REMINDERS

7 February: 2016 end-of-year income tax, Working for Families Tax Credits and student loan payments were due 7 February 2017 - if you don't have a tax agent or accountant with a valid extension of time. If you haven't paid on time, go to www.ird.govt.nz/how-to/debt to find out your options.

28 February: GST returns and payments are due for the period ending 31 January. Provisional tax payments due for ratio option customers.

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

Improvements to how you file GST online are here

Our improved GST online services went live on 7 February 2017. This means that managing your GST just got a whole lot easier through a new My GST section in myIR.

You can now:
• Pay your GST at the same time you file your return, without having to log out of your myIR account to make the payment.
• Propose GST instalment plans online, and in most cases receive immediate confirmation and approval.
• Add file attachments online – you'll no longer need to send them by post.
• Choose to receive email and/or text message reminders for when your GST return and payment is due or late, to avoid penalties.

All GST refunds will be paid electronically
From now on we will pay all GST refunds directly in to customers’ bank accounts. Make sure you provide us with the right bank account when completing GST returns resulting in a refund.
For more information and to see our videos explaining the improved GST features visit www.ird.govt.nz/mygst

We might pop in

We want to make it as simple as possible for everyone to do the right thing. So, in early February, we intend to visit a variety of businesses across New Zealand.
Our focus for these visits is on providing awareness on:
• record keeping
• our Transformation programme
• online service options available to businesses.
All of the staff undertaking visits will have identification verifying they work for Inland Revenue.
We don't anticipate the visits taking more than ten minutes, so won’t take too much of your time.
We're looking forward to meeting you face to face.
Proposed changes to schedular payments

There are proposed changes to the schedular payment rules that may affect your employer obligations. The following changes are in a bill currently before Parliament which, when passed into law, will apply from 1 April 2017. We are providing this information early in order to give you as much time as possible to prepare for the upcoming changes. It is expected that the Bill will pass into law in March 2017.

New tax rate notification form

Contractors will need to complete a new tax rate notification form instead of the Tax code declaration (IR330) form starting from 1 April 2017. They'll only need to complete the new form if they want to change their tax rate, or they start being paid by someone new.

Once the changes are law, the new form will be available on our website.

Variable tax rates

The new rules would allow contractors, subject to the schedular payment rules, to choose their own tax rate that best fits their actual tax liability, subject to certain minimums and limitations.

If you use payroll software, your software should already be able to accept variable tax rates. If you are unsure, check with your software provider.

Note: Variable tax rates will not apply to non-resident entertainers and professional sports people visiting New Zealand.

Labour hire payments

Contractors hired by labour hire businesses to work for their clients under a labour hire arrangement will be included in the schedular payment rules.

Labour hire businesses include recruitment and on-hire companies.

If you are a labour hire business, you will need to deduct tax when you pay your contractors and include details of the payment on your employer monthly schedule.

Find out more about the proposed changes on our Tax Policy website at taxpolicy.ird.govt.nz/publications/2016-ip-mts-better-business-tax/overview

GST on entertainment expenses

Once a year, you have to make an adjustment on your GST return to pay GST on the 50% non-deductible expenses you've previously claimed - these are supplies under the GST rules. You make this adjustment in the GST return that covers the earlier of the date:

- your income tax return is due to be filed, or
- you file your income tax return.

The GST adjustment is 3/23 of the non-deductible entertainment expenses, exclusive of GST (except non-taxable allowances). Include the adjustment on the GST adjustments calculation sheet (IR372) under "Entertainment expenses" and in the adjustments total in Box 9 of your GST return.

Note: You can't claim this GST adjustment amount as a deduction for income tax purposes. For more information and to see an example, go to our Entertainment expenses (IR268) guide.

What to do when an employee pays off their student loan

When an employee informs you their student loan has been paid off, they'll want to change their tax code so they no longer make student loan repayments. They can do this without needing a letter from us.

These employees will need to give you a completed Tax code declaration form (IR330). Once you get a new IR330 from the employee, you can stop student loan deductions, including any extra student loan deductions you have been asked to pay to us.
Proposals for modernising the Tax Administration Act

In December 2016, the Government released for consultation the discussion document *Making tax simpler: proposals for modernising the Tax Administration Act*.

The document contains detailed proposals for changes to the Act, designed to make tax easier for New Zealanders. The proposals span five core dimensions of the Act, including changes to make it easier for taxpayers to make amendments to tax returns themselves and to get their taxes right from the start. There are also proposals considering narrowing the confidentiality of tax information, and how information can be collected and used.

Find the proposals [attaaproposals.makingtaxsimpler.ird.govt.nz](attaaproposals.makingtaxsimpler.ird.govt.nz) and make a submission. Submissions close on 24 February 2017.

Some proposals would require changes to the legislation. If passed by Parliament, Inland Revenue will communicate the changes well in advance of them coming into effect.

Filing tips for employers

You must file an *Employer monthly schedule (IR348)* and *Employer deductions (IR345)* form each month you employ staff.

To make sure there are no delays with processing your return, your employer returns should include:
- employers name, IRD number and period end date for the return
- employee(s) name, IRD number, tax code
- employees earnings and earnings not liable for ACC earners' levy
- PAYE and any other deductions, eg student loans or child support
- KiwiSaver deductions and net KiwiSaver employer contributions
- employee start and finish dates (if they've started or finished in that month).

**Note:** Employer superannuation contribution tax (ESCT) deductions only go on the IR345 form in keypoint 8.

If you need help filing your returns go to our website at [www.ird.govt.nz/payroll-employers/returns-payments](www.ird.govt.nz/payroll-employers/returns-payments) or call us on 0800 377 772.

How to pay us unclaimed money

If you've been holding money for at least six years and haven't been able to locate the owner, you should be paying the money to us - under the Unclaimed Money Act 1971. We then continue to try and locate the rightful owner.

Unclaimed money may have resulted from unclaimed wages, credits from overpayments, return of goods or unidentified sundry deposits.

Any persons holding unclaimed money should make an electronic payment for the total amount to Inland Revenue's bank account 03-0049-0001100-27 with the tax type UCM - don't enter an IRD number.

After you've paid the funds to us, email [unclaimed.monies@ird.govt.nz](mailto:unclaimed.monies@ird.govt.nz) to confirm the owner's:
- full name
- their last known address, including suburb, city and postcode
- amount and description of unclaimed money
- any other information you hold about the owner, such as their account number, reference number, policy number or IRD number.