

BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses



Issue No 87 • October 2017 • IR381

REMINDERS

20 October: *Employer monthly schedule (IR348) and Employer deductions (IR345) form due for period ending 30 September 2017.*

Fringe benefit tax payment due for quarter ending 30 September 2017.

28 October: GST return and payment due for the period ending 30 September 2017.

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.

If you have any suggestions for topics you'd like covered in this newsletter, email BusinessTax.Update@ird.govt.nz

Changing how employer returns are managed

Changes to online returns

From April next year you'll start filing employer returns in our updated online services. There will be changes to how you upload information, and how the services look.

We'll have more information about what you can expect before the end of the year.

Payday reporting

The Government has proposed changing when you file employer returns. The proposal is to file returns based on your pay cycle instead of the calendar month.

You'll have time after your payday to file the returns - they won't be due on the payday. The payment due dates for your PAYE and other deductions won't change.

There are benefits to payday reporting.

- You'll be able to file returns when the information is at hand - instead of holding on to it for later.
- We'll have more up-to-date information to work out tax and entitlements more accurately. We want to make sure everyone pays and receives the right amounts during the year.

If the proposals become law, payday reporting will be voluntary from April 2018 and required from April 2019.

Other proposals include:

- lowering the threshold for when you must file online, and
- removing the payroll subsidy.

Common reporting standards information sessions being held in November

Find out more about the CRS reporting at our upcoming November information sessions:

- **Wellington** - Monday 6 November, 10am to 12pm
Room 5.1.21 Tokomaru Level 5, Asteron Centre, Inland Revenue, 55 Featherston Street
- **Auckland** - Tuesday 7 November 2017, 1 to 3pm
Level 9, 2 Takutai Square, Britomart, hosted by Ernst & Young
- **Teleconference** - Wednesday 15 November, 10am to 12pm
Dial in details to follow.

Please RSVP by Wednesday 1 November, indicating the session you will attend and advising us of specific CRS reporting topics you would like to hear about via global.aeoi@ird.govt.nz

New provisional tax method available from April 2018

The Accounting Income Method (AIM) is a new provisional tax option available from April 2018.

The details on how AIM will work are now complete. For more detailed information go to our website at www.ird.govt.nz (search keyword: aim).

Here's a quick summary of the key points of AIM.

How AIM will work

You may be able to use AIM if your turnover is under \$5 million per year and you use approved accounting software. Some types of businesses can't use AIM.

AIM software will work out your provisional tax based on your income and adjustments.

You'll pay your provisional tax every one or two months, depending on how often you pay GST. If you're not GST registered you'll pay every two months.

The benefits of using AIM

There are many benefits of using AIM as your provisional tax option.

- Your AIM software will work out your provisional tax for you.
- It'll be easier to keep track of your businesses cashflow.
- You'll only pay provisional tax if you earn a profit.
- Any provisional tax overpayments can be refunded during the year.

Make sure you file all your employer returns each month

As an employer, you need to file both the:

- *Employer monthly schedule (IR348)*, and
- *Employer deductions (IR345)* form (two if you deduct more than \$500,000 in PAYE and ESCT per year).

The IR348 shows the total income and deductions for your employees and contractors, and lets us allocate it to their individual accounts.

The IR345 acts as a payment slip for your payment and also includes the employer superannuation contributions tax (ESCT) amount. Without the IR345 we can't confirm you've paid the ESCT amount for your employer superannuation contributions.

If we don't get both forms each month we can't allocate the payment correctly.

