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THE

SALARY AND WAGE EARNER

AS A

TAXPAYER

"THE SALARY AND WAGE EARNER AS A TAXPAYER"

As a salary and wage earner you have tax rights as well as obligations. The Commissioner is always most anxious that you know all your rights, especially how to get a refund when you have overpaid tax.

The Commissioner has been trying to help you in many ways. This, briefly, is what he has done during the year :

- Handled your tax affairs with more speed, reasonableness, courtesy and consideration, for instance, 1964 refunds were made some two months earlier than those for 1963.
- Liberalised rulings and procedures.
- Removed some of the tax "mysteries".
- Started a smaller town enquiry service, primarily to cater for salary and wage earners and elderly people.
- Given an information service, including regular bulletins and pamphlets to help you in your dealings with the tax office and in understanding taxation.
- Told you why it pays for your wife to keep working after her income exceeds £156.
- Explained tax on secondary income and told how to get a special tax rate if your tax on secondary income was too high or too low.
- Told age beneficiaries in part time jobs about getting a special tax code certificate if PAYE too high.
- Helped students from Cook Islands, Niue and Western Samoa who are in New Zealand for technical training.
- Explained how pensions are taxed.
- Explained how income from personal effort is taxed.
- Ruled that fees to children's play centres qualify as a special exemption.
- Advertised on radio and in newspapers to let you know your tax rights on how to get a refund and what information the Department had to give you.
- Explained on television what the Department is doing for you.

Last October the Commissioner was in touch with employers throughout the country seeking their aid to bring to your notice the various pamphlets which set out information of interest in a simple manner and to make you aware of your tax rights.

Here now is the text of a further letter which the Commissioner has sent to employers throughout the country :

"As an employer you will very likely have learned through the public information bulletin and other information services of my Department, of what I am trying to do to remove the mysteries of taxation for all sections of the community.

Last October employers with larger staffs were asked whether their employees would like to get information pamphlets on various taxation subjects including the filling in of return forms. The response to this enquiry has been enthusiastic, so much so that I feel all will support me in this further effort to make sure your employees have taken advantage of the service offered by my Department, particularly in obtaining refunds to which they may be entitled.

Refunds can arise in many ways, for example, when your employee

- paid life insurance premiums,
- made donations or paid school fees,
- wishes to claim for other special exemptions not included in his tax code.

If his total income was from salary, wages or superannuation, less than £1,300, your employee does not have to send in a return unless he wishes to get a refund. He can easily find out the amount of any refund by filling in the simple green return form IR 5. All he then has to do to get his refund is to send the form to his nearest tax office.

All of your employees may not be aware of this and I hope you can assist me in reaching them by bringing this letter to their notice".

(Signed) (L.J. Rathgen)

Commissioner of Inland Revenue

HELPING THE SALARY AND WAGE EARNER

The Commissioner wants you to make the most of your rights as a taxpayer. To this end he has been trying to help you by

FIRSTLY telling you in newspaper articles, radio and television announcements and various pamphlets how to get a refund to which you may be entitled. The following pamphlets set out in a simple, easily understood way, tax information which can help you.

- Donations and School Fees.
- Salary and Wage Earners PAYE Taxation.
- How to Complete Your Return Form IR 5.
- Special Exemptions.

SECONDLY by giving an information service through public information bulletins and pamphlets to help you in your dealings with us and in understanding taxation. Here are some of the special features which have appeared in the bulletins to help salary and wage earners.

Special Tax Codes

- How to get a special tax code certificate which reduces (or increases) the amount of tax deducted from your earnings each pay period so as to produce roughly the amount of tax that would be payable if your income were earned evenly over the year.
- Special tax code certificates are of particular benefit to age beneficiaries, students or school children who work part-time or for short periods during the year. It means they have the use of their money immediately, instead of waiting until the end of the year when a return is made and the tax adjusted.
- Alternatively if you had a secondary job and secondary tax was not high enough to meet the tax liability on that income the use of a special tax code would save you having to find a lump sum at the end of the year to pay your tax assessment.

