



OFFICE OF THE COMMISSIONER OF INLAND REVENUE

Public Information Bulletin

CONTENTS

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LAND TAX RETURNS DUE 7 MAY	3
DEPRECIATION CHANGES – NEW RATES APPROVED.....	4
EMPLOYERS – PAY CLERKS – PAYROLL TAX ANNUAL RECONCILIATION DUE 15 MAY	5
RELIEF FOR FARMERS AFFECTED BY ADVERSE EVENTS ...	6
DONATIONS BY COMPANIES.....	6
LEGAL AND ACCOUNTING FEES ALLOWABLE	7
SUPERANNUATION FUNDS – NEW INVESTMENT REQUIREMENTS	8
FARMERS – INCREASED DEDUCTIONS FOR WAGES PAID TO WIVES FOR COOKING FOR FARM EMPLOYEES	8
WHO COMPLETES THE IR3 RETURN OF INCOME	9
CHECK YOUR RETURN BEFORE YOU SEND IT IN	10
TIPS ARE TAXABLE	11
BENEFICIARIES IN ESTATES OR TRUSTS	12
1972 TAX RETURNS – CORRECTION TO TAX TABLES	13

LAND TAX RETURNS DUE 7 MAY

Send in your 1972 Return of Land (IR2) by -

7 MAY 1972

WHO SHOULD FILE A LAND TAX RETURN

Send in a return if -

- You owned land or had an interest in land as at 31 March 1972, and
- The total unimproved value of the land at 31 March 1970 was more than \$60,000 and is not of a class exempt from land tax.

LAND EXEMPTED FROM LAND TAX

Land used solely or principally for farming or agricultural activities is exempted from land tax. Farming or agricultural activities include -

- Breeding or keeping of livestock, poultry or bees.
- Growing of fruit crops or vegetables.
- Horticulture and viticulture.

UNIMPROVED VALUE FROZEN AT 31 MARCH 1970

For 1972 and future years unimproved values for land tax have been frozen at the values prevailing at 31 March 1970.

The Valuation Department is progressively revaluing land on a "land value" basis instead of "unimproved value". This conversion is likely to be completed by 1976 whereupon the basis of assessing land tax will be reconsidered.

LAND TAX RECORDS NOW HELD IN MASTERTON

Land tax records are now held in the Masterton Tax Office and you should send your return to the -

District Commissioner,
Inland Revenue Department,
Private Bag,
MASTERTON

DEPRECIATION CHANGES—NEW RATES APPROVED

The following depreciation rates have been approved -

Item	Depreciation Rate
Films - business promotion for wine-making companies	33 $\frac{1}{3}$ % D.V.
Bulk fertiliser stores	4% C.P.
Mobile concrete pump units	25% D.V.
Electric blankets - motels, hotels, private hospitals and similar concerns	replacement only, annual revaluation, or standard values.
Fire fighting equipment - axes, ladders, blankets and fire extinguishers costing less than \$100 each (maximum cost previously \$60).	replacement only, annual revaluation, or standard values.

AMENDMENT TO PAMPHLET - "DEPRECIATION ALLOWANCES"

On page 27 (note 1) we give depreciation rates for assets used exclusively for renting out. The correct rates are -

Normal Depreciation Rate	Rate Allowable on Assets Rented Out
Percent	Percent
10 D.V.	20 D.V.
15 D.V.	20 D.V.
20 D.V.	25 D.V.
25 D.V.	30 D.V.

EMPLOYERS—PAY CLERKS—PAYROLL TAX ANNUAL RETURN AND RECONCILIATION DUE 15 MAY

Payroll tax annual returns and PAYE reconciliation statements for the year ended 31 March 1972 should be sent by 15 May to the tax office where your records are held.

FORM TO USE

IR68 - for PAYE tax deductions only.

IR68P - for payroll tax and PAYE deductions.

Forms IR68 and IR68P have been distributed to employers.

If you have not received either form get in touch with your nearest tax office.

COMPLETING TAX DEDUCTION CERTIFICATES - HOW YOU CAN HELP

Each year many refunds and tax assessments are held up because of alterations or illegible figures. It would help your employees and us if, when filling in tax deduction certificates, you remember to -

- Enter details in ink,
- Write firmly on the top copy so that the figures show through clearly on the carbon copy (employee's copy),
- Sign in full any alterations to figures on the tax deduction certificates. This will help avoid unnecessary enquiries and will enable us to issue assessments promptly.

