

# BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses

Issue No 70 • February 2016 • IR381

## Assistance for farmers affected by the dairy price downturn

It is recognised the dairy price downturn may cause financial issues for dairy farmers' and will materially affect some farmers' financial position for the 2015-16 income tax year.



Approval to use Inland Revenue's income equalisation scheme discretions has been granted.

Given how the price downturn was evident very early in the 2015-16 tax year the use of the general discretions for late deposits is unnecessary. However, dairy farmers' who are materially affected by the dairy price downturn can still make individual application for late deposits.

We will allow those dairy farmers who are materially affected by the dairy price downturn and who are therefore suffering financial hardship to make early withdrawals in their 2015-16 or 2016-17 tax years.

Find out if you qualify for an early withdrawal from an income equalisation deposit at [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: income equalisation).

If you have been affected by the dairy price downturn and are struggling to deal with your tax affairs, contact us sooner rather than later so we can help. The best way to do this is through your tax agent, or call us on 0800 227 774.

## myIR Secure Online Services

Our myIR Secure Online Services make it quicker and easier to manage your tax and entitlements. All your key information is in one place, making it easy to find balances, due dates, and update your personal information.

Register for a myIR account today and:

- file an EMS or IR3 tax return
- register for GST and file your GST return
- instantly update your bank accounts (individuals only), phone numbers, addresses and email details
- get a complete and up-to-date view of your student loan balance and recent transactions
- view payments to or from us
- see if you're due a refund.

myIR is available 24 hours a day, seven days a week. Go to [www.ird.govt.nz/myIR](http://www.ird.govt.nz/myIR) and click on "Register" to find out more.



Inland Revenue  
Te Tari Taake

## Welcome to Business Tax Update

In this issue: assistance for farmers affected by the dairy price downturn, myIR Secure Online Services, grants and subsidies guide updated, new rates announced, follow us on twitter today, GST on entertainment expenses.

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

**BusinessTax.Update@ird.govt.nz**



## REMINDERS

**28 February:** GST returns and payments are due for the period ending 31 January.

Provisional tax payments due for ratio option customers.

**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.

## Grants and subsidies guide updated

Our *Grants and subsidies (IR249)* guide outlines the tax responsibilities where an individual or group receives a payment as a grant or subsidy. The latest version released in December 2015 makes a clearer distinction between a gift and a grant or subsidy. We've also updated the quick reference table on page 6 to help you get started.

If you use this guide and hold old copies, please replace them with the December 2015 version. You can download it from [www.ird.govt.nz](http://www.ird.govt.nz) "Forms and guides". Just type IR249 in the search box.

## New rates announced

Inland Revenue Orders in Council signed on 23 November 2015 set the following new rates.

### New rate for calculating FBT on low-interest loans

The prescribed interest rate used to calculate fringe benefit tax on low-interest loans provided by employers to their employees is 5.99% for the quarter beginning 1 October 2015 and subsequent quarters. For more information go to [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: low interest loans).

### Minimum family tax credit increase for 2016–17 tax year

Low-income working families eligible for the minimum family tax credit (MFTC) will receive an increase for the 2016–17 tax year. The MFTC currently guarantees recipients an after-tax income of \$23,036 a year (\$443 a week). This will increase to \$23,764 a year (\$457 a week) for the 2016–17 tax year, starting on 1 April 2016. For more information on MFTC go to [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: minimum family).

## Follow us on Twitter today

Join the thousands of Kiwis just like you who are following us on Twitter. Our official Twitter account is @NZInlandRevenue.

Once you're part of our Twitter community you'll have access to the latest news on everything from due dates, new rules and opportunities to have your say on how tax and entitlements work. Plus we share lots of helpful tips and more!

You can tweet us with any general questions you have. But our Twitter team can't access your personal details. So if you have personal questions about your tax or entitlements, get in touch by sending a secure mail through your myIR Secure Online Services account or calling us. That way your information stays safe and secure.

Follow us at <https://twitter.com/NZInlandRevenue>

## GST on entertainment expenses



Once a year, you have to make an adjustment on your GST return to pay GST on the 50% non-deductible expenses you've previously claimed - these are supplies under the GST rules. You

make this adjustment in the GST return that covers the earlier of:

- the date your income tax return is due to be filed, or
- the date you file your income tax return.

The GST adjustment is 3/23 of the non-deductible entertainment expenses, exclusive of GST (except non-taxable allowances). Include the adjustment on the *GST adjustments calculation sheet (IR372)* under "Entertainment expenses" and in the adjustments total in Box 9 of your GST return.

### Note

You can't claim this GST adjustment amount as a deduction for income tax purposes.

For more information, and an example, go to [www.ird.govt.nz](http://www.ird.govt.nz) "Forms and guides" (search keyword IR 268).

