



MAY 1973

SALARY & WAGE EARNERS

YOUR 1973 TAX RETURN

REFUNDS

DEDUCTIONS YOU MAY CLAIM

PUBLIC INFORMATION BULLETIN

No. 73

OFFICE OF THE COMMISSIONER OF INLAND REVENUE

SALARY AND WAGE EARNERS - REFUND TIME

715,386 REFUNDS LAST YEAR

Last year 898,617 Salary and Wage Earners sent in returns—
715,386 got refunds.

Now is the time to send in your tax return and get your tax refund. The items in this Bulletin will help you when you fill in your return.

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SEND YOUR 1973 RETURN IN NOW - THERE COULD BE A REFUND
FOR YOU.

WHO CAN 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 born during the year	The exemption of \$35 is allowed for the whole income year. See page 12 for more about the child exemption.
Expenses	<p>You can claim expenses which are directly related to your job and for which an allowance is not received from your employer.</p> <p>See pages 8 and 9 for more details.</p>

CIRCUMSTANCES	EXAMPLES
Dependent relatives	If you helped support a relative during the year and did not make a claim in your tax code you may be entitled to an allowance.
If you pay a house-keeper	<p>An exemption may be claimed by a widow, widower or a divorced, unmarried or separated person. A working wife, and a married person who is disabled or has a disabled spouse, can also claim in certain instances.</p> <p>More information is given in our pamphlet "How To Fill In Your IR5 Return Of Income."</p>
Charitable donations and private school fees	An exemption may be claimed up to an overall limit of \$200.
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.	The full amount may be claimed.

INFORMATION YOU MAY NEED

It will make it easier to fill in your return if you get all the information together before you start.

Here are some of the things you may have to think about.

◆ **Wife's Income –**

Did your wife work during the year? Has her employer told her how much she earned? The amount she earned may affect your claim.

◆ **Children's Birthdays –**

Do you remember the dates of birth of your children? Ask your wife – she will know.

◆ **Donations and School Fees–**

You need receipts for this claim.

◆ **Life Insurance Premiums –**

What is the name of the insurance company? How much did you pay? It is a good idea to put the policy number in your return too. It might save a query.

You can't claim your house or car insurance.

◆ **Salary or Wages–**

Make sure you have all your tax deduction certificates. Look to see whether you had back pay or an extra pay e.g. 53 regular weekly pay days during the year – these could mean a bigger refund. Remember to make a note in your return if you did not work for the whole year – it will save a query later.

◆ **Interest, Rents and Dividends –**

Gather together your bank books and details of investments.

HOW TO GET A REFUND

As soon as you have all your tax code certificates and all the other information you need, fill in a return form, and send it to the nearest tax office.

There are pamphlets available from any tax or post office which tell you how to fill in your return.

Remember to pin all tax certificates and receipts for donations to page 3 of the return.

WHICH RETURN TO USE

Use the green IR5 form if your income was from—

- ♦ Salary, Wages or Superannuation (see below about Universal Superannuation) and—

not more than \$200 in total from dividends, net rents or interest (after the \$100 exemption).

- ♦ Universal Superannuation and you also received more than—

—\$50 from salary, wages or superannuation, net rents or interest (after the \$100 exemption), or

—\$125 from other withholding payments or dividends.

Use the black IR3 in all other cases.

RETURN NOT NEEDED IN SOME CASES

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.

DO YOU HAVE EXPENSES

You may claim expenses which—

- ♦ you incur in producing your income, and
- ♦ which are reasonably relevant and incidental to deriving your income.

You cannot claim for expenses—

- ♦ of a private or capital nature, or
- ♦ for which you are reimbursed by your employer. However, if the allowance from your employer is not enough to cover your expenses you may claim the difference.

Full details of all claims for expenses, including amounts for which an allowance is received, should be shown on your tax form.

HERE ARE SOME EXAMPLES OF ALLOWABLE EXPENSES—

EXPENDITURE ON	ALLOWABLE	TO
CLOTHING	Overalls, apron, gloves, other protective clothing and protective boots. Goggles. Conventional clothing additional to normal requirements.	Mechanic, painter, carpenter, labourer, baker. Welder. Model, entertainer, T.V. personality.
TOOLS OF TRADE OR EQUIPMENT	Hand tools. Photographic equipment. Teaching aids equipment.	Mechanic, carpenter, plumber, engineer, electrician. Photographer. School teacher.
TRAVELLING	Transport of children on school activities. Travel to seminar or conference. Business calls over and above any untaxed allowance.	School teacher. Professional person. Salesman.

EXPENDITURE ON	ALLOWABLE	TO
EDUCATION	One week management course. Refresher course. Computer course.	Branch manager. School teacher. Company manager.
REFERENCE BOOKS, JOURNALS AND PERIODICALS	Class room and reference books. Financial magazines. Technical books.	School teacher. Economist. Engineer.
USE OF HOME	Room used for storage of samples. Study. Dark room.	Sales representative. School teacher. Photographer.
OTHER EXPENSES	Parking meter fees. Medical examination fees.	Travelling salesman. Airline pilot.

TRADE UNION AND PROFESSIONAL ASSOCIATION SUBSCRIPTIONS

You may claim a deduction for subscriptions, fees or levies, directly related to your occupation, which are paid to a trade union or professional association.

DO YOU HAVE MORE TAX TO PAY

If you have tax to pay and have to send in a return we will send you a statement telling you when to pay.