The top copies of the tax deduction certificates should be attached to the Reconciliation Statement (IR68 or IR68P) when it is sent to the tax office.

RELIEF FOR FARMERS AFFECTED BY ADVERSE EVENTS

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 drought conditions between November 1970 and January 1971 in the Te Anau basin.

The areas affected are:

Survey Districts

Swinton	Snowdon	Takitimu
Te Anau	Mavora	Manapouri
Black Hill	Burwood	

ASSESSMENT OF INCOME DEFERRED

Under section 103A the assessment of income arising from the forced sale of livestock is deferred from the year of sale to the year in which livestock is replaced.

Public Information Bulletin No. 55 tells you more about relief available on a forced sale of livestock. If you are not sure whether you can take advantage of the section ask at your local tax office.

Our staff will be pleased to help you.

DONATIONS BY COMPANIES

The Minister of Finance, the Hon. R.D. Muldoon, has announced that donations made by companies to the -

- N.Z. Institute of Food Science and Technology,
- The Entomological Society of N.Z. (Inc.) 21st Anniversary Research Fund,
- The Ashburn Hall Education and Research Foundation,

will qualify as a deduction provided the gifts do not exceed the overall limit of 5% of the company's assessable income or \$1000 in any year, whichever is the greater. Any gifts in excess of \$5000 will require the prior approval of the Minister of Finance to qualify as a deduction.

LEGAL AND ACCOUNTING FEES ALLOWABLE

Here is a guideline of the treatment for tax purposes of legal and accounting fees incurred in the preparation of financial accounts and tax returns and through objections to assessments.

THESE FEES ARE ALLOWABLE

- Costs incurred in the preparation of financial accounts and tax returns, including the cost of preparing accounts and returns for past years.
- Costs incurred in dealing with enquiries from the Department whether for a current year or past years and whether incurred through the use of:
 - The taxpayer's own staff, or
 - Staff employed by the accountant, or
 - Other person who regularly prepares the accounts, or
 - By an outside specialist.
- Costs incurred in dealing with objections to a current year's assessment up to the point of application for a case stated.

THESE FEES ARE NOT ALLOWABLE

- Costs incurred in contesting the findings of an inspector in an investigation or objecting to assessments for past years. When the costs are incurred by the taxpayer's own staff the Department would not seek to disallow these costs if incurred in the ordinary course of employment.
- All costs of litigation in respect of any assessment for a current or past year.

SUPERANNUATION FUNDS—NEW INVESTMENT REQUIREMENTS

The Minister of Finance, the Hon. R. D. Muldoon, recently announced a change within the overall 30% public security requirements for specified private superannuation funds and specified non-resident private superannuation funds.

PREVIOUS INVESTMENT REQUIREMENTS

Previously, 30% of the residual assets of the fund required to be invested in public securities had to include —

- not less than 22.5% in New Zealand Government securities, and
- the remaining 7.5% in either New Zealand Government securities or Local Authority securities.

NEW INVESTMENT REQUIREMENTS

From 1 November 1971 the 30% investment in public securities is to include—

- not less than 20% in New Zealand Government securities, and
- the remaining 10% in either New Zealand Government or Local Authority securities.

FARMERS—INCREASED DEDUCTIONS FOR WAGES PAID TO WIVES FOR COOKING FOR FARM EMPLOYEES

From 1 April 1971 farmers may claim an increased deduction for wages paid to their wives for cooking for permanent employees.

The maximum new deductions are:

Cooking for 1 permanent employee	— \$6	per week
Cooking for 2 permanent employees	— \$9	per week
Cooking for 3 permanent employees	— \$10.50	per week

Plus \$1.50 for each additional employee in excess of three.

This basis does not cover special arrangements that may be made in certain circumstances, for example, when employees are engaged temporarily for shearing or seasonal work.

The payments are wages and are subject to PAYE deductions accordingly.

WHO COMPLETES THE IR3 RETURN OF INCOME

FILL IN THE IR3 (BLACK) RETURN OF INCOME IF YOU ARE -

- A salary and wage earner or superannuitant with more than \$200 in total from dividends - net rents - interest (after the \$100 exemption).
- A Universal Superannuitant or an investor. (A return is not required if all your investment income is from dividends and your total income is under \$1070).
- A farmer, businessman or professional person.

