

Important message for tax agents

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Inland Revenue: Transformation update

The changes introduced in April as part of the 3rd release in our Transformation programme were the biggest in the state sector to date.

Implementing changes of this magnitude takes time and involves change, and change can be difficult. In addition to significant benefits, we know that the changes so far have brought about some inconveniences and challenges for many of you. In early May 2019 we created the [Top solutions for tax intermediaries webpage](#) to ensure you are kept informed on the issues raised and can easily find updates on how we're tracking towards resolution.

Thank you for sending us your feedback. We will keep considering this and continue to prioritise issues to ensure that we address those which have the most significant impact on customers and tax agents first.

What are some of the key outstanding issues?

You can find information on all the resolved issues on our Top solutions page. Below are the top issues impacting you and your clients that we're currently working on, and a brief summary of where we're at with these.

Issue	Where are we at?
Letters/messages from new system	<p>We have now undertaken a review of all letters in our new system that were programmed to 'never redirect' to a tax agent. This review has identified additional letters that need to be corrected. Development and testing are underway to correct the coding on each of these letters and we will provide updates on the Top solutions page once resolved.</p> <p>We also have some changes to the wording on the Summary of Account (SoA) in the pipeline, to make it clearer what amounts are due and when.</p>
Provisional Tax	<p>We have changed provisional tax instalments and the total provisional tax payable to truncate, instead of rounding, as this was creating use of money interest implications for some clients.</p>

	<p>We are still working on correcting impacted customer accounts and anticipate this will be completed by early December.</p> <p>Other provisional tax changes we are currently working on are:</p> <ul style="list-style-type: none"> - Implementing a \$20 tolerance before use of money interest is calculated for short paid provisional tax - Correcting scenarios where interest is being charged incorrectly - Correcting scenarios where exempt customers are being treated as liable for provisional tax - Stopping the issue of multiple letters for new provisional tax customers - Amending the income tax balance display in myIR to separate terminal tax and provisional tax by due date so these no longer show as overdue, unless the due date has passed - Retaining history of provisional tax method and changes to the provisional tax annual assessment in myIR
Transfers	<p>We had previously reported that we had fixed an issue affecting customers who had requested transfers without a bank account on file. We've made changes to our system to resolve this, however some tax agents have let us know the issue has not been fixed completely. We are currently looking into a solution for this issue.</p>
Look through companies (LTC)	<p>Work is still underway to correct an overdue return letter that is incorrectly asking for an IR4 when an entity changes to a Look through company. Testing is near completion but is linked to some other income tax monitoring policing issues.</p>
Customer attributes in myIR	<p>We have added more key data into myIR to give greater visibility of a client's situation, including extension of time, customer class, exemptions, tax pooling indicators and losses carried forward for individual customers.</p> <p>Further work still needs to be done to make losses carried forward visible on non-individual customers and to show any debt balances currently under arrangement.</p>
Splitting interest and PIE income	<p>System changes have been partially implemented to allow all customers to indicate a joint account percentage split in myIR for interest on income. Further changes are being tested.</p>
Returns printing in myIR	<p>Return attachments can now be printed for all income tax returns in myIR.</p> <p>We are still working on the display of all options for CFC/FIF disclosures for the 'unauthenticated' IR3NR, IR4 and IR7 Look through company returns.</p>

With more change ahead, we want to ensure you have the support you need and can stay informed. We are working closely with many of you, and with software developers to test and work through upcoming changes, to minimise the impact on you and your clients.

We hope this provides some clarity around how we're managing the changes. Looking ahead, we've set up a series of webinars to keep you in the loop on upcoming changes in Release 4. You can register for future sessions or watch them on Demand on www.ird.govt.nz/webinars. We'll also communicate upcoming changes through our normal channels including Agents Answers, Transformation News and our website, so keep an eye on these.

Yours sincerely

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