REASONS FOR A TAX BILL

If you—

- had a secondary job during the year, or
- got back pay, or
- received an annual or special bonus during the year,

you may have more tax to pay. PAYE is deducted from these types of income at a flat rate of 19c., or 21c. in the \$.

This rate may not be high enough to meet your final liability.

If your taxable income in an annual assessment, (after allowing all your special exemptions and including your income from a secondary job, back pay or annual or special bonuses), is between \$650 and \$1,700 the flat rate deduction should be approximately correct. However, if your annual taxable income after allowing all your special exemptions exceeds \$1,700 the flat rate deduction could be too low.

Here are some examples which show the further tax payable when the tax deducted from pay for a second job at the flat rate is too low.

Salary	3,500				
Secondary job	200				
	3,700				
Less Exemptions					
Personal	275				
Wife	275	550			
	3,150	=	Tax on 3,150	=	\$634.56
Less					
PAYE tax on salary	568.62				
Secondary job	38.00			606.62	
	606.62				
			Balance of tax to pay		\$27.94

Salary	4,000				
Secondary job	200				
		<u>4,200</u>			
Less Exemptions					
Personal	275				
Wife	275	550			
		<u>3,650</u>	=	Tax on 3,650	= \$795.98
Less					
PAYE tax on salary	729.56				
Secondary job	38.00				
		<u>767.56</u>			
				Balance of tax to pay	<u>\$ 28.42</u>

For the purpose of these examples tax on the secondary earnings has been deducted at 19c in the \$ only.

If your wife earned more than \$375 during the year and you used an "M" tax code you could have tax to pay.

HELP FROM OUR INFORMATION SERVICES

There are pamphlets available at any tax or post office which will tell you how to fill in your return.

These pamphlets are--

- ◆ How To Fill In Your IR5 Return Of Income, and
- ◆ How To Fill In Your IR3 Return Of Income.

They give you more information about special exemptions and expenses you may claim.

If you are not sure how to fill in your return or would like more information on any point, ask at the nearest tax office.

AGENCIES

During May and June we open agencies in areas where there are no tax offices.

The dates these agencies will be open will be advertised in your local newspapers. Watch these for details.

SOME SPECIAL POINTS

COSTS FOR EDUCATION

The tax Act allows you to claim expenses directly related to your occupation and not repaid by your employer, or covered by an allowance.

What You May Claim For Education

If you are in a job which requires you to spend money to keep up with modern developments or to maintain your knowledge or skill in your job, you may claim these costs as educational expenses. These expenses are incurred in developing your capacity to do your job but do not add to your basic qualification.

Tuition fees, examination fees, books and related expenses incurred in acquiring a basic qualification or in enabling an already qualified person to enter into new or additional fields of income production are not deductible.

However, these expenses may be allowed if they give you direct promotion to a higher salary.

If the qualification merely gives you the opportunity of future promotion the expenditure is not deductible.

Tax Office Will Help You

If you think your expenses may be allowable ask at the tax office.

CHILD EXEMPTION

The child exemption has been reduced for the income year ended 31 March 1973. In your return you may claim \$35 for each of your dependent children who was under 18 years of age at 1 April 1972 or was born alive at any time during the 1973 income year.

However, if the Family Benefit ceased for any child during the income year, you may claim the greater of—

—\$35 child exemption, or

—a dependent relative exemption for the child, being the lesser of \$135, or the amount contributed to the support of the child from the date on which the Family Benefit ceased, to the end of the income year.

UNIVERSAL SUPERANNUATION

As from 5 July 1972 Universal Superannuation has had tax deducted from it at the time of payment and ceased to be liable for provisional tax. The rebate from tax payable on Universal Superannuation was also discontinued as from that date. However, there is a rebate of \$5 for each pay period from 1 April 1972 to 5 July 1972, giving a maximum rebate of \$20.

How to Return Your Universal Superannuation

Include the amount of Universal Superannuation and tax deducted therefrom with other source deduction income in panel 1 on page 2 of the return form. The minimum benefit for a full year is—

Married Person	\$ 878	Tax Deducted	\$32.40
Single Person	\$1029	Tax Deducted	\$57.60

If you received the benefit for part of the year only you can either get details of the amount received from the Social Welfare Department or work it out yourself by multiplying the following amounts by the number of pay periods for which you received the benefit.

Married Person	\$ 70	Tax Deducted	\$3.60
Single Person	\$ 84	Tax Deducted	\$6.40

How to Claim the Rebate

The rebate is \$5 for each pay period the benefit was received from 1 April to 5 July 1972 with a maximum rebate of \$20. Claim the rebate in panel 5 on page 3 of the return.

Provisional Tax

If you have already paid provisional tax for the 1973 year write the amount of the payment beneath panel 5 of the return. Credit will be allowed in your statement.

CHECK YOUR TAX RETURN

- IT MAY MEAN

A QUICKER REFUND

Before you send in your return check to see that you have –

- ♦ signed your return.
- ♦ attached all your–
 - tax code certificates (if they do not cover the full year, please say why).
 - receipts for donations.
- ♦ shown details of any expenses claimed.
- ♦ correctly completed your exemption panels. For example, have you shown full details of life, personal accident or sickness insurance premiums paid.
- ♦ entered all your income including–
 - tips and gratuities.
 - Universal Superannuation.
 - any amounts received as a casual agricultural worker.

If we have to ask you for more information it could mean a delay in making your refund. Help us help you – a correct return means a quicker refund.