



Investment income information reporting changes

We're making changes to the way we collect and use investment income information. This will affect payers and payees of investment income.

Some changes are already in place and others are coming.

Legislation passed in March 2018 introduced reporting changes that will give us a better understanding of investment income and will allow us to administer tax and social policy more effectively.

Key changes - payers

- From 1 April 2018, new investors in a portfolio investment entity (PIE) must provide their IRD number to the PIE.
- From 1 April 2019, multi-rate PIEs that are not superannuation funds will need to provide their year-end information by 15 May rather than 31 May.
- From 1 April 2019, more frequent reporting of investment income in an electronic format is voluntary.
- From 1 April 2020, more frequent reporting of investment income in an electronic format will be compulsory.
- From 1 April 2020, the new non-declaration rate (45%) for resident withholding tax (RWT) on interest income will be applicable.
- From 1 April 2020, some administrative changes include:
 - ◇ removing the requirement to issue end of year RWT on interest certificates to recipients of interest income if they have provided their IRD number.
 - ◇ introduction of a new electronic RWT exempt status register
 - ◇ improved error correction processes, and
 - ◇ additional record keeping requirements for payment of non-resident withholding tax (NRWT).

Investment income information required - payers

- Payers of investment income will need to report only for the months in which they make a payment and withhold tax on that payment (nil returns are not required). Payers do not need to report payments they make to investors that are exempt from RWT.

The key changes to note are the following additional information requirements:

- ◇ date of birth of the payee
- ◇ contact address of the payee, and
- ◇ details about joint account holders (if any).
- If payers opt to provide more frequent reporting voluntarily from 1 April 2019, they get the benefit of the new error correction processes. Their first return will be due to Inland Revenue by the 20th of the month following the month in which the income was paid.
- Payers of interest (including interest on domestically issued debt subject to the approved issuer levy), dividends and taxable Māori authority distributions will be required to provide investment income information to Inland Revenue by the 20th of the month following the month in which the income was paid.
- Payers of interest income subject to RWT will only need to withhold RWT and report monthly on payments of interest where the payments relating to a taxable activity exceed \$5,000.
- For the tax years ending 31 March 2019 and 31 March 2020, payers of interest income subject to RWT and income subject to NRWT (apart from royalties) will need to report the currently required year-end information by 15 May, rather than 31 May. This is a transition measure until mandatory monthly reporting of this income begins from 1 April 2020.
- A multi-rate PIE that is not a superannuation fund or retirement savings scheme will be required to report investment income information to Inland Revenue yearly by 15 May after the end of the tax year.

Filing using electronic channels - payers

As payers of investment income will need to provide their investment returns electronically from 1 April 2020, they will need to consider which electronic channel will best suit them. There are a number of options including:

- filing direct through our Gateway services (suitable for large volume filers). More information can be found here: www.ird.govt.nz/investment-income-reporting-gateway-services
- manually uploading files through myIR. (the most common method) More information can be found here: www.ird.govt.nz/myir-file-upload-investment-income
- completing an online form available through myIR (this may be suitable for payers of investment income only filing for a small number of accounts).

Questions payees of investment income may have

1. Why is my bank asking me to provide my IRD number?

Providing your IRD number to the payer of your investment income e.g. your bank will help ensure that the interest you earn is taxed at a rate appropriate to your income and help make your end-of-year income tax process simpler.

2. We have a joint account – how would IR split the investment income?

Inland Revenue will split any income received from investments equally across all joint account holders who have provided their IRD numbers to their investment income payer e.g. their bank. If income hasn't been allocated to your account, this is because your investment income payer does not have your IRD number.

If the allocation of investment income by Inland Revenue between joint account holders is incorrect, account holders can correct the allocation via myIR on Inland Revenue's website or in their income tax return. Inland Revenue will allocate all future income and credits with this updated split.

3. Where can I go to see how much tax has been deducted from my investments?

If you log into myIR on Inland Revenue's website, you will be able to view any information about your investments that has been provided to Inland Revenue. It's likely you won't be able to see a complete set of data until 1 April 2020, as that is when more frequent reporting of investment reporting becomes mandatory.

4. Why is my tax being deducted at the wrong rate?

If the tax being deducted from your investment income is incorrect, you should speak to your investment income payer and, if necessary, provide them with your IRD number. Your investment income payer will then sort out the correction process with Inland Revenue.

5. Why am I no longer receiving an annual RWT certificate, or an RWT exemption certificate?

The information previously contained in the RWT certificate is now available electronically through myIR on Inland Revenue's website.

More information

More information about changes to investment income reporting is available at ird.govt.nz/investment-income

Detailed information on the legislative changes can be found in the following publications:

- *Tax Information Bulletin Volume 30 No. 5, June 2018* – investment income changes can be found on pages 29 to 40, at: www.ird.govt.nz (search on: Tax information bulletin)
- Changes to the collection and use of investment income information, at www.ird.govt.nz (search on: Changes to investment income reporting)