



OFFICE OF THE COMMISSIONER OF INLAND REVENUE

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Property has its duties as well as its rights

—Benjamin Disraeli

Salary and wage earners—

How about that refund!

There could be one waiting for you

- If you paid — Life insurance
- Donations
- School fees
- Union fees

- if you changed your tax code
- if you worked for only part of the year
- if your earnings fluctuated during the year

Other reasons?

- a new baby?
- employed a housekeeper?
- widowed, divorced or separated with dependent children and not able to afford a housekeeper?
- just married?
- taken out home mortgage repayment insurance during the year?

You can work out your tax on the return form. There are pamphlets to help you at any tax or post office.

Don't forget to attach your tax deduction certificates, IR12, IR13, IR55 and any receipts for charitable donations and private school fees.

REMEMBER —

An early return means an early refund.

Get yours NOW!

Information pamphlets to help taxpayers

Here is a list of the information pamphlets you can get to help you with your tax problems. They are on display at all tax offices and most post offices.

PAMPHLET	Printed
• How to fill in your IR5 Return of Income	1968
• How to fill in your IR3 Return of Income	1968
<i>(Both these pamphlets incorporate the previous pamphlet on "Special Exemptions")</i>	
• Tax Guide for Salary and Wage Earners	1968
• Tax Guide for the Retired and the Small Investor	1968
• Depreciation Allowances*	1966
• Overseas Income*	1966
• Mining Industry Tax Guide	1966
• Export and Tourist Promotion Incentives	1966
• Farmers Tax Guide	1966
• Gift Duty in New Zealand	1965
• Estate Duty in New Zealand	1965
• PAYE Instructions for Employers	1967
• Staff Superannuation Funds	1966

* There is a special insert for these two pamphlets showing changes since the pamphlets were printed. Make sure you get these too.

New pay-in books now being sent to employers

We are now sending out new books of tax deduction pay-in slips IR66. You will notice that the layout of the forms has been slightly changed so that employers do not have to fill some entries in twice.

HOW TO USE THE NEW BOOKS

After filling in the pay-in slips detach the original and duplicate at the perforations and send or hand in both copies for receipting. We will keep the original for our records and return the duplicate as your receipt.

Employers – 15 May

last day for reconciliation statement

Employers have until 15 May to send in their reconciliation statements, IR68. It is important to us and to you that we have it by then.

SOME SEND IT EARLIER

Some employers do send their reconciliations in earlier — a big help to us. Unfortunately an increasing number are being received late. This has two big effects which these employers may not fully realise —

First — refunds for employees

Salary and wage earners have to send their returns in by 7 June. Many put them in right after 1 April and naturally want their refunds straight away. If we don't have all the employers' reconciliations some refunds can be held up.

Second — effect on our other work

We get almost 146000 reconciliations and, literally, millions of tax deduction certificates each year. Like any other organisation, if we are to be efficient we must have a planned programme of work. Late reconciliations hold up our other work and so affect the overall service we give to taxpayers.

EARLY ACTION FOR LATE RECONCILIATIONS

We think it only fair to tell those employers who don't send their reconciliations in on time that we will be taking early follow up action to get these in. We don't want to do this, but sometimes employers leave us no option.

Please save us both trouble and get your reconciliation in early.

Why we need accountants' and company secretaries' help in making revenue estimates

Some accountants and company secretaries may wonder why at this time of the year we ask for advance information about the income of some of their clients for the financial year ending 31 March.

INFORMATION NEEDED FOR BUDGET ESTIMATES

This information is an important aid in preparing the revenue estimates for the Government's Budget for the current year.

TAX RETURNS NOT DUE YET

1968 tax returns from farmers, businessmen and industries are, of course, not due until 7 August 1968. There are not enough early returns to give us a fair sample on which we can make an estimate of how much tax we should collect in the current year.

