

BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses

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Contacting us during our busy period

We're now in our busy time which means that making contact with us or getting a response can take a little longer. We know how frustrating this can be.



To help you out during this time here are some of the ways you can contact us that may save you some time.

myIR secure online services and our website

If you have a myIR secure online services account, you'll be able to:

- update your client details
- access your income information
- check if you're entitled to a refund

- use our "secure mail" service to email us your questions
- view account transactions and return status with our "Look at account information" tool.

Our website menu makes it easy to find the information you need, fast. The "Businesses and employers" tab provides you with links to frequently accessed content so you spend less time finding the information you need and more time running your business.

Check out "Your top questions" at www.ird.govt.nz/contact-us for answers to a range of personal enquiries so you might not have to call us at all.

Virtual hold

Virtual hold is a call-back service which keeps your place in the queue without you having to wait on the phone. You'll be called back automatically when your call has reached the top of the queue. Call-back requests are available:

- Monday to Friday between 8.15 am and 4.15 pm
- Saturday between 9.30 am and 12.30 pm.

Calls outside these times are placed in the queue because we can't accurately estimate our wait times at the beginning and end of the day. Towards the end of the day we also need to clear the remaining requests in the system.

Schedule a convenient time to be called

Sometimes when you call us you receive a message saying we're too busy to answer your call right now. As this is less than ideal, when this happens you may be offered the option to schedule another time, convenient to you, to speak to us.

You can call and schedule a call-back:

- up to seven days in advance (except for the day of the call)
- between 8.45 am and 4 pm, Monday to Friday.

This service is also available outside our normal business hours.

If you enter a time that's not available, you need to choose another time instead. You'll only be allowed three attempts to find an available slot.

From time to time you may still hear the "overload" message if there aren't any appointments available.

Please make sure you call the correct number, this will save you being transferred to another customer service specialist when you get through.

You can find the correct number to call at www.ird.govt.nz/contact-us



Inland Revenue
Te Tari Taake

Welcome to Business Tax Update

In this issue: Contacting us during our busy period, KiwiSaver changes from 1 April 2015, register for GST with myIR, FATCA - final date for sending disclosures 30 June, submit multiple KiwiSaver forms at the touch of a button, what employers need to know about KiwiSaver, removal of the government KiwiSaver \$1,000 kick-start contribution, income tax returns due 7 July, extra pay in a tax year, new decision tool for employee allowances, ACC and the secondary tax rate, payroll amendments, filing your employer deductions form (EDF) electronically.

If you have any suggestions for topics you'd like covered in this newsletter, email

BusinessTax.Update@ird.govt.nz



REMINDERS

28 June: GST returns and payments are due for the period ending 31 May 2015. The first 2016 provisional tax instalment is due for those using the ratio method who have a 31 March balance date.

7 July: 2015 income tax returns are due for customers with a standard balance date and no extension of time.

Note: If a due date falls on a weekend, public holiday or provincial anniversary day, we can receive your return and payment on the next working day without a penalty being applied.

KiwiSaver changes from 1 April 2015

Changes have been made to the first-home withdrawal rules from 1 April 2015. KiwiSaver members can now withdraw:

- their contributions and their employer's contributions, and
- the investment income received, and
- their member tax credit paid into their KiwiSaver scheme by the Government

The \$1000 kick-start payment still can't be withdrawn.

From 1 June 2015 the withdrawal can be used as part of the initial deposit on the member's first home purchase. Previously the purchase of the member's first home had to be unconditional before being eligible for the first-home withdrawal.

Other changes include:

- limiting the purchase of the first home to New Zealand only
- allowing the withdrawal to apply to the building or purchase of a home on Māori land
- greater flexibility for new builds under the KiwiSaver HomeStart grant policy. These grants are administered by Housing New Zealand (see www.hnzc.co.nz for more information)
- an increase in the house price caps (see www.hnzc.co.nz for more information).

You need to apply to your KiwiSaver provider for a first-home withdrawal.

Register for GST with myIR

Register for GST through your myIR secure online services account and you'll receive immediate confirmation of your GST number and registration details. We'll let you know when your GST return is due and it will be in your myIR account ready for you to complete.

The benefits of completing and submitting your GST return through myIR include:

- receiving email reminders when your GST returns are due
- saving a copy for your own records
- having all your GST electronic records in one place
- immediate confirmation once your GST return is filed, so you know we've received it.

It's secure and simple and you can also delegate someone else to do your returns for you, so it can save you time.

