



MARCH 1972

SALARY & WAGE EARNERS

PAYE TAX CODES

RETURNS OF INCOME

REFUNDS

INFORMATION SERVICES

PUBLIC INFORMATION BULLETIN

NO. 66

OFFICE OF THE COMMISSIONER OF INLAND REVENUE

NOW IS THE TIME

March, April and May are busy months for salary and wage earner taxpayers. This is the time when you fill in tax code declarations and returns of income.

This Bulletin tells you what to do and whether you may expect a tax refund. Read these items. They will help you understand more about your rights and obligations as a taxpayer.

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APRIL 1 IS TAX CODE DAY

Tax code declarations and secondary employment notices should be filled in and given to employers by the start of the new tax year on 1 April.

WHICH FORM TO USE

Give your main employer a form IR12 -- Tax Code Declaration. If you have a second job, or more, give your other employers a form IR55 -- Secondary Employment Notice.


Here are the forms--

IR 12 Land and Income Tax Act 1954  PAYE Year: From 1 April **1972** to 31 March **1973**
TAX CODE DECLARATION - Employee to Fill in

● Before filling in see Notes on back ● Place this set of forms on a hard surface. Use a pen with firm nib or ball point.

Mr Mrs Miss Print Address	Print Surname Christian or First Names
_____ _____ _____	

● Occupation ● Wife/Husband's name ● Housekeeper's name - see Notes on back ● Dependent Relatives - not children under 18 Name Relationship	● Children under 18 at 1 April 1972 supported by you Child's Christian name Date of Birth 1. _____ / / _____ 2. _____ / / _____ 3. _____ / / _____
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I. **IR 55** Land and Income Tax Act 1954  PAYE Year: From 1 April **19** to 31 March **19**

SECONDARY EMPLOYMENT NOTICE - Employee to Fill in

● See Notes below. ● Place this set of forms on a hard surface. Use a pen with firm nib or ball point.

Mr Mrs Miss Print Address	Print Surname Christian or First Names
_____ _____ _____	

● Occupation
 ● I have a primary tax code with another employer.
 ● Signed: _____ Date: ____ / ____ / ____

NOTES

If your employer does not give you a form to fill in you can get one from the Post Office or your tax office.

APRIL 1 IS TAX CODE DAY Continued

SPECIAL TABLES FOR SHEARERS AND CASUAL AGRICULTURAL WORKERS

If you are a shearer or casual agricultural worker we have special tax tables for you because of the nature of your work.

WHAT DOES A TAX CODE DECLARATION DO

It tells your employer how much tax he should take off your salary or wages. He works it out by using a special table based on the number of your dependants. For instance, if you are a married man supporting your wife and have three dependent children your tax code will be M3. Your employer will use this code to work out your tax.

If you didn't have a tax code the rate of tax would generally be higher.

WHAT DOES A SECONDARY EMPLOYMENT NOTICE DO

A secondary employment notice also tells your employer what tax to take off your wages. The tax is at a flat rate of 21 cents in the dollar. Again if you didn't fill in a notice your rate of tax would be much higher.

SPECIAL TAX CODES

Further on in this Bulletin we tell you about special tax codes which give you a special rate of tax. Read the item "Why wait till the end of the year". This explains how you can adjust the rate of tax taken off your income during the year.

TAX RETURNS DUE SOON

Soon after 1 April your employer will give you your tax deduction certificate. This is the bottom copy of the form you gave him at 1 April last year. It shows you—

- Your earnings for the year.
- The tax you paid on those earnings.
- Details of superannuation contributions, and
- Back pay relating to earlier years.

SPEED YOUR REFUND

As soon as you have all your tax deduction certificates you can send in your tax return. The sooner you put in your return the sooner you will get any refund due to you. You can get pamphlets to help you fill in your return from the tax office or Post Office. If you want further information call at your local tax office. They will be pleased to help you.

REMEMBER

You need not send in a return if—

- ♦ All your income was from salary and wages only and was under \$2,600, and
- ♦ Your return shows you have more tax to pay.

