

We're making changes to Proof of Debt information.

Updates October 2021

The two main updates are around payment allocation and the period balances. The layout of the Proof of Debt will also look different, that is penalties will be displayed in one column, these were previously separated into a different column for each penalty type.

Payment allocation

Payments received against debt are applied to the debt as per Section 120F TAA (1994) (interest is paid before tax or penalties). When the preferential debt is calculated we consider the received date of any credits. These credit amounts will not be allocated to interest that was charged after the credit received date.

Period balances

When there are multiple liabilities (for example, assessments/ late filing penalties) in a period with different due dates, only liabilities with an outstanding balance will show. Liabilities that are paid in full will not show.

There are multiple assessments for the Payroll account in myIR due to the different components an employer has filed. For example, PAYE, KiwiSaver, child support. The number of liabilities will differ between large and small employers, with an extra due date for large employers. Full details of all assessments and payments for the period can still be seen in myIR.

Example 1 – GST amended assessment

The example below shows a GST Proof of Debt. A GST return was filed originally for the period 31 July 2021 with an assessment amount to pay of \$8,478.26. The return was amended with a further liability to pay of \$1,304.35 that has a later due date.

A payment of \$10,000 was received. Of this \$9,820.20 was allocated to the initial assessment liability and related penalties and interest, leaving \$179.80 to be credited to the amended assessment.

As the original liability has been cleared this does not show on the proof of debt.

This also means that from the \$10,000 payment received only the amount of \$179.80 has been allocated to the amended assessment liability and is showing in the breakdown on the statement of account. Full details of all assessment and payments for the period can still be seen in myIR.

Goods and Services Tax

Month/Year	Assessments	Penalties	Interest	Refunds	Misc transactions and write-offs	Transfers	Payments	Balance owing
31 July 2020	\$1,304.35	\$65.74	\$93.19	\$0.00	\$0.00	\$0.00	(\$179.80)	\$1,283.48
Total	\$1,304.35	\$65.74	\$93.19	\$0.00	\$0.00	\$0.00	(\$179.80)	\$1,283.48

Proof of debt

Tax type	Preferential	Non-preferential	Balance owing
Goods and services tax	\$1,217.74	\$65.74	\$1,283.48
Total	\$1,217.74	\$65.74	\$1,283.48

Example 2 – Employer activities

The example below shows an Employer Activities Proof of Debt for a large employer who makes payroll payments to Inland Revenue twice a month. The first half of the month is due the 20th of the same month, the second half is due the 5th of the following month. Child support employer deductions are due the 20th of the following month, giving this employer 3 liabilities.

The amounts showing in the example are from Employment Information forms filed for the second half of June 2021 and child support employer deductions for the full month.

A payment was made which cleared the first half of the month liability in full (were due on the 20th of that month) and left further credit available of \$702.48. This means that the first half of the month liability will not show on the Proof of Debt. Also, only the portion of payment not allocated to the cleared liability (\$702.48) will show in the payment's column. Full details of all assessments and payments for the period can still be seen in myIR.

Employer Activities

Month/ Year	PAYE assessment	CSE assessment	KSE employee assessment	KSR employer assessment	SLE employer assessment	ESCT assessment	Penalties	Interest	Refunds	Misc transactions and write-offs	Transfers	Payments	Balance owing
30 Jun 2021	\$115,072.71	\$944.92	\$13,396.93	\$7,716.93	\$6,597.88	\$1,929.75	\$8,818.51	\$1,307.39	\$0.00	\$0.00	\$0.00	(\$702.48)	\$155,082.54
Total	\$115,072.71	\$944.92	\$13,396.93	\$7,716.93	\$6,597.88	\$1,929.75	\$1,929.75	\$1,307.39	\$0.00	\$0.00	\$0.00	(\$702.48)	\$155,082.54

Proof of debt

Tax type	Preferential	Non- preferential	Balance owing
Employer Activities	\$143,026.89	\$12,055.65	\$155,082.54
Total	\$143,026.89	\$12,055.65	\$155,082.54