ACCOUNTANTS AND COMPANY SECRETARIES ONLY SOURCE OF INFORMATION

Accountants and company secretaries are the only people who handle enough returns to help us get the details for the sample needed. We know that most items in the accounts are not finally settled at this early date and figures given now may vary from the final result. We want to make it clear that company secretaries, accountants or their clients are in no way bound by the information given. It is used for the purpose of the survey only. It is not checked to the returns when they are filed.

We are most grateful for the help and co-operation we get and in turn we hope you will appreciate the reason why we have to seek information so early in the year.

Filling in withholding payment certificate IR 13

If you make a withholding payment please take care to show the year in which the payment is made in the space provided at the top of the form.

This will avoid confusion and make sure that the payee returns the income in the correct year.

More deductions for development expenditure

The Commissioner, Mr D. A. Stevens, has decided that part of the cost of spraytype sheep dips will be allowed as development expenditure.

This item shows you how to apportion and treat the cost of the dip

Item	Cost
Shed	Capitalise and depreciate at normal building rate
Base, comprising race, floor of dip, two draining pens and sump	Treat as development expenditure
Tanks and pipes. Dip, including pump. Electric motor and fittings.	Treat as plant. The depreciation rate is 10% D.V.

Your nearest tax office can give you more information about development expenditure.

Help for farmers when livestock killings delayed

Congestion at freezing works in the Gisborne area has prevented some farmers from having stock killed before balance date.

The Commissioner has agreed that such stock may be treated as a separate class of livestock which can be brought into account at balance date at market values.

The effect is that the income from the stock is taxed in its normal year as if the works had been able to handle the killings.

A certificate from the freezing works is needed to support these cases.

Similar situations in other areas will be treated in the same way.

Drought and storm damage

The Minister of Finance, the Hon. R. D. Muldoon, has announced that the provisions of section 103A of the tax Act will be applied to farmers affected by the drought in Waimate and Levels County.

The area affected is—

Waimate County

<i>Survey Districts</i>	<i>Survey Blocks</i>
Nimrod	1—16 inclusive
Otaio	1—16 inclusive
Waimate	1—12 inclusive
Waitaki	1—15 inclusive
Elephant Hill	1—10 inclusive
Waihao	1—16 inclusive

Levels County

<i>Survey Districts</i>	<i>Survey Blocks</i>
Tengawai	12—16 inclusive
Opihi	8, 14 and 15
Pareora	1—16 inclusive
Arowhenua	1, 2 & 5—11 inclusive
Patiti	1—4 inclusive
Opawa	4

The Minister has also declared the snowstorm of November 1967 in the high country areas of South and Mid-Canterbury to be an adverse event. The area affected is—

High Country Areas

<i>Survey Districts</i>	<i>Survey Blocks</i>
Shepherds Bush	1 and 2
Tyndall, Ramsay, Whitcombe, Glenrock, Havelock, Clyde, Heron, Somers, Potts, Tripp, Hutt, Alford, Ward, Hopkins, Campbell, Tafford, Ohau Lake, Ahuriri, Longslipside, Longslip, Ohau River, Benmore	All survey blocks

Geraldine County

<i>Survey Districts</i>	<i>Survey Blocks</i>
Orari	1 and 2
Torlesse, Sinclair, Fox, Mount Peel, Acland	All survey blocks

Mackenzie County

All survey districts	All survey blocks
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ASSESSMENT OF INCOME DEFERRED

Under the section the assessment of income arising from the forced sale of livestock is deferred from the year of sale to the year in which the livestock is replaced.

P.I.B. No. 33 tells you more about the relief offered. If you are not sure whether you can take advantage of the section, ask at your local tax office. They will be glad to help you.

How costs of clearing a site are treated for tax purposes

Before new buildings are erected it is often necessary to clear the site either by demolishing an existing building or by selling it cheaply for removal from the site.

The cost of clearing a site is capital expenditure and is regarded as part of the cost of the site. Consequently, the cost —

- 1) is not allowable as a deduction for income tax purposes.
- 2) cannot be included as part of the capital cost of the new building for depreciation purposes.

