

# BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses

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## More changes to child support from 1 April 2016

Last year, changes were made to child support to better reflect family life today. We're making more changes that may affect you and your employees.



This year all liable parents will be able to have deductions made from their salary or wages. If an employee asks you to make deductions ask them to call us on 0800 221 221 to arrange this.

Once we've set up the deductions, we'll send you an employer deduction notice telling you the employees name, IRD number, deduction amount, date and frequency. If the deduction date doesn't match your payroll please call us on 0800 220 222.

If there is a change in the deduction amount for an employee we'll send you a new deduction notice around mid-March. If you don't receive a new notice for your employee, please continue to deduct at the existing rate.

We usually issue a separate deduction notice for each employee, however we can send a:

- consolidated notice - showing all employees on the same spreadsheet
- combination notice - individual deduction notices for some employees and a consolidated deduction notice for others.

If you'd like to receive either a consolidated or combination deduction notice please call us on 0800 220 222.

### Other changes in child support

From 1 April 2016 we're also making the following changes to child support:

- The age children can be included in child support is reducing from 19 to 18, unless the child is enrolled in and attending school.
- There are two new administrative review grounds.
- We're able to write off penalties in a wider range of situations.
- There are some changes to late payment penalty rates.

For more information about the child support changes and to watch our videos go to [www.ird.govt.nz/childsupport](http://www.ird.govt.nz/childsupport)



Inland Revenue  
Te Tari Taake

## Welcome to Business Tax Update

In this issue: More changes to child support in April 2016, FBT on group life insurance, disablement and/or trauma insurance, KiwiSaver contributions by new employees, free workshops for small business owners.

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

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



## REMINDERS

**28 March:** GST return and payment due for the period ending 28 February.

**31 March:** 2015 end-of-year income tax returns are due (if you have a tax agent or accountant with a valid EOT).

**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.

## FBT on group life insurance, disablement and/or trauma insurance

We are currently reviewing employers who take out group life insurance, disablement, and/or trauma insurance policies where the risk insured relates to the wellbeing of employees. The purpose of this review is to make sure that such policies have been treated correctly for income tax, fringe benefit tax (FBT) and goods and services tax (GST).

Group policies or benefits under such group policies, in the name of the employer, where the employee will receive directly or indirectly any claim proceeds are subject to FBT. Trauma and disablement policies are specified insurance premiums, specifically included as fringe benefits under section CX 16 of the Income Tax Act 2007. Term life insurance policies are an unclassified fringe benefit under section CX 37 of the Income Tax Act 2007.

*QB 15/06: Income Tax - insurance - term life insurance policy taken out by employer for the benefit of an employee* and *QB 15/10: Income Tax - insurance - personal sickness and accident insurance taken out by employer for the benefit of an employee* have been issued. These contain legislative references and a general description of the tax treatment of these types of insurance policies where an employee is the named beneficiary.

Where an employer themselves is the named beneficiary of a policy over the lives of their employees, but the policy is held for the benefit of employees or their estate and a representation in those terms has been made to employees, FBT will similarly apply.

You can send any questions about FBT on group life insurance, disablement and/or trauma insurance to [Insuranceproject@ird.govt.nz](mailto:Insuranceproject@ird.govt.nz)

## KiwiSaver contributions by new employees

If you have a new employee who is a current KiwiSaver member, and still earns a salary or wage in their new job, they'll need to give you a *KiwiSaver deduction notice (KS2)*. Contributions will continue at the rate chosen by the employee and you'll need to make employer contributions.

Your employee can't opt out if they're currently a member, however they can request a contributions holiday if they've been a member for more than 12 months.

## Free workshops for small business owners

To succeed and grow, businesses need to access a skilled workforce and attract and retain talented staff.

Some businesses, especially when they're small, can struggle to attract the right people.

Free workshops for small business owners are coming up to help you find and keep the best workers and become an employer of choice.

Workshops will be in Christchurch (March 21), Wellington (April 12) and Hamilton (May 19) and will run from 5.30pm to 6.30pm.

These structured workshops use the experiences of other business owners to help you think about new ways to recruit the best and brightest, and the benefits to grow your business. Presentations will be followed by a Q&A session.

All participants will receive a toolkit with practical advice on getting and keeping great staff.

You can register for one of the workshops at [www.eventbrite.co.nz](http://www.eventbrite.co.nz) (search keywords: great staff) or contact the organiser at [getgreatstaff@gmail.com](mailto:getgreatstaff@gmail.com)

The workshops are a joint initiative between industry trade and training associations, business groups and government.

