

ATAINZ Tax Talk for Tax Agents



This newsletter is again designed to give some of those useful practical/technical tip bits to ATAINZ agents from various sources.

Council hopes you enjoy this read – tax snippets from members (we all find out bits of interesting tax related news) would be gratefully received:

IR10's

Despite the strange difficulty many tax agents have, IR10's are actually designed to be filled out guys.

Now we are in to the new SPFR standards era, these will become imperative to the correct filing of your taxation returns and IR not rejecting your E-Files.

They really are not for decoration – very soon IR will not accept any IR3's without the IR10 correctly filled in. (no sets of accounts – they are running out of staff to read them...)

These may be a time consuming pain in the proverbial (some 40% of tax agents seem to suffer from some sort of difficulty in even filling out any IR10 details at all). Yes that means we need to put in that total liabilities amount or expect to have your returns rejected as computers it seems cannot add.

Special Purpose Financial Reporting

Those that have attended any SPFR courses will start to realise our SME clients are now falling more and more within corporate client status with many new fun wee Notes to the Accounts and new formats, even for our Mum & Dad Companies.

The devil is always in the detail, please ensure you look at the new templates on Xero (available) or MYOB (about to be released) or attend a suitable course.

Get ready for the new Statements of *Profit or Loss* (aka Statement of Financial Performance, aka Income Statement). These must have the Notes to accounts numbered in a precise format on the Profit or Loss pages (and everywhere..... else).

Then there are those Notes to Accounts for nearly everything in huge detail including livestock reconciliations. (17 pages of fun wee core component Notes to choose from....).

NZ Accounting Practices – what you can't do.....

Accounting practices in NZ are established in concrete despite our new SPFR requirements. Therefore we must all be mindful that we do not adopt any foreign accounting practices to derive our taxable income. For example:

- Aussies and the UK have capital gains taxes – we don't.
- Overseas regimes allow depreciation on buildings – add back when you come to NZ please and don't claim here unless you are a farm "barn" – even that definition is up for debate – when is a barn a barn??
- Drawings from your Gross earnings are NOT legitimate expenses to claim and cannot be deducted from Gross sales as in many Asian countries where this is standard practice. IR are on the hunt for that one at the current time as it seems to be a common misconception.

We all know there are lies, dam lies and then there are statistics.....

IR are relying on statistics to ensure customers, including us are happy with the services they provide. Tax Agents seem to be very satisfied with the status quo.....

Customer Satisfaction and Perceptions survey results July 2013 - June 2014

Satisfaction with service quality - different customer groups

Customer group	3 - 5 rating Satisfied	4 - 5 rating Very satisfied
Overall satisfaction (Individuals)	94%	75%
Working for families	93%	75%
Child support	93%	72%
KiwiSaver (Employees)	95%	79%
Student loan	93%	71%
No social policy	94%	78%
Overall satisfaction (Businesses)	96%	79%
SMEs	95%	78%
Large enterprises	98%	84%
Tax agents	97%	77%
Not for profits	95%	78%

Starting.....

The ability to self-assess on line on line your own status for NZ Tax Residency - but of course IR may review.

The fishhook here relies on individual clients being able to read the website and understand precisely what are the IR definitions and requirements of the PPOA (Permanent Place of Abode) and relevant DTA tests.

A Fun Wee Phrase

Here is a fun wee phrase to include in your objection letters or TAA Sec. 113 letters to IR.

“The taxpayer’s position is one a reasonable mind might adopt”.

Remember to use that standard TAA Section 113 template provided in Agents Answers if you are unfamiliar with writing technical tax objections to IR. *“We made a mistake!”* just does not cut it....

Welcome to the 31 March 2015 taxation year when the lunacy starts all over again. To those that filed 100% for 2014 – congratulations from your Council 😊– for those that did not – commiserations ☹.



From Your ATAINZ Council

Aunty Dí

DISCLAIMER ATAINZ: These contents are merely an ad hoc information service. They are not to be used or considered as IR/ professional advice/ training and therefore should not be relied upon or circulated without ATAINZ Council consent.

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