BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses

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Inland Revenue
Te Tari Taake

REMINDERS

Important dates

We have a range of **calendars** to help you plan ahead to help you meet your obligations. Remember that 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**

Pay provisional tax only when you make a profit

The Accounting Income Method (AIM), the new pay-as-you-go option for managing provisional tax through accounting software, is now available for small businesses with an annual turnover of under $5 million.

With AIM, you'll send us a 'statement of activity' on each provisional tax due date, which is sent to us through your software. Only if you've made a profit will you need to pay provisional tax for that due date. AIM will suit businesses that are growing, new, have irregular or seasonal income, or find it difficult to forecast their income accurately. AIM makes managing cash flow simpler because provisional tax payments are based on a business' actual results.

Here's how you can start using AIM in the current tax year if you have a standard 31 March balance date:

- If you file GST every month, you will need to submit your first statement of activity by **28 May 2018**.
- If you pay GST every 2 or 6 months, or if you're not registered for GST, your first filing deadline for your statement of activity is **28 June 2018**.

Software providers MYOB, Reckon and Xero are offering AIM in their tax management accounting packages. MYOB is also providing AIM to their business customers. You'll find more information on their websites.

Talk to your software provider or tax agent about whether AIM is right for your business.

Find out more

Find a free webinar

The Families Package – what does it mean for your employees?

The Families Package is a collection of changes aimed at assisting New Zealand families and helping children get the best start in life. These changes come into effect on 1 July 2018. The Families Package includes a number of changes:

- the introduction of the Best Start tax credit, and
- the expansion of Working for Families tax credits and Paid Parental Leave.

What is a Best Start tax credit?

Best Start is a new weekly payment of $60 per child (up to $3,120 per year), available to eligible parents who have a baby due on or after 1 July 2018.

All families receive this payment until the child turns 1, no matter what the household income is. Families with a household income of less than $79,000 will continue to receive $60 a week until the child turns 3. Those earning above this amount may continue to receive payments at a reduced amount. The upper threshold is $94,000 (for one child) when payments stop.

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If you have an employee on parental leave and they return to work before their child's first birthday, they **will still receive** Best Start payments until their child turns 1.

For those who receive Paid Parental Leave, Best Start payments will begin once paid parental leave finishes.

If the child is cared for under a shared care arrangement, the amount the primary caregiver receives will be apportioned according to their arrangement.

How to apply

If you have any employees due on or after 1 July 2018, they will be able to apply through the **SmartStart website** when they register their baby's birth.

Alternatively, they can apply by completing the *Working for Families Tax Credits registration (FS1)* form either **online** or by hand and posting it to us.

Changes to Paid Parental Leave

Paid parental leave is extending from 18 weeks up to a maximum of 22 weeks for parents with:

- babies born or expected on or after 1 July, or
- children under the age of 6 coming into their care on or after 1 July.

This also means the number of keeping in touch hours is increasing from 40 hours to 52 hours.

Changes to Working for Families

The payment rate and eligible income range for Working for Families is also changing. There will be higher payment rates and widening of the eligible income range.

Find out more

Register and report for the Common Reporting Standard (CRS)

As part of the global OECD initiative to combat tax evasion, CRS registration and reporting for New Zealand financial institutions (NZFIs) began on 17 April in myIR.

Once your Reporting NZFI is registered, you can submit an annual CRS disclosure in myIR using one of the three reporting options:

- Online form (small volume disclosures)
- Excel file (medium volume disclosures up to 1,000 records); or
- XML file (large volume disclosures, maximum file size of 200MB)

CRS disclosures are due no later than **30 June 2018** for the 1 July 2017 – 31 March 2018 initial CRS reporting period.

Find out how to register and report

CRS guidance and support materials

Foreign Account Tax Compliance Act (FATCA)

FATCA disclosures are due to us no later than **30 June 2018** for the year ending 31 March 2018.

Find out how to register and report

Large enterprises: Use-of-money interest calculated incorrectly on non-resident companies

All non-resident contractor companies, non-resident entertainer companies and agents for non-resident insurers with balance dates between October and February will have incorrect use-of–money interest (UOMI) calculations. This is because of a system miscalculation at our end.

End of year tax for a company with no fixed establishment in New Zealand, which is considered to be non-resident in New Zealand, is due and payable on:

- 7 February in the next year, or
- 7 April if the company is linked to a tax agent.

If this affects you, please call the Large Enterprises team on 0800 443 773 (or +64 04 9167118 if calling from overseas) and we will put a hold on your account and arrange a correction. This may take 10-14 days so we thank you for your patience.