Taking the Department to the People

- Officers of the Department visit smaller towns to allow people to discuss tax problems in person. This is for you and other classes of taxpayers who fill in their own returns.
- Elderly or disabled people on small incomes who do not feel able to fill in the usual tax return may use the "Special Assistance Tax Form" IR 14 which can be obtained at the local tax or post office.

This is the first time a tax return as simple as this has been produced and it represents a major breakthrough in the Department's aim to simplify tax procedures.

- On this form you show only your income and your exemptions. You do not work out your possible refund or pay tax when you send the form in. The tax office will do this and let you know what tax to pay, if any, and when to pay it. If more information is needed the tax office will get in touch with you and help you.

This feature, while not exclusively for salary and wage earners, is never-the-less freely available for their use.

THIRDLY Arranging tax instruction for the country's future taxpayers. The Department believes strongly in talks to school leavers and those students taking commercial courses. These students are taxpayers of the future and it is important for them to know their rights as taxpayers as well as furthering an appreciation of how tax is collected and what it is used for.

Already schools throughout the country have been visited by staff from the Department and the basics of taxation have been explained to many thousands of school children.

A school bulletin dealing with the subject of direct taxation has also been prepared. This is to be printed by the Department of Education and will be available for use in secondary schools throughout the country.

FOURTHLY Instructing his staff to tell you when you have not claimed deductions to which you are entitled.

NEW PLANNING

Some taxpayers have experienced difficulty in the past when filling in their tax return. Perhaps you were one of them. Too often, it seems, have taxpayers trying to meet their obligations been hindered by the often lengthy instructions on the form.

A simple easy-to-understand tax return IR 5, for 1965 is being printed. On it there will be only four basic items to fill in. These are

- | | |
|--------------------|---------------------------------|
| ● Name and address | ● Details of income |
| ● Signature | ● Claims for special exemptions |

So that you can work out what your refund may be or what further tax you may have to pay there is a panel for self calculation.

In the new form words have been kept to a minimum. In fact it has approximately only 530 words compared with 2,700, more or less, on the 1964 form IR 5. A pamphlet will be available to help you fill it in should you have any difficulty.

WHY A RETURN IS NEEDED

A few people seem to think that refunds should be made without sending in a return form. However, it must be remembered that a tax return is necessary not only to work out any refund, but primarily to work out the amount of the taxpayer's income which may be received from many sources both inside and outside New Zealand.

This is of course, the position in every country. When working out the tax of any person we must know his total income, his deductions and special exemptions. His tax code certificate (IR 12) which is filled in a year earlier does not always give the full or up-to-date details. For instance, he cannot claim life insurance premiums or donations and school fees in his tax code nor get a full year's exemption for a child born during the year. These claims are made in his tax return and the tax adjusted when he sends his return to the local tax office.

WHEN TO FILL IN A TAX RETURN

If your income was from

- salary or wages

OR

- superannuation (not universal superannuation)
less than £1,300

AND

- you had no other income apart from interest
under £30

you are not required to send in a tax return *unless*

- you want a tax adjustment,

OR

- wish to get a refund,

OR

- have used a wrong tax code and /or the local
tax office has asked you to.

You will be interested to know that the limit for taxpayers in this class has been raised this year from £1,040 to £1,300 to take into account changes in economic conditions since the start of PAYE.

FOUR WAYS TO HELP YOURSELF

Here are four ways you can help yourself and the Department

- FIRST* - Get a green return form IR 5 from your local tax or post office.
- NEXT* - Fill it in and work out if you are entitled to a refund. Housewives and students particularly those who have worked only part time during the year should do this.
- THEN* - Send it to your local tax office if you work out a refund.
- FINALLY* - Don't send it in at all if you work out more to pay unless you have used a wrong tax code and/or have been asked to send in a tax return. We don't want to know about any small balance to be paid by taxpayers in this class.
- P.S.* - Don't forget to attach your tax certificates and receipts for donations and school fees when you send in your tax return. Remember, all you have to do is to get your return form - you will find it easy to fill in and work out your refund. If you are not sure of any point the local tax office will gladly help you on request.