Unless—

- ♦ You used a wrong tax code, or
- ♦ We have asked you to send in a return.

EXPENSES YOU MAY CLAIM

You may claim expenses—

- ♦ Which you incur while you produce your income, and
- ♦ Which are reasonably relevant and incidental to deriving your income.

There are some exceptions when the expenses are of a “capital” or “private” nature or when an allowance is received from your employer.

WHAT SORT OF EXPENSES

The main expenses allowable are—

- ♦ Certain types of clothing.
- ♦ Travelling expenses between jobs.
- ♦ Certain educational expenses.
- ♦ Reference books, journals and periodicals.
- ♦ Tools of trade.
- ♦ Use of part of your house set aside for your job.

SOME EXAMPLES

Here are some examples of the deductions which may be claimed by—

Plumbers, Painters

- ♦ Cost of upkeep of protective clothing.

Engineers, Doctors, Dentists

- ♦ Travel to seminar or conference to observe trends and developments in your profession.

Electricians, Technicians

- ♦ Cost of tools, instruments and equipment—
 - New tools and equipment costing under \$100 for any one item,
 - Upkeep of tools, instruments and equipment,
 - Replacing tools initially costing more than \$100.

Representatives

- ♦ Club subscriptions required by terms of employment.

School Teachers

- ♦ Books or training aids required to supplement those supplied by the school.
- ♦ Cost of travel to refresher courses.

Aircraft Pilots

- ♦ Medical examinations and licence fees.

School Teachers, Representatives, Journalists

- ♦ If part of your home has been set aside wholly or principally for your work you may claim the expenses involved.

WHAT ELSE

More details of expenses allowable are given in our information pamphlet ‘‘How To Fill In Your IR5 Return Of Income’’. If you are not sure about what you can claim, ask the local tax office.

WHICH RETURN TO USE

Use the green IR5 if–

- ♦ Your income was from salary, wages or superannuation (not Universal),
and
- ♦ Your income was more than \$2,600, *or*
- ♦ You also had not more than \$200 in total from dividends, net rents, or interest (after the \$100 exemption).

Use the black IR3 in all other cases.

WAGES ONLY – UNDER \$2,600

You should put in a return also if all your income was from salary or wages and was under \$2,600 and you expect to get a refund of tax overpaid.

If you have underpaid your tax and have used a correct tax code it is not necessary to send us a return unless we ask you for one.

SEND YOUR RETURN TO THE TAX OFFICE BY 7 JUNE.

WILL YOU GET A REFUND

Not everybody gets a refund but you may. Here are some reasons why you may get a refund--

CIRCUMSTANCES	EXAMPLES
If you work for part of the year only	<ul style="list-style-type: none"> ◆ Young people starting work part way through a year. ◆ Students working in holidays. ◆ Women who marry during the year and stop work. ◆ Married women and social security beneficiaries who work irregularly or for only part of the year. ◆ People who are off work through sickness during the year and are not paid any wages while they are not working.
Fluctuating earnings	Weekly or other pay period earnings vary - for example, when a substantial amount of overtime is worked at irregular periods during the year.
Wife's income between \$375 and \$650 for the year.	If you did not claim an exemption in your tax code you will be entitled to a partial allowance.
Child exemption claimed by both parents	When separated or divorced parents are both entitled to a partial child exemption and an allowance has not been claimed in tax code declarations.
Child born during the year	The additional exemption of \$135 (or \$140 where there are already four children) is allowed for the whole income year.

