

# BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses

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## 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
- you notify employees 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

- you carry out regular checks to make sure employees are following vehicle restrictions, and keep records of these checks.

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](http://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 does not 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) by the employer, identify private use had taken place.

Find out more about motor vehicles and FBT at [www.ird.govt.nz](http://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](mailto:FBTenquiries@ird.govt.nz) We'll respond to your question within 10 working days.

If you think you may have an 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](mailto:FBTenquiries@ird.govt.nz)

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



Inland Revenue  
Te Tari Taake

## Welcome to Business Tax Update

In this issue: Fringe benefit tax and work-related vehicles, share your views on changes to investment income information, what tax could look like for you in the future, non-resident businesses supplying online services, making changes to an employer monthly schedule, include your IRD number and full name on letters you send us.

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

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



## REMINDERS

**20 August:** *Employer monthly schedule (IR348)* and *Employer deductions (IR345)* form due for period ending 31 July 2016.

**28 August:** Provisional tax 1st instalment due date (for 31 March balance dates).

GST return and payment due for the period ending 31 July 2016.

**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.

## Share your views on changes to investment income information

The Government would like your feedback on new *Making Tax Simpler* consultation. *Investment income information* aims to simplify the tax and payments system by improving how tax on income earned from investments is managed.

Its main proposals are:

- all organisations paying investment income and withholding tax would send investor-specific details to Inland Revenue during the year (instead of year-end tax certificates for some)
- investment income earned will show in customer myIR accounts during the year (much like salary and wage income)
- introducing a 45% non-declaration rate for PIE income and resident withholding tax on interest when people don't supply their IRD number (reclaimable).

These changes would help customers keep track of their yearly income. They'd also help make sure people get and/or pay the correct child support and Working for Families tax credits.

Investment income includes bank interest, company dividends, PIE income and Māori authority distributions.

Consultation is open till 19 August. Have your say at [www.makingtaxsimpler.ird.govt.nz](http://www.makingtaxsimpler.ird.govt.nz)

## What tax could look like for you in the future

If you aren't among the thousands of business people who have checked out the "Changing for You" website, take a look now.

We want to make managing tax faster and easier for small businesses.

Our Changing for You website shares our ideas for the future of tax in four areas:

- starting a business
- employing people
- filing and paying PAYE and GST
- calculating income tax.

Take a few minutes to find out more and have your say at [www.changingforyou.ird.govt.nz](http://www.changingforyou.ird.govt.nz)

## Non-resident businesses supplying online services

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

New Zealand GST-registered businesses will not be charged GST so long as:

- the supplies you are buying are part of your taxable activity, and
- you advise the supplier you are GST registered.

For more information go to [www.ird.govt.nz](http://www.ird.govt.nz) (search keyword: non-resident and GST).

## Making changes to an employer monthly schedule

If you need to make changes to an *Employer monthly schedule (EMS/IR348)* after it's been filed, complete an *Employer monthly schedule amendments (IR344)* form and send it to us. Make sure you include a reason for the changes on page 2 of the IR344.

Also, if you're changing KiwiSaver employer contributions, make sure you adjust the employer superannuation contributions tax amount in the bottom left corner on page 1 of the IR344.

## Include your IRD number and full name on letters you send us

Make sure you include your IRD number and full name when you send us letters in the post. If you're sending a letter about a business, include its IRD number and name too.

Without an IRD number and full name, our reply will be delayed while we find who the letter belongs to. If we can't confirm the details, we won't be able to reply at all.

For the year up to 30 June 2016, we received more than 30,000 letters without an IRD number and/or full name.