Consultation is now open for investment income information changes

Consultation on the Government's new Making Tax Simpler discussion document "Investment Income Information" is now open. Proposals are about improving the administration of tax on income from investments.

The main proposal is that organisations paying investment income and withholding tax (banks, companies and Māori authorities) supply investor-specific information direct to us throughout the year so people's personal tax records can be pre-populated. Income information would also be used in assessing a person's social policy entitlements.

The Government is keen to hear your views. Consultation is open until 19 August.

Go to www.makingtaxsimpler.ird.govt.nz for full details and to comment on these proposals.

Entertainment expenditure – gifts of food and drink

The entertainment expenditure rules in subpart DD of the Income Tax Act 2007 limit tax deductions for certain types of expenditure to half the deduction normally available.

One type of expenditure covered (with exemptions) is expenditure on providing food and drink off business premises. This means that spending on things like chocolates or a bottle of wine to give as gifts to customers, clients or suppliers for example, will not be fully deductible.

If the items are purchased as a gift basket or together with other items that aren't food and drink, the expense must be apportioned between fully deductible and not fully deductible.
Fringe benefit tax and work related vehicles

Fringe benefit tax (FBT) doesn't apply on days where a motor vehicle qualifies to be a work-related vehicle. To qualify, all of the following conditions must be met:

• the principal design of the vehicle isn't for carrying passengers
• the exterior of the vehicle permanently and prominently displays business signage
• employees are notified in writing that the vehicle is available only for travel between home and work and travel incidental to business, eg, passing by the bank on your way home from work
• regular checks are carried out and recorded to make sure employees are following vehicle restrictions

FBT is payable for any day the motor vehicle doesn't meet the four conditions. Our Fringe benefit tax guide (IR409) explains the conditions in more detail. Go to www.ird.govt.nz (search keyword: IR409).

Note: Sedans and station wagons don't qualify as work-related vehicles, unless the necessary alterations are made to convert them.

Fringe benefit tax liability

Some examples where FBT is payable on work-related vehicles (eg, utes, double cab utes or vans) is a vehicle:

• which doesn't have permanent sign-writing
• made available to use privately over the weekend
• that has no restrictions in place about using it privately
• where the employer has notified the employee(s) in writing of any private use restrictions, but doesn't make regular checks on restriction compliance
• where regular checks on restriction compliance are undertaken by the employer and private use that has taken place is identified.

Find out more about motor vehicles and FBT at www.ird.govt.nz (search keywords: FBT vehicles).

If you have any questions about FBT on motor vehicles send them to FBTenquiries@ird.govt.nz We'll respond to your question within 10 working days.

If you think your client may have a FBT liability in one of the situations above, or a general FBT liability, you can make a voluntary disclosure by sending it to FBTenquiries@ird.govt.nz

This is our second article highlighting important topics around FBT. You can find the first article in the June Agents Answers. In the next Agents Answers we'll be looking at common errors found in FBT returns.

Problem gambling levy rate change

We're responsible for the collection of the levy from non-casino gaming machine operators and gambling operators. This levy assists in providing public health services in the community as part of an integrated problem gambling strategy.

The levy rates are set every three years. The new rates apply from 1 July 2016 and replace the rates that applied from 1 July 2013.

You can find the new rates at www.ird.govt.nz (search keywords: gambling levy).
Non-resident businesses and GST

From 1 October 2016, non-resident businesses that supply remote services (including online services) to New Zealand resident customers, and who meet the registration criteria to charge and return GST on those supplies.

These customers are able to register and enrol for GST now in order to prepare for the 1 October 2016 law change.

For more information on the GST criteria for non-resident businesses, how to register and more examples on what is a remote service go to www.ird.govt.nz (search keyword: non-resident GST).

How to make payments

It’s easy to make payments to us. You can make payments:
- electronically
- by credit or debit card
- by posting a cheque (which must be received by the due date).

When making payments, you must include:
- your client's IRD number
- the tax type code
- the period the payment relates to.

If a payment has been made to a different tax type or period by mistake, send us a secure mail through myIR Secure Online Services or call us to tell us where it should’ve gone. We’ll transfer the payment.

Payments made to a different tax type or period can be refunded incorrectly. If this happens, repay the refund within 20 working days and send a secure mail or call us to tell us where it was supposed to go and when you first paid it. We'll update the credit with the original payment date.

Get refunds by faster direct credit

There are two ways to get a refund from us - a cheque in the post, or the fast way by direct credit.

Direct credit to a bank account is the secure, efficient, simple way to get a refund fast. All your clients' need to do is give us their bank account number by:
- logging into their myIR Secure Online Services account and editing the information under "Personal details"
- sending us a completed Fast refunds (IR587) form - print one or call 0800 257 773 to request a copy.

Direct credit refunds are received within five working days of being released - rather than 10 working days for cheque refunds.

Note: Refunds for donations can only be made by direct credit.