the Chatham Island adjustment
- switch between self-assessed cost and national standard cost.

These notices must be provided at least 2 income years before the first income year the election will apply.

## Further resources

More details are available in the **Tax Information Bulletin (TIB) Vol 2, No 6 (February 1991)** and **Vol 3, No 8 (April 1992)**.

The national average market values for specified livestock are published in the Tax Information Bulletin every June and the national standard costs every March. You can also find them on our website at [taxtechnical.ird.govt.nz/determinations/livestock](http://taxtechnical.ird.govt.nz/determinations/livestock)

# Guidelines to request the remission of penalties and interest

These guidelines are to help you make your request. They list the information we require before considering your request. These guidelines do not override any legislation, standard practice statements, publications or forms that have been released.

## Legislation

The statutory provisions governing the remission of penalties and interest are in the Tax Administration Act 1994. The main provisions relating to remission are in sections:

- 183A Remission for reasonable cause
- 183ABA Remission due to emergency events
- 183D Remission on the grounds of highest net revenue over time.

## Applying for remission

Before making an application for remission it's important you or your client read the relevant statutory provisions and **Standard Practice Statement (SPS) 18/04** (see below for details).

There is no standard Inland Revenue form for making an application. Sections 183A and 183D do not permit a remission to be granted for financial relief reasons.

## Information needed

Please include the following and any other relevant supporting information in the application:

- name and IRD number
- current address
- tax type(s) and period(s)
- the reason why payment was not made or received in time
- the reason why the return was filed late
- details of steps taken to prevent future occurrence.

## Common problems

**No payment or return** - we can only consider remission applications under sections 183A and 183D if all relevant returns have been filed and the tax has been paid.

**No or inaccurate identification** - we can not grant penalty remissions if we can not tell who the application is for or the tax types and tax periods for the remission.

**Receiving more penalties** - certain requests for penalty remission (on the grounds of reasonable cause) can not be considered until the failure to either file the return or pay the assessed tax has been addressed. Penalties may continue to be added in these cases.



**Extension of time** - generally, remission for a late filing penalty will not be granted if you or your client have already been granted some other type of relief, for example, an extension of time.

**Provisional tax** - penalties relating to late provisional tax will not be calculated until the return is filed.

## Sending us the request

You can send us the request via secure mail in myIR.

## Further resources

Applying for remission of penalties and interest, refer to our guide **Penalties and Interest - IR240**



# Guidelines to request an amendment to an assessment

These guidelines are to help you make your request. They list the information we require before considering your request. These guidelines do not override any legislation, standard practice statements, publications or forms that have been released.

## Legislation

A request to amend an assessment is covered under section 113 of the Tax Administration Act 1994.

## Requesting an amendment

When you make an amendment request on behalf of your client you need to supply all relevant information to show us that an amendment should be made. You also need to give the facts and tax laws relating to the amendment request in a clear and unambiguous way.

Irrespective of the amount of tax involved please include the following:

- name and IRD number of the client
- the tax types, periods and years
- the amount of tax involved
- a description of the change(s) including the circumstances and reason(s)
- the nature of the errors
- how and why the errors were identified
- where relevant, details of any incorrect advice given directly to your client by Inland Revenue and how the client relied on that advice
- the action required to ensure correctness including relevant keypoint changes
- any relevant documents and records or other information supporting the amendment request.

Amendments can not be corrected by filing a new tax return. If you or your client notice an error in a return already sent to us you should make an amendment request as set out above or by amending the return in myIR or gateway services.

For a reason other than an obvious error with a tax difference over \$10,000 (debit and credit) it cannot be considered by phone and must be requested in writing.

Also make sure you notify us of all consequential adjustments that may need to be made to your client's other returns or other taxpayers, including tax types and/or periods.

## Process

When we receive your request we'll consider it and determine whether an amendment is required and if the request is able to be made.

If your request is accepted we'll amend the affected return and issue a correct assessment. If we decline to amend the assessment, we'll advise you in writing.



If we need further information, or clarification to verify and quantify the request you've made, we may either decline to make the amendment requested or ask for additional information from you or your client.

We will not amend any assessments currently the subject of a dispute.

## Sending us the request

Requests for amendments may be made by:

- secure mail
- amending the return in myIR
- amending the return in gateway services

Where a request is more complex we may ask you to put this in writing, especially where there are consequential adjustments that may need to be made to other returns or taxpayers.

## Further resources

Please refer to **Standard Practice Statement (SPS) 20/03: Requests to amend assessments (Jun 2020)**, for details on the procedure for requests.

You can read this at [taxtechnical.ird.govt.nz/standard-practice-statements](https://taxtechnical.ird.govt.nz/standard-practice-statements)

# Guidelines for making an instalment arrangement

These guidelines are to help you make your request. They list the information we require before considering your request. These guidelines do not override any legislation, standard practice statements, publications or forms that have been released.