Taxing musterers' and drovers' earnings

CASUAL EMPLOYEES

When you employ casual musterers or drovers on a daily basis for short periods use the "Casual Agricultural Employees" tax tables to work out the tax on their wages. Take off any allowances — see Public Information Bulletin Number 40 — before working out the tax.

PERMANENT EMPLOYEES

Use the ordinary weekly tax tables to tax the wages paid to permanent employees even when they are employed on mustering or droving. If they provide their own dogs, horses or saddlery take off any allowances — see Public Information Bulletin Number 40 — before working out the tax.

DROVING CONTRACTORS

When a droving contractor is employed, take off withholding tax at the rate of 7½ cents in the dollar from the gross contract payments unless the contractor produces a current certificate of exemption.

Company donations for research

Here are some more organisations which have been approved for the purpose of section 126A of the tax Act.

Organisation	Donations allowed if given for
Arthritis and Rheumatism Foundation of New Zealand	Medical Research
Australian Welding Research Association	General Research
Carter Observatory	General Research
Department of Health	Medical Research
National Pig Breeding Testing Centre	General Research
New Zealand Society for the Prevention of Blindness	Medical Research
Oakley Hospital Mental Health Research Foundation (Inc.)	Medical Research
Society for Research on Women in New Zealand Incorporated	General Research
Taranaki Medical Education and Research Society Inc	Medical Research
Waikato Postgraduate Medical Society Inc	Medical Research

Companies may claim a deduction for cash donations made to these organisations for the research purposes mentioned. The maximum amount allowable is the smaller of \$1,000 or 5 percent of the company's assessable income.

Other approved organisations are listed in Public Information Bulletins 37, 40 and 43.

Spreading forward excess income from sale of livestock on retirement from farming

This item will be of interest to farmers who want to spread forward income under section 103(2A) of the tax Act but are not sure how to work it out.

WHO QUALIFIES

A farmer—

- 1) Who has retired completely from farming, and
- 2) Whose income in the year of sale is greater than his average farming income in the three preceding years.

The farmer *must have retired completely* from the business of farming. For example, a farmer who sells his livestock, but not his farm property, and then derives a share of the gross profits under a sharemilking agreement has not retired within the meaning of the section. This position is different from that of a farmer who, having sold his stock, merely receives a fixed rent from the lease of his farm.

THE CONCESSION IS

Any excess income arising from the sale of his livestock may be spread forward to any one or more of the three following years.

WHAT IS EXCESS INCOME

The excess income is the difference between—

- 1) the selling price of the livestock, and
- 2) the standard value of the lesser of—
 - a) the number of livestock on hand at the beginning of the year, or
 - b) the number of livestock sold.

WORKING IT OUT

The excess income has to be worked out before applying for the relief. Here is an example—

	Cows	Heifers	Calves
Number on hand at beginning of year	90*	15	7
Number sold	92	14*	7*
Selling price per head	60	30	20
Standard values	30	20	10
Difference	30	10	10

* 90 cows at \$30 2,700

* 14 heifers at \$10 140

* 7 calves at \$10 70

Excess income \$2,910

Spreading Forward Excess Income—Continued

This excess may be spread to any one or more of the three years following the year of sale.

HOW TO CLAIM

Apply in writing to your local tax office within 12 months of the date of sale for approval to carry the excess income forward. Show—

- 1) the numbers and selling price of each class of livestock;
- 2) the amount of excess income, and
- 3) the total amount you wish to spread forward.

You don't have to allocate the excess income to particular years until you send in the tax return for those years.

Getting returns to the right office

Sometimes accountants and agents operating in one tax district have clients in another tax district. Returns are generally sent to the tax office in the agent's own district. We send them on to the correct office.

It would help us to identify these returns if the name of the office for which the return is intended is put on the front page of the return — top right hand corner please. This will help to avoid unnecessary enquiries and get assessments out earlier.