If you have any suggestions for topics you’d like covered in this newsletter, email agents.answers@ird.govt.nz

Using the kilometre rate for business running of a motor vehicle

The Commissioner has issued a new Operational Statement 18/01 – Commissioner’s statement on using a kilometre rate for business running of a motor vehicle.

This updates and replaces Operational Statement 09/01 - Commissioner’s statement of a mileage rate for expenditure incurred for business use of a motor vehicle, issued in May 2009.

The new rules allow the choice between using the cost method (which is based on keeping records of actual costs incurred) or a kilometre rate method, which has replaced the mileage rate method from 1 April 2017. The kilometre rates which may be used to claim a deduction for motor vehicle expenses for the 2017-2018 income year are as follows:

<table>
<thead>
<tr>
<th>Vehicle type</th>
<th>Tier one rate</th>
<th>Tier two rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrol or diesel</td>
<td>76 cents</td>
<td>26 cents</td>
</tr>
<tr>
<td>Petrol hybrid</td>
<td>18 cents</td>
<td></td>
</tr>
<tr>
<td>Electric</td>
<td>9 cents</td>
<td></td>
</tr>
</tbody>
</table>

Tier one is a combination of the vehicles fixed and running costs. It applies for the business portion of the first 14,000kms travelled by the motor vehicle in a year.

Tier two includes only the running costs. It applies for the business portion of any travel in excess of 14,000kms.

You can read the full operational statement on our website www.ird.govt.nz (search keywords: kilometre rate).

Income tax treatment of farm worker allowances

The recently released QB 18/13: Income tax – what is the tax treatment of allowances paid and benefits provided to farm workers? considers the income tax treatment of allowances or benefits paid or provided to employees in a farming context. It sets out the Commissioner’s view on the extent to which they can be paid as exempt from tax.

You can read the QWBA on our website at: www.ird.govt.nz (search keywords: QB 18/13 (tick search "All of site")).
Get ready to shift to payday filing

From April 2019 all employers will need to file their employment information every payday.

This means instead of filing an Employer monthly schedule (IR348) every month, you and your clients will file employment information every payday in line with normal payroll cycles.

Providing us with more timely information means you and your clients’ employees will have more certainty about what they will receive, eg Working for Families Tax Credits, and/or have to pay.

Filing each payday is best when incorporated into payroll tasks. So now’s the time to get your and your clients’ business processes in order and plan for the shift to payday filing before April 2019. You can find more information on our website at www.ird.govt.nz (search keywords: payday filing).

This change is just one of the ways we are making tax simpler for New Zealanders.

FIF deemed rate of return for 2017–18 set

The foreign investment fund deemed rate of return for the 2017-18 income year has been set at 6.44%. This is an increase from last year’s deemed rate of return, which was 6.28%.

The deemed rate of return is set annually by Order in Council.

War pensions paid under the Dutch ABVP Scheme

The recently released QB 18/12: Are war pensions paid under the Dutch ABVP Scheme exempt from income? confirms that pensions under the Dutch (Benefit Act for Victims of Persecution 1940-1945) are tax exempt.

You can read the QWBA on our website at: www.ird.govt.nz (search keywords: QB 18/12 (tick search "All of site")).

Taxation of trusts – income tax

The recently released IS 18/01: Taxation of trusts – income tax summarises the income tax law as it applies to trusts. The interpretation statement sets out the Commissioner’s view on the application of the trust rules for income tax purposes.

You can read the interpretation statement on our website at: www.ird.govt.nz (search keywords: IS 18/01 (tick search "All of site")).

We'll still accept late submissions for CRS & FATCA disclosures

Although the due date for CRS & FATCA disclosures has passed, we’ll still accept late submissions.

Financial institutions needed to report information about country of tax residence to us for the year ending 31 March 2018 by 30 June. This is an annual obligation to comply with the Common Reporting Standard (CRS) and Foreign Account Tax Compliance Act (FATCA) legislation. We are due to exchange information internationally by 30 September 2018.

Find out more about CRS registration and reporting at www.ird.govt.nz (search keywords: crs reporting).

Find out more about FATCA registration and reporting at www.ird.govt.nz (search keyword: fatca).

Our customers continue to focus on how the CRS applies to trusts, as well as broader CRS due diligence and reporting obligations, specifically:

- **tax residency self-certification requirements** – are accounts you or your clients hold or control with financial institutions, reportable accounts?
- **persons connected to a trust (including discretionary beneficiaries receiving distributions)** – are trusts and/or trust accounts you manage, reportable persons?
- **whether the trust or corporate trustee is a financial institution** – do New Zealand trusts or New Zealand foreign trusts you act for as a corporate trustee have to register and/or report to us?

(continued on next page)
Guidance and support materials
Build your CRS knowledge using our factsheets at www.ird.govt.nz/crs
- Accountants and the CRS (IR1089)
- Is the Trust a Reporting New Zealand financial institution? (IR1052)
- Family Trust obligations under the CRS (IR1053)
- CRS Due Diligence and Reporting (IR1049)
- CRS Obligations: Account holders (IR1220)

For more information
Sign up for the free AEOI Overview, 'Back to basics' webinar at www.cchlearning.co.nz (search keywords: aeo on demand).
Email your questions, and sign up to receive updates at global.aeo@ird.govt.nz
Read about Foreign Account Tax Compliance Act (FATCA) obligations, guidance and the support materials available via www.ird.govt.nz/fatca

Banks closing or freezing bank accounts of customers (incomplete tax residency declarations)
As part of the automatic exchange of information (AEOI) combating global tax evasion, financial institutions including banks, are legally required to ask all their customers to "self-certify" their country of tax residency.
If any of your clients have had their financial accounts frozen and / or closed because they have not completed the relevant "self-certification" requirements, please refer them to their bank for completion.
Find out more about tax residency on our website www.ird.govt.nz/international/residency/ (search keywords: tax residency).