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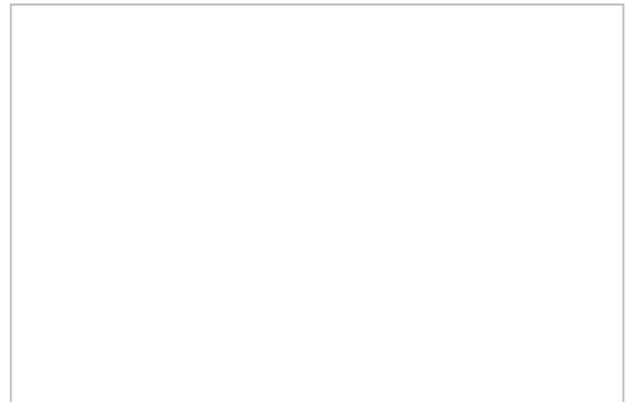
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BUSINESS TRANSFORMATION

March 2021

Latest news about Inland Revenue's transformation



Latest changes implemented

On 1 March 2021, Inland Revenue implemented the next phase of its business transformation, designed to make tax easier and more certain for New Zealanders.

This saw the following move into our new system:

- Paid Parental Leave
- New Zealand Foreign Trusts
- Duties (Lotteries Duty, Casino Duty and Totalisator Duty)
- Unclaimed Money.

This completes our work to move all Inland Revenue's tax products into the new system and is a significant milestone for our transformation programme.

What's coming up?

The next changes take place in April. They include changes introduced in the Taxation (Income Tax Rate and Other Amendments) Bill which we've talked about in the January edition of Transformation News.

The information is also available in our latest webinar - 'April changes for tax intermediaries'. A similar webinar will be available soon, looking at what these changes mean for employers and community organisations. For the full series of On Demand webinars, visit ird.govt.nz/bt-webinars.

Later this year, we will implement changes to Child Support and upgrade myIR, as part of our final BT Stage 4 release.

Resurgence Support Payment



The Resurgence Support Payment (RSP) was announced before Christmas, as part of the Government's COVID support initiatives for businesses with reduced revenue due to COVID alert level increases.

To be eligible, businesses must experience a 30% drop in revenue or more, over a 7-day period after the increased alert level – as well as meet a range of other RSP eligibility criteria.

The RSP will be available for businesses affected by the change in COVID alert levels that started on 28 February. Businesses will be able to apply for this payment on Inland Revenue's website from 8 March.

This is in addition to the RSP for businesses affected by the change in alert levels from 14 to 21 February, which is currently available. Businesses affected by both alert level changes can apply for each of the payments.

Customers who meet eligibility criteria can apply for RSP through their myIR account.

Further details including eligibility criteria, the application process, calculating entitlements and the tax treatment of RSP payments are available on our website ird.govt.nz/rsp.

Upgrade to payday filing version 2 - required by 1 April

From 1 April 2021, we will require all employers to use the new payday filing format (Version 2). Version 2 has been available since April 2020 and provides more Employment Information and Employee Detail information than the current Version 1.

We have been working with payroll software providers to help ensure they build Version 2 into their systems in good time.

What it means for employers

If you file:

- on-screen through myIR or paper - there is no change, Version 2 has been in place since April 2020.
- using a Payroll Bureau or Intermediary service – there will likely be no impact as your payroll service provider will make any necessary changes.
- through payroll software – you should notice little change, contact your payroll software provider if you want to know more about what will be changing and when.
- using your own inhouse / bespoke systems – you will need to build Version 2 into your system prior to 1 April this year. You can find the developer kit at: [Payday filing for digital service providers \(ird.govt.nz\)](https://ird.govt.nz/payday-filing-for-digital-service-providers).

For more information you can visit: ird.govt.nz/payday-filing-version-2

E-File will be decommissioned on 16 April



E-File will be decommissioned on 16 April 2021. This change impacts tax agents who currently use E-File to file income tax returns, GST returns and donation tax credit claims.

E-File is being replaced with an array of new gateway services which software providers are building into their systems. It is the software providers who are selecting which aspects to build before E-File is decommissioned, focusing on those which are most critical to their customers.

We have been working closely with the software providers for a considerable time to ensure a smooth transition from E-File to gateway services.

We will have E-File available up until 16 April for 2020 tax year returns. However, your software provider could move to the new gateway services earlier.

If you have any questions about the software functionality that will be available to you, and when it will be available, please contact your software provider.

myIR logons

Gateway return services use myIR credentials, not your E-File logon. Each staff member who will use gateway services in future will need their own myIR logon. You may need to set up unique myIR logons for impacted staff that don't already have one.

The ability to carry out or perform certain actions is based on the user's level of access in myIR.

To set up new myIR logons for your staff, and set levels of access, go to our website:

ird.govt.nz/topics/myir-secure-online-services/create-web-logon-access-for-a-myir-account

More information

You can find more information on our webpage: ird.govt.nz/topics/intermediaries/e-file

KiwiSaver changes

From 1 April 2021, there will be changes to the treatment of Compulsory Employer Contributions and KiwiSaver Voluntary Employer Contributions.

Currently, voluntary employer contributions are not subject to the same penalties and interest that apply to compulsory employer contributions. For periods from 1 April 2021 and later:

- Both Compulsory Employer Contributions and Voluntary Employer Contributions will be subject to debit use of money interest - this may be applied if customers do not pay their assessment on time.
- Voluntary Employer Contributions will also be subject to late payment penalties and non-payment penalties.

In line with these two changes Inland Revenue will be able to take enforcement action for outstanding voluntary employer contributions.

This ensures that the same penalties and enforcement mechanisms apply to both voluntary and compulsory employer KiwiSaver contributions.

In addition to those changes Voluntary Employer Contributions will also be subject to write-offs, and the ability to write off Compulsory Employer Contributions will be expanded.

The final change to the treatment of Compulsory Employer Contributions and Voluntary Employer Contributions is that any small balance adjustments will apply to both CEC and VEC amounts.

In-work tax credit

Last year the Government announced the addition of a two-week grace period to the In-work tax credit (IWTC). This permanent change comes into effect on 1 April.



From 1 April, customers will still receive IWTC payments for up to two weeks when taking an unpaid break from work. This could be as they transition between jobs, are unpaid for a period of time, or leave employment.

Because there can be a delay in when we receive the employment details from employers, customers will need to let us know if their employment situation changes, to avoid being overpaid their IWTC.

If customers start receiving an income-tested benefit or student allowance they will not be entitled to IWTC payments.

Student loan changes

The following student loan changes will apply from 1 April for the period ending 31 March 2022:

- The annual Student Loan repayment threshold, which is the amount that a customer can make in a year before they will be required to start making repayments towards their loan, will be updated from \$20,020 to \$20,280.
- The interest rate charged on outstanding balances for overseas-based customers will be updated from 3.5% to 3.0%
- The late payment interest rate will be updated from 7.5% to 7.0% - this is imposed when a customer has unpaid amounts.
- The reduced late payment interest rate will also change – this will reduce from 5.5% to 5.0%



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