CIRCUMSTANCES	EXAMPLES
Dependent relatives	If no allowance has been claimed in your tax code for dependent relatives, other than your wife, and children under 18 years.
If you pay a housekeeper	An exemption may be claimed by a widow, widower or a divorced, unmarried or separated person. A working wife and a disabled married person can also claim in certain instances. More information is given in our pamphlet "How To Fill In Your IR5 Return Of Income".
Charitable donations and private school fees	An exemption may be claimed up to an overall limit of \$100.
Life insurance premiums	<ul style="list-style-type: none"> ◆ Insurance on your own life. ◆ Policies for your wife and children may qualify too. ◆ Personal accident insurance. ◆ A single mortgage repayment insurance premium paid when you bought a house during the year.
Union fees and subscriptions	<ul style="list-style-type: none"> ◆ The full amount may be claimed if <ul style="list-style-type: none"> -membership is a condition of your employment, OR -your trade union's industrial agreement award makes membership mandatory. ◆ Up to \$20 in other cases.

WILL YOU HAVE MORE TAX TO PAY

After filling in your 1972 Return of Income IR5 you may find you have more tax to pay.

This may arise if during the year you—

- Have a secondary job,
- Get back pay, *or*
- Annual or special bonuses.

PAYE tax on this income is taken off your wages during the year at the flat rate of 21 cents in the dollar. This rate is too low if your total income after taking off your special exemptions is over \$1,700.

This example shows the further tax payable when the tax deducted from secondary income or from back pay at the flat rate is too low.

Example —

	\$	\$	TAX \$
Salary		3,500.00	
Secondary job		500.00	
		4,000.00	
Less special exemptions			
Personal	275.00		
Wife	275.00		
Children	270.00	820.00	
Taxable Income		3,180.00	719.42
Less PAYE tax on — salary		555.33	
— secondary job		105.00	660.33
Balance of tax to pay			59.09

TAX OFFICE WILL HELP

If you think the secondary tax rate will be too high or too low get approximate details of your earnings and call at your local tax office. They will issue you with a special tax code certificate.

The time to act is now before 1 April.

WHY WAIT TILL THE END OF THE YEAR

Instead of waiting until the end of the year to put in a return and get a refund you can get an immediate adjustment by applying to the tax office for a special tax code.

WHY REFUNDS ARISE

Some refunds of tax arise because salary and wage earners do not get the same amount of pay every payday.

For example, if you work overtime for any part of the year or at irregular intervals there could be an overpayment in your end-of-year assessment. This is because PAYE tax is deducted from the combined ordinary pay and overtime pay for a pay period as if those earnings were continued at that same rate for the whole year, instead of just for the one pay.

WHAT DOES A SPECIAL TAX CODE DO

A special tax code certificate levels out your tax so that you pay approximately the tax that would be payable in your annual tax bill.

CAN ALSO SAVE A TAX BILL

Sometimes the tax rates work the other way and you could be faced with a bill at the end of the year.

For instance this could happen if you have a primary job and a regular secondary job.

Here a special tax code will help by increasing the rate of tax deductions to cover the extra tax you may have to pay.

MORE REASONS FOR A SPECIAL TAX CODE

You can also get a special tax code for—

- ◆ Secrecy – no need to tell your employer what your exemptions are,
- ◆ Exemption for partial support of a child or dependent relative,
- ◆ Tax code exemption claimed for only part of the year, (married during the year or child born during year),
- ◆ Life insurance premiums, school fees, donations paid,
- ◆ Trade union or professional association subscriptions, fees, levies, or other expenditure directly related to your occupation and not reimbursed by your employer.

WHY WAIT TILL THE END OF THE YEAR **Continued**

HOW TO GET YOUR SPECIAL TAX CODE CERTIFICATE

All you need to do to get a special tax code certificate is to tell the tax office—

- ◆ Names and addresses of your employers,
- ◆ Your special exemptions, and
- ◆ Your expected income from all sources.

Take or send this information with a completed tax code declaration (IR12) to the tax office. They will work out the correct tax payable and send you a special tax code.

OUR INFORMATION SERVICE

We have Information Pamphlets telling you—

- ◆ How to fill in your IR5 return, and
- ◆ How to fill in your IR3 return.

These pamphlets give more details on special exemptions and expenses you may claim in your tax return. You can get them at tax offices and Post Offices.

If you are not sure how to fill in your return or what you can claim, ask the local tax office to help you.