WHEN TO SEND IN YOUR RETURN

The last day for sending in your return to the local tax office is 7 September 1972, but you may send it in earlier.

PROVISIONAL TAX PAYMENTS

When you send in your return keep a note of the amount of provisional tax you should pay by 7 September. You will then have a record if we do not send you a statement before that date.

MORE INFORMATION

Our information pamphlet "How to fill in your IR3 Return of Income" gives you more details. You can get a copy from any tax office or Post Office.

CHECK YOUR RETURN BEFORE YOU SEND IT IN

1,000,000 SALARY AND WAGE EARNER RETURNS EXPECTED THIS YEAR

We expect to receive more than 1,000,000 salary and wage earner (IR5) returns this year. As you can see from the following figures there has been a substantial increase in the number of IR5 returns received in recent years—

1969	—	661,057
1970	—	726,458
1971	—	863,443

Despite the increased work load our staff numbers have remained approximately the same as in previous years.

WE'LL SEND YOU YOUR REFUND AS SOON AS WE CAN

If you are entitled to a refund it is our aim to send it to you as soon as possible. However, the increase in the number of returns received this year may mean some delay particularly when returns are incorrectly filled in or insufficient information is given.

HOW YOU CAN HELP

Normally returns are actioned as soon as they are received. However, even minor errors can cause delay. Before you send in your return please make sure you—

- Attach all your copies of tax deduction certificates IR12, IR13, or IR55.
- If your certificates do not cover the full year, please say why and give the periods that you were not working.
- Show the name of the insurance company or superannuation fund to whom premiums or contributions paid.
- Attach receipts for donations and private school fees.
- Show your address in full.
- Give details of claims for dependent wife, child or relative.
- Sign the front of the return.
- Give details of any expenses claimed.

WE WILL CONTACT YOU

If we find an error in your return we will let you know. A phone call or letter from you asking why you haven't got your refund means checking through many thousands of returns. This takes time and can further hold-up refunds.

However, if you have not heard from us and think there has been an unreasonable delay do not hesitate to get in touch with us.

WE CAN HELP YOU

If you are not sure about what you can claim or whether you have filled in your return correctly, ask the nearest tax office to help you. Our staff will be pleased to advise you.

TIPS ARE TAXABLE

Many people, particularly in the tourist industry, receive additional income from tips and gratuities.

This income is taxable.

How tips are taxed depends on whether they are received direct or by way of a service charge.

PAYMENTS MADE DIRECT TO THE EMPLOYEES

Payments made by the customer direct to the employee, or payments placed in a common pool for the benefit of a number of employees -

- **EMPLOYEES** should return these payments in their annual return of income IR3 or IR5.

SERVICE CHARGES ADDED TO CUSTOMER'S BILL

Service charges added to the customer's bill and later paid by the employer to the employee -

- **EMPLOYERS** should make PAYE deductions on payments made to employees.

These payments are chargeable income for payroll tax purposes.

BENEFICIARIES IN ESTATES OR TRUSTS

Your tax return is due 7 September.

If you do not know the amount of your share in the estate or trust do not hold up sending in your return.

Send in your return by 7 September and note the appropriate panel –

‘Interest in Estate of – share unknown’

You can let us know the amount when you have the details.

WHAT TO DO ABOUT PROVISIONAL TAX

The first instalment of 1973 provisional tax is due on 7 September this year.

- If your income for the year ended 31 March 1972 is approximately the same as the previous year –
 - Base your provisional tax on the previous year's income.
- If your income is greater or smaller –
 - Work out your provisional tax on your estimated income.

Use the self calculation panel in the IR3 return and the tax tables that go with it.

When you know what your income is work out the difference between the actual tax payable and the amount paid. Pay this amount by 7 March 1973.

TAX OFFICE WILL HELP

If you have any difficulties contact your nearest tax office. They will be pleased to help you.

1972 TAX RETURNS - CORRECTION TO TAX TABLES

There is an error in the table used for working out the rebate on dividends in the 1972 tax returns, IR3, IR5 and IR5A.

Here is the table-

The amounts 33 and 35 should read 35 and 36

	Amount	10.33c in the \$
	\$	\$
	27	2.79
	28	2.90
	29	3.00
	30	3.10
	31	3.21
	32	3.31
	33	3.41
	34	3.52
35	→ 33	3.62
36	→ 35	3.72
	37	3.83
	38	3.93
	39	4.03

Please watch out for this error if you are using the table when filling in your return.