

IR1261 Overseas income summary

Frequently Asked Questions

Do I have to fill in the IR1261?

The **Overseas income summary - IR1261** is a prescribed form, to be completed by individuals who have overseas income from the 2023 tax year onwards.

Which jurisdiction do I use if a company is resident in one jurisdiction, but taxes have been withheld from dividends in another jurisdiction?

Choose the jurisdiction where the company is resident.

How do I include foreign investment fund (FIF) income?

FIF income can be included as a single amount under the jurisdiction 'overseas', or as amounts broken down by each jurisdiction. If you're filing through a software provider, you may not have the option 'overseas'. In this case you would choose the jurisdiction 'XX' (or unknown jurisdiction).

If more than one FIF is included in an amount, a supporting report, or workings must be provided with a breakdown of the overseas income and tax credit amounts by FIF. Reports provided by your investment advisor are acceptable.

How do I include FIF income if I have zero income?

Zero FIF income should be included as a single amount under the jurisdiction 'overseas'. A supporting report, or workings must be provided with a breakdown of the overseas income and tax credit amounts by FIF. In cases where CV losses has been reduced to zero the supporting report or workings should show the total CV loss that has been reduced to zero.

I have income from overseas investments that has been reported to Inland Revenue by my investment provider and is showing in my income summary. How do I include this income?

Income from overseas investments must be calculated in accordance with New Zealand tax rules and included as overseas income in your income tax return. This income must also be included in the **Overseas income summary - IR1261**.

For example, dividends from certain Australian listed shares which are exempt from the FIF rules are often reported to Inland Revenue as "dividends treated as interest". This income must be included as overseas income.

Dividends from interests in other foreign companies which are not exempt from FIF rules, may also be reported to Inland Revenue as "dividends treated as interest". In these cases, the FIF income from the investment should be included as overseas income.

Refer to the existing guidance in the **Individual income tax return guide - IR3G** Question 17 Overseas income section for further information on how to include any New Zealand tax credits (imputation or RWT) deducted from overseas dividends in your income tax return.

How do I include overseas residential rental income?

Income and expenses from overseas residential rental property (that is subject to the residential property deduction rules in subpart EL of the Income Tax Act 2007) are included in the residential rental income section on your income tax return (IR3 2023 Q22). This income is not included in the total overseas income box or the **Overseas income summary - IR1261**.

However, any foreign tax credits on the overseas residential rental income are included in the total overseas tax paid box (IR3 2023 Q17). These foreign tax credits must also be included in the Overseas income summary - IR1261 under the income type 'rental'.

To aid in processing of your income tax return, you can include a note outlining the breakdown of the overseas rental income and deductions, and the amount of foreign tax credits included.

How do I include other overseas rental income besides residential rental income?

Include overseas rental income (excluding overseas residential rental income) less deductible expenses, broken down by jurisdiction on the **Overseas income summary - IR1261**. For the breakdown, choose the jurisdiction where the property is located.

How do I include overseas income from a partnership?

Partnership income must be broken down by income type and by jurisdiction.

How do I include overseas income from a trust?

Beneficiary income must be broken down by income type and by jurisdiction.

How do I include overseas income from a look-through company (LTC)?

LTC income must be broken down by income type and by jurisdiction.

How do I provide supporting information to Inland Revenue?

Supporting information can be provided as an attachment to a return or as an attachment to a web message.



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