AGENCIES OPENING IN MAY

If there is no tax office in your area an agency office may be opening for a day or two in May. Trained people will be there to help you.

Watch your local newspaper for details.

Our officers will also be visiting some of the larger factories and firms to tell salary and wage earners about tax. If you want a visit to your firm ask your boss to give us a ring. We are only too glad to help.

HELP FOR THE HONEST TAXPAYER

In recent years, we have come to the conclusion that it should be very much part of our work to see that taxpayers are made fully aware of all their rights under the New Zealand tax system, and not just their obligations. To do this we offer at all points of contact, be it at the public counter, over the telephone, or in correspondence, free help to taxpayers with any tax problems that they may have. We regard this not only as a duty but something which taxpayers are entitled to as of right.

INFORMATION AVAILABLE

We also have an extensive pamphlet service dealing with aspects of taxation which we think taxpayers may want to know about when preparing their tax returns. In addition, we have a Public Information Bulletin service for the accountant and solicitor who may have to cope with the more technical aspects of tax. Finally, at peak periods of the tax year we arrange special bulletins for wage earners and agencies in country districts and the larger departmental stores. All this is far more than a mere gimmick or an exercise in public relations. We regard our standing in the eyes of the community as important but this is not the only reason for this. What we are looking for is to get from taxpayers their voluntary compliance with the tax system to enable us to get through our year's work with the minimum of administration costs.

OVERSEAS TOO

It is interesting to see that other countries are using the same approach. A statement by the Hon. Herb Gray, M.P., Canadian Minister of National Revenue is an example. The Minister said "..... The underlying philosophy of the Taxation Division of the Department, as you know, has been evolving over the past several years to take account of increased taxpayer interest and participation in the process of tax administration. The main thrust of these changes has been in the direction of the most complete possible dissemination of taxation information to all taxpayers and of the establishment of better communications between the taxpayer and the Department.... The Department acknowledges the inherent right of the taxpayer to all the information and all the assistance that it can give him..... The Department cannot expect a taxpayer to accord it the co-operation it requires to maintain the efficiency and integrity of our voluntary compliance system if it does not extend the fullest co-operation to him.....".

HELP FOR THE HONEST TAXPAYER Continued

ACTION AGAINST THE DISHONEST TAXPAYER

We try to help all taxpayers but we do have a duty to collect the revenue which is properly due to the State. This is of course laid down in the tax and duties Acts, but we feel we also have a duty to the great body of honest taxpayers to see that they do not bear an unfair share of the taxes and duties payable to the State because of a small minority who put in incorrect tax returns and therefore pay too little in tax.

We have inspectors who check the books of account and other records which go to make up the tax returns. In addition, we have our internal checks to see that claims made by taxpayers are correct.

PENALTIES FOR FALSE RETURNS AND PAYE TAX CODES

Last year we had instances where taxpayers, either innocently or by design, made incorrect claims for life insurance premiums, dependent children, and dependent wives. In other cases taxpayers with more than one job in the income year did not return all their earnings. This year we will be carrying out more extensive checks to make sure these types of claims are correct and that all income has been returned.

Deliberate errors can be very costly to the taxpayer as not only does the deficient tax have to be paid but also late payment penalties may be charged and in bad cases penal tax and court fines may be imposed.

This year as part of our checking system we will be sending letters to some taxpayers asking for life insurance policy numbers or details of other exemptions claimed.

Remember, if you have a tax problem, don't hesitate to use our pamphlet service or call on us. We would rather help you now than find an error later.

A CORRECT RETURN MAY MEAN A QUICKER REFUND

BEFORE YOU PUT IN YOUR RETURN REMEMBER TO

- ♦ Pin to the inside of your return—
 - Tax deduction certificates,
 - Receipts for donations and school fees,
 - A list of other expenditure directly related to your occupation.
- ♦ Sign and date the front of the return.

THEN

Send your return to the nearest tax office by 7 June 1972. You can send it earlier if you wish. If you are not clear on any point write to or telephone your local tax office or call and see them.

They will help you.