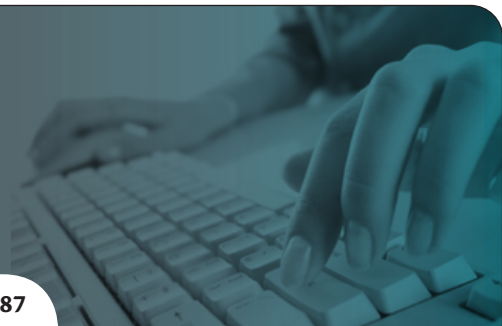


AGENTS ANSWERS

Inland Revenue's tax agents' update



Issue No 236 • July 2020 • IR787



REMINDERS

We have several planning calendars to help you meet your obligations. Remember that if a due date falls on a weekend or public holiday, we can receive your return and payment on the next working day without a penalty being applied. But for provincial anniversary dates, this only applies if you're in the province celebrating the holiday, and only if you usually make tax payments over-the-counter at Westpac.

COVID-19: New self-service options for customers facing hardship

Use-of-money interest and penalties remission

You and your clients can now apply through myIR for remission of penalties and interest if they have been impacted by COVID-19. You would have received an email advising of this on 8 June 2020.

Log in to myIR. In myIR, under the client, select the "I want to" menu, then click "notify of impact by covid-19".

The following criteria apply for requests for remission:

- Some or all amounts owing were due on or after 14 February 2020.
- The customer's ability to pay by the due date, either physically or financially, has been significantly affected by COVID-19.
- The customer has contacted us as soon as practicable to request relief and will be required to pay the outstanding tax as soon as practicable.

Once you or your client have submitted a request, you cannot submit another one. Although if you or your client wish to provide more information you can send a web message through myIR.

Instalment arrangements

A similar process will apply for setting up an instalment arrangement in myIR.

There is a new check box at the end of the self-service instalment arrangement process – 'I have been affected by COVID-19'. This is subject to the same criteria as use-of-money interest and penalties remission.

When processed, the arrangement will take effect automatically overnight.

However, if the arrangement defaults, and the core tax is not paid, the penalties and interest will be reinstated from the original due date. If your client gets into this position, we strongly recommend that they contact us as soon as possible to discuss other options that may be available to them.

Small business cashflow (loan) scheme applications extended to 24 July

Applications for the small business loan have been extended until 24 July. Businesses can apply for a loan through myIR. Eligible businesses will be entitled to a loan amount of \$10,000 plus \$1,800 per full-time-equivalent employee, to a maximum of \$100,000.

The annual interest rate is 3% beginning from the date of the loan being provided. Interest will not be charged if the loan is fully repaid within 1 year.

For more information go to ird.govt.nz/business-loan

Research and development tax incentive credits

The 31 March 2020 supplementary return, which introduces broader refundability measures, is now available and can be accessed through myIR. This return covers the existing limited refundability method and introduces the broader refundability method enacted in the COVID-19 Response (Taxation and Social Assistance Urgent Measures) Act 2020.

There are resources and reference points for you and your clients on our website.

- a webinar to help you complete your end of year supplementary return at ird.govt.nz/webinars
- a **Research and development supplementary return guide IR1060** at ird.govt.nz (search keywords: IR1060).

Guidance for research and development tax incentive (RDTI) applicants

Before applying for general approval, please familiarise yourself with the RDTI requirements in the **Research and Development Tax Incentive: Guidance IR1240**.

You will need an understanding of this guidance to complete the general approval applications.

R&D activities will be individually assessed by R&D specialists at Callaghan Innovation so you must provide sufficient technical details to enable them to make their recommendation to Inland Revenue and avoid unnecessary delays.

You can find additional information and resources on the RDTI Hub rdti.govt.nz/

Research and development credit and refund timing

If your client is entitled to both a research and development loss tax credit and a Research and Development Tax Incentive (RDTI) refund, here's when they can expect to receive them.

Research and development loss tax credit

The most efficient way to receive a credit is to include the claim with the tax return. This process usually takes up to 2 weeks.

Find out more at ird.govt.nz/research-and-development/loss-tax-credit/claiming

RDTI refund

Once the credit claim is processed, the RDTI claim should then be submitted. This process will take up to 8 weeks assuming the required information is presented up front and in the right format. Assessment of RDTI claims is complex and is managed across Inland Revenue and Callaghan Innovation.

Find out more at ird.govt.nz/research-and-development/loss-tax-credit/claiming

National average market values of specified livestock determination 2020

This determination sets out the national average market values (NAMV) of specified livestock for 2020.

Go to taxtechnical.ird.govt.nz (search keywords: NAMV 2020).

Income tax – more information requests

Individual clients who don't have an extension of time (EOT) and have received an 'Income tax – more information request' letter have 45 days to review and finalise their assessment. The letter will confirm the date it needs to be finalised by.

You can see your client's 2020 EOT status by filtering the 'Current year EOT status' column on your client list report.

You (or your client) must review this information (add in any additional income and expenses, if appropriate) and finalise it within the required timeframe.

If your client's mail is being redirected, this letter will be sent to you. Otherwise, it will go directly to your client.

If we do not hear from you within the set timeframe, we'll assume the information is correct and finalise the income tax assessment.

What happens next

Once finalised you will receive an income tax assessment. Any automatic write-offs will update to the income tax account when finalised.

(continued on next page)

To ensure faster processing

Please keep client bank account details up to date. This can be managed in myIR or when filing their income tax return. If your client has been issued an 'Income tax – more information request' please do not electronically file an IR3 return. This will be recorded as a duplicate return and slow down processing. It can take up to 10 weeks to process.

For more help

Our On-demand webinar can help you through the process of reviewing and finalising assessments. Go to ird.govt.nz/about-us/business-transformation/webinars

Find out more at ird.govt.nz/roles/tax-agents/individual-income-tax-for-clients-of-agents



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