If you don't have a myIR account, register now at www.ird.govt.nz/myir

FATCA – final date for sending disclosures 30 June

In March we told you about the Foreign Accounts Tax Compliance Act (FATCA) and what you needed to do if this applied to you.

FATCA requires all foreign financial institutions that are not exempt, including New Zealand financial institutions, to register with and report to the United States Internal Revenue Service (IRS) each year on US citizens and tax residents who have specified foreign financial assets that exceed certain thresholds. If FATCA applies to you you should have:

- registered with the IRS as a financial institution
- enrolled with us to obtain access to our FATCA system—International Data Exchange Portal (IDEP)
- checked that your FATCA disclosures meet the validation criteria.

Find out more on how to **send FATCA disclosures** at www.ird.govt.nz (search keywords: FATCA disclosures).

The final date for sending your FATCA disclosures (XML files) for the period ended 31 March 2015 is 30 June 2015. If you have any questions about sending your files contact us on 0800 443 773 between 8 am and 4.30 pm Monday to Friday. If you're calling from a mobile or overseas, call +64 4 9167118.

For information on how to enrol and send data using IDEP refer to our "**Foreign Account Tax Compliance Act (FATCA) Inland Revenue user guide**" at www.ird.govt.nz (search keyword: FATCA).

Submit multiple KiwiSaver forms at the touch of a button

Did you know you can electronically notify us of your employees' KiwiSaver details through the "file transfer" option in ir-File?

You'll no longer need to manually send us *KiwiSaver employee details (KS 1)* and *New employee opt-out request (KS 10)* forms for each employee.

From your payroll software, the KiwiSaver details (KSD) file picks up the following information:

1. new employees, who meet KiwiSaver automatic enrolment eligibility criteria
2. existing employees, who are not already members of a KiwiSaver scheme but are eligible and wish to opt-in
3. employees who are automatically enrolled, and wish to opt out of KiwiSaver.

If you're unsure how to extract the KSD file from your payroll software, please contact your software provider.

Once you've submitted KSD files, the past three months will show in the "KiwiSaver form history" option in the ir-File menu.

What employers need to know about KiwiSaver

As an employer, you play an important role in helping your employees save for their retirement. There are some things you must do and some things you should keep in mind about KiwiSaver for your employees.

All employers must:

- offer KiwiSaver to all their employees who meet the eligibility rules
- give a KS 3 information pack (KS 3 factsheet and KS 2 form) to eligible new employees and any existing employees that ask for one (call 0800 257 773 to request copies or download from www.ird.govt.nz)
- check the eligibility of new employees and enrol them (if they're eligible)
- make deductions and contributions for new employees who are already KiwiSaver members
- make KiwiSaver deductions for any employee who is a member of KiwiSaver even if they have another superannuation scheme you contribute to unless the existing scheme is a complying super fund
- make sure existing KiwiSaver members are getting the correct deductions and contributions
- ask to see the contributions holiday letter if a new employee advises they're on a contributions holiday
- restart deductions and contributions at the expiry of a contributions holiday as soon as you get a letter from us
- send any *New employee opt-out request (KS10)* forms you receive to us.

If you're not sure if your new employee is a KiwiSaver member treat them as a non-member. To be eligible to join, your employee must be aged 18 or over, under age 65 (currently the age of eligibility for New Zealand Superannuation) and living, or normally living, in New Zealand.

Casual employees

Casual employees engaged on an irregular and intermittent basis and who receive holiday pay with their wages are not subject to automatic enrolment in KiwiSaver. They can join either through you or enrolling directly with a KiwiSaver scheme provider.

But if a casual employee is already a KiwiSaver member, you must make deductions and pay compulsory employer contributions for them.

You can find more information in our *KiwiSaver employer guide (KS 4)* on page 5. There's also a flowchart on page 9 that will help you decide if a new employee should be automatically enrolled. Download the guide from www.ird.govt.nz (search keyword: KS4).

Making amendments to KiwiSaver deductions

When you reduce an employee's KiwiSaver deductions, a hold on the account is activated until the funds are returned by the employee's scheme provider.

If you've asked for this credit from the reassessment to be moved forward to another period, there may be a small delay. Please take this into account when you make your request as your account goes into "arrears" for this period of time.

Removal of the government KiwiSaver \$1,000 kick-start contribution

As part of budget 2015 Government announced the removal of the \$1,000 KiwiSaver kick-start contribution.

As this change became effective from the day of the announcement, the kick-start is no longer available for members joining on or after 2 pm 21 May 2015.