## Legislation

There are a number of statutory provisions specifically designed to help customers who have problems paying their tax on time. These provisions vary, depending whether the request is from an individual or a company. You'll find them in the Tax Administration Act 1994. The main provisions relating to instalment arrangements are in sections:

- 139B Late payment penalty
- 139BA Suppression of late payment penalty when financial relief is sought
- 176 Recovery of tax by the Commissioner
- 177 Taxpayer may apply for financial relief
- 177A Definition of serious hardship
- 177B Instalment arrangements.

## About instalment arrangements

Generally outstanding returns need to be filed and an assessment made before we can consider a request for an instalment arrangement.

Before requesting an instalment arrangement it's important to read the relevant statutory provisions and **Standard Practice Statement (SPS) 18/04** (see below for details).

There is no standard form to use to make an application.

## Information needed

The following are some things you may want to consider and include in an instalment arrangement application:

- clearly identify the customer, including giving us their IRD number, name, last trading address, registered office, and contact person (in case we have further questions)
- indicate what tax types and periods the instalment arrangement is for
- indicate what the terms of the proposed instalment arrangement are, how much your client is proposing to pay, the payment frequency, for example, weekly, fortnightly or monthly, and how they'll pay
- in some cases you may be asked to complete a **Disclosure of financial position - IR590**, which is available on our website [ird.govt.nz/forms-guides](http://ird.govt.nz/forms-guides)
- for business customers who have multiple trading entities for which they control, please include bank statements for all accounts together with the associated entities and/or financial statements to help us make a decision about the proposal
- include the reasons for requesting an instalment arrangement and whether this will affect the ability



- of your client to meet their obligations in the future (please be open about the customer's circumstances)
- clarify your client's financial position. The information required will depend on the size of the debt. Some matters can be dealt with over the phone but for a larger business we'll ask detailed questions about:
  - Assets and liabilities
  - Profit and loss account
  - Cash flow to demonstrate the proposed instalment arrangement is achievable.

If we need more information, we'll contact you.

## Credit Offset

Future GST refunds will be offset to the instalment arrangement. Refundable tax credits can be refunded on request from you or your client. A refundable tax credit is defined as a tax credit under a provision that is listed in section LA 6(1)(a) to (j). Remaining refundable credits: PAYE, RWT, and certain other items. GST refunds are not a refundable tax credit.

## Sending us this request

You can request an instalment arrangement on behalf of your client from their applicable account in myIR.

You are not able to submit payments via direct debit from your clients account unless you have sole signing authority on the account approved by their bank.

You can request an instalment arrangement by phone, however, we may ask for more complicated requests to be made in writing via secure mail in myIR.

## What happens next?

The time we take to deal with the request will depend on the size of the debt. Generally, instalment arrangements for larger debts will require more supporting information and go through a longer approval process.

While we're dealing with the request we do not impose certain late payment penalties. If the request is approved, we will not charge those late payment penalties. You can read more about this in section 139BA of the Tax Administration Act 1994 or in **SPS 18/04: Options for relief from tax debt**.

*(continued on next page)*

## Common problems

**Identification** - we can not process the request if it's unclear exactly who the request is for and which tax types and tax periods the request relates to.

**Ability to pay** - the financial information provided suggests your client has surplus funds after necessary expenses and can afford to pay more than they offered.

**Ability to access assets** - the financial information provided shows your client has an asset that can be used for borrowing against or sold and so they can pay their tax in full.

**Lack of evidence to support the request** - if there's no evidence to show that the tax can not be paid as it falls due, we can not make a decision.

**Incomplete information** - bank statements have not been provided for all accounts. Bank statements should be provided for all accounts the client is a signatory over or are held in the client's name, including joint accounts.

**Out-of-date information** - supporting information provided voluntarily or requested by us is out of date. Out-dated information will not be accepted for decision-making purposes. We'll usually have to request updated information.

**Note:** When making payments towards an arrangement, please use the tax type '**ARR**' for automatic payments or on payment slips, so we can allocate any payments correctly. Your client should make the first payment as per the proposal even if we haven't confirmed the arrangement.

If your client has their own debt as well as debt for their related entities, 1 instalment arrangement can be set up to cover both entities as long as you are linked to both accounts.

## Further resources

Refer to **Standard Practice Statement (SPS) 18/04: Options for relief from tax debt** published in the **Tax Information Bulletin Vol 30, No 9 (Oct 2018)** and on our website at [taxtechnical.ird.govt.nz/standard-practice-statements](https://taxtechnical.ird.govt.nz/standard-practice-statements)

The SPS is a straightforward guide that will help you understand:

- how you should make your client's application
- what information should be included
- how late payment penalties can be avoided
- the timeframes and basis upon which we make a decision.

## 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.

