

BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses



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20 September: Employer monthly schedule (IR348) and Employer deductions (IR345) form due for period ending 31 August 2017.

28 September: GST return and payment due for the period ending 31 August 2017.

30 September: End of the second quarter for fringe benefit tax (FBT) - FBT return and payment due 20 October.

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

Provisional tax is about to get easier

Easier provisional tax is right around the corner for many small businesses, with the new Accounting Income Method (AIM) on track for delivery in April 2018.

AIM is a new option for managing provisional tax through your accounting software. It will be simple and easy to use and will remove a lot of the stress often associated with provisional tax.

There'll be some great benefits to using AIM. You'll only pay provisional tax on the profit you're actually making. If your business suffers a loss, you'll be able to get a refund on the overpaid provisional tax you paid in earlier months. You won't have to wait until the end of the year to get a refund.

As AIM users, as long as you pay what the software tells you to on time, you won't be charged any penalties or interest.

Time is running out to give your feedback on social policy proposals

There's still time to give the Government your feedback on proposals to improve the way Inland Revenue manages Working for Families Tax Credits, child support and student loans.

The changes proposed aim to make it easier for New Zealand families to get or pay the right amounts, and avoid getting a bill at the end of the year.

For employers, the proposals would mean deducting both child support and student loan payments from a wider range of liable parents and student loan borrowers.

The Government will consider all feedback before deciding how to move forward with changes, so go to socialpolicy.makingtaxsimpler.ird.govt.nz by 15 September 2017 to have your say.

Back-paid holiday pay taxed as a lump sum

If you're back-paying an employee or ex-employee holiday pay, tax it as a lump sum. This includes back-pay for underpaid holiday pay. Lump sums are also called **extra pays**.

Find out more about taxing lump sums at www.ird.govt.nz (search keywords: extra pay).

Sharing information to fight global tax evasion

Have you had FATCA obligations previously with the American IRS? Well, the common reporting standard (CRS) is a similar, but global OECD initiative, with over 100 countries involved.

Make sure you are across the **CRS due diligence and reporting obligations** that began on **1 July 2017**; especially about:

- **tax residency self-certification** - if you hold or control accounts with financial institutions
- **persons connected to a trust** (including discretionary beneficiaries that receive distributions) - if you manage trusts and trust accounts
- **whether the trust or corporate trustee is a financial institution** - if you act as a corporate trustee for NZ trusts or NZ foreign trusts

Check out our CRS guidance and support materials including our fact sheet *Family Trust obligations under the CRS* at www.ird.govt.nz/crs.

Taxing schedular payments made to contractors

If you pay a contractor for work under a schedular payment activity, you must deduct tax from their pay. You will find the schedular payment activities on page 3 of the *Tax rate notification for contractors (IR330C)*.

Note: Contractors hired under a labour hire arrangement fall under the schedular payment rules.

Contractors can choose their own tax rate between 10% and 100%. 15% is the minimum rate for contractors on a temporary entry class visa. To confirm their tax rate, make sure you get a completed IR330C from each contractor. If you don't get a completed IR330C, you need to deduct tax at the no-notification rate for their activity (generally 45%).

If the contractor wants to be taxed at less than 10%, they'll apply for and give you a special tax rate certificate or a certificate of exemption.

You need to include contractor income and tax on your *Employer monthly schedule (IR348)* and *Employer deductions (IR345)* form.

Contractors that don't fall under the schedular payment rules can also choose to have tax deducted by giving you a completed IR330C.

Find out more about hiring, and working as, a contractor at www.ird.govt.nz/contractors

My GST enhancements

We're continuing to improve GST online services in myIR based on your feedback.

To help you keep track of the GST information you've filed in myIR, we've added extra details to the return and its PDF. These include:

- name and IRD number
- filing frequency and period
- date, time and confirmation number.

You can download and print a PDF of your **GST return confirmation** for your records. All you need to do is select the **print return** button - you'll need pop-ups enabled in your browser.

So you can see what makes up your refund we've added a **view refund details** link for each line item. This shows any credits or interest, and when and how we paid your refund.

The **Transaction Details** page now shows:

- name
- account number, and
- filing period.

You can also view the source and destination of credit transfers.

Where possible, our emails and text messages will include the myIR user ID or IRD number and name. This will help you know which myIR account we're contacting you about.

Note: Emails and text messages about having a letter from us won't include extra information yet. We are working on a solution.

Keep sending us your feedback and we'll continue to enhance GST in myIR. We'll update our website soon so you can keep track of all the enhancements made.