What this means for you as an employer

There are no changes to the current enrolment process.

The *Your introduction to KiwiSaver – employee information (KS 3)* and the *KiwiSaver employer guide (KS 4)* are currently being updated and will be available on our website and in print by 30 June. Until then continue giving any current KS 3s you have to employees ensuring you tell them the kick-start payment has been removed.

No changes are required to the *KiwiSaver employee details (KS 1)* and *KiwiSaver deduction form (KS 2)* forms so you can continue using the May 2011 version of the KS 1 and the February 2013 version of the KS 2.

If an employee queries their eligibility to a kick-start contribution with us, we may ask them to get written confirmation from you to confirm the date they started work (if a new employee), or the date they signed the KS 2 to opt in (if an existing employee). Once the employee has sent this to us we'll contact them to confirm if they are entitled to the kick-start payment. You don't need to do anything else.

If you're holding any Investment statements from a scheme provider you'll need to contact them direct to see when their new stock is available.

Income tax returns due 7 July

The IR 3, IR 3NR, IR 4, IR 6, IR 7, IR 8, IR 9 and IR 44 income tax returns for the tax year ending 31 March 2015 are due on 7 July unless you have a valid extension of time, or an approved late balance date. Most taxpayers who have a tax agent or accountant will receive an extension of time automatically.

How you can file your return

You can file your IR 3 easily through your myIR secure online services account. If you don't have a myIR account, register now at www.ird.govt.nz/myir

If you file an IR 4 or IR 7, these can be completed and submitted online at www.ird.govt.nz "Get it done online".

All other returns must be posted to us. Simply complete the copy you received and post it back to us on or before 7 July. Alternatively you can complete the return online at www.ird.govt.nz "Forms and guides", print it and post it to us at:

Inland Revenue
PO Box 39090
Wellington Mail Centre
Lower Hutt 5045

If you're not able to file by 7 July, call us on 0800 377 774 **before the due date**. We may be able to give you an extension of time to file your return. If you are a Large Enterprise customer please call us on 0800 443 773 between 8am and 4.30pm weekdays.

Extra pay in a tax year

The PAYE system and PAYE tables are worked out based on 52 weeks or 26 fortnights occurring in a tax year. However, each year a number of employees receive 53 or 27 pay days within the tax year because of the day on which their wages are paid.

This often results in PAYE and/or student loan repayment shortfalls. Where the employee has an entitlement to Working for Families Tax Credits this may also be overpaid if their family income has been underestimated.

Summaries of earnings began going out to your employees in May 2015 and this may cause an increase in questions from your employees.

New decision tool for employee allowances

Unsure if the accommodation and meal allowances you pay your employees are taxable or tax exempt?

Our new "Employee accommodation and meals calculator" will help you get it right. You can find it at

www.ird.govt.nz (search keywords: meals calculator).

Our website also has general information about employee allowances and the latest changes (search keyword: allowances).

ACC and the secondary tax rate

People sometimes ask us why the 20% top-up for employees on ACC must be taxed at the secondary rate.

Our graduated tax rates are built into the primary tax codes (M, ME, M SL, ME SL). The tax tables are based on the assumption that the earnings will be the same each period for a whole year.

When an individual has two sources of income, and a primary tax code is used for both sources, the lower tax rate is applied twice and the individual underpays their tax liability for the year.

A secondary tax code is required so that the secondary income goes on top of the normal period's income.

Potential sources of taxable income are a job, a benefit or pension, ACC payments, paid parental leave, and the student allowance.

Payroll amendments

Do you need to amend your employer monthly schedule?

If only a few employees are affected, you can make the changes over the phone. You'll need to give us full details including the original and adjusted figures, ESCT adjustment figures, and employee names and IRD numbers.

If many employees are affected, please complete an *Employer monthly schedule amendments (IR 344)* form and post it to us.

If someone else does your payroll for you, please make sure they're aware of this.

Filing your employer deductions form (EDF) electronically

A number of employers filing their *Employer monthly schedule (EMS/IR 348)* electronically are not filing their *Employer deductions (EDF/IR 345)* form electronically. Your payments may be processed incorrectly and more slowly if we get your EDF figures late.

It's compulsory to file both these forms online if your payroll is \$100,000 or more a year (inclusive of ESCT). But you can still file online if your payroll is under \$100,000.

If you're unsure how it all works please see the demos on our website at www.ird.govt.nz (search keywords: